

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2015

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-35167



Kosmos Energy Ltd.

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

98-0686001
(I.R.S. Employer
Identification No.)

Clarendon House
2 Church Street
Hamilton, Bermuda
(Address of principal executive offices)

HM 11
(Zip Code)

Registrant's telephone number, including area code: **+1 441 295 5950**

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 27, 2015
Common Shares, \$0.01 par value	387,407,506

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Unless otherwise stated in this report, references to “Kosmos,” “we,” “us” or “the company” refer to Kosmos Energy Ltd. and its subsidiaries. We have provided definitions for some of the industry terms used in this report in the “Glossary and Selected Abbreviations” beginning on page 3.

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**KOSMOS ENERGY LTD.
GLOSSARY AND SELECTED ABBREVIATIONS**

The following are abbreviations and definitions of certain terms that may be used in this report. Unless listed below, all defined terms under Rule 4-10(a) of Regulation S-X shall have their statutorily prescribed meanings.

<i>"2D seismic data"</i>	Two-dimensional seismic data, serving as interpretive data that allows a view of a vertical cross-section beneath a prospective area.
<i>"3D seismic data"</i>	Three-dimensional seismic data, serving as geophysical data that depicts the subsurface strata in three dimensions. 3D seismic data typically provides a more detailed and accurate interpretation of the subsurface strata than 2D seismic data.
<i>"API"</i>	A specific gravity scale, expressed in degrees, that denotes the relative density of various petroleum liquids. The scale increases inversely with density. Thus lighter petroleum liquids will have a higher API than heavier ones.
<i>"ASC"</i>	Financial Accounting Standards Board Accounting Standards Codification.
<i>"ASU"</i>	Financial Accounting Standards Board Accounting Standards Update.
<i>"Barrel" or "Bbl"</i>	A standard measure of volume for petroleum corresponding to approximately 42 gallons at 60 degrees Fahrenheit.
<i>"BBbl"</i>	Billion barrels of oil.
<i>"BBoe"</i>	Billion barrels of oil equivalent.
<i>"Bcf"</i>	Billion cubic feet.
<i>"Boe"</i>	Barrels of oil equivalent. Volumes of natural gas converted to barrels of oil using a conversion factor of 6,000 cubic feet of natural gas to one barrel of oil.
<i>"Boepd"</i>	Barrels of oil equivalent per day.
<i>"Bopd"</i>	Barrels of oil per day.
<i>"Bwpd"</i>	Barrels of water per day.
<i>"Debt cover ratio"</i>	The "debt cover ratio" is broadly defined, for each applicable calculation date, as the ratio of (x) total long-term debt less cash and cash equivalents and restricted cash, to (y) the aggregate EBITDAX (see below) of the Company for the previous twelve months.
<i>"Developed acreage"</i>	The number of acres that are allocated or assignable to productive wells or wells capable of production.
<i>"Development"</i>	The phase in which an oil or natural gas field is brought into production by drilling development wells and installing appropriate production systems.
<i>"Dry hole"</i>	A well that has not encountered a hydrocarbon bearing reservoir expected to produce in commercial quantities.
<i>"EBITDAX"</i>	Net income (loss) plus (i) exploration expense, (ii) depletion, depreciation and amortization expense, (iii) equity-based compensation expense, (iv) unrealized (gain) loss on commodity derivatives, (v) (gain) loss on sale of oil and gas properties, (vi) interest (income) expense, (vii) income taxes, (viii) loss on extinguishment of debt, (ix) doubtful accounts expense and (x) similar other material items which management believes affect the comparability of operating results.
<i>"E&P"</i>	Exploration and production.
<i>"FASB"</i>	Financial Accounting Standards Board.
<i>"Farm-in"</i>	An agreement whereby a party acquires a portion of the participating interest in a block from the owner of such interest, usually in return for cash and for taking on a portion of the drilling costs of one or more specific wells or other performance by the assignee as a condition of the assignment.
<i>"Farm-out"</i>	An agreement whereby the owner of the participating interest agrees to assign a portion of its participating interest in a block to another party for cash and/or for the assignee taking on a portion of the drilling costs of one or more specific wells and/or other work as a condition of the assignment.

“Field life cover ratio”

The “field life cover ratio” is broadly defined, for each applicable forecast period, as the ratio of (x) the forecasted net present value of net cash flow through the depletion of the Jubilee Field plus the net present value of the forecast of certain capital expenditures incurred in relation to the Jubilee Field and certain other fields in Ghana, to (y) the aggregate loan amounts outstanding under the Facility less the Resource Bridge, as applicable.

“FPSO”

Floating production, storage and offloading vessel.

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<i>“Interest cover ratio”</i>	The “interest cover ratio” is broadly defined, for each applicable calculation date, as the ratio of (x) the aggregate EBITDAX (see above) of the Company for the previous twelve months, to (y) interest expense less interest income for the Company for the previous twelve months.
<i>“Loan life cover ratio”</i>	The “loan life cover ratio” is broadly defined, for each applicable forecast period, as the ratio of (x) net present value of forecasted net cash flow through the final maturity date of the Facility plus the net present value of forecasted capital expenditures incurred in relation to the Jubilee Field and certain other fields in Ghana, to (y) the aggregate loan amounts outstanding under the Facility less the Resource Bridge, as applicable.
<i>“Make-whole redemption price”</i>	The “make-whole redemption price” is equal to the outstanding principal amount of such notes plus the greater of 1) 1% of the then outstanding principal amount of such notes and 2) the present value of the notes at 103.9% and required interest payments thereon through August 1, 2017 at such redemption date.
<i>“MBbl”</i>	Thousand barrels of oil.
<i>“Mcf”</i>	Thousand cubic feet of natural gas.
<i>“Mcfpd”</i>	Thousand cubic feet per day of natural gas.
<i>“MMBbl”</i>	Million barrels of oil.
<i>“MMBoe”</i>	Million barrels of oil equivalent.
<i>“MMcf”</i>	Million cubic feet of natural gas.
<i>“Natural gas liquid” or “NGL”</i>	Components of natural gas that are separated from the gas state in the form of liquids. These include propane, butane and ethane, among others.
<i>“Petroleum contract”</i>	A contract in which the owner of hydrocarbons gives an E&P company temporary and limited rights, including an exclusive option to explore for, develop, and produce hydrocarbons from the lease area.
<i>“Petroleum system”</i>	A petroleum system consists of organic material that has been buried at a sufficient depth to allow adequate temperature and pressure to expel hydrocarbons and cause the movement of oil and natural gas from the area in which it was formed to a reservoir rock where it can accumulate.
<i>“Plan of development” or “PoD”</i>	A written document outlining the steps to be undertaken to develop a field.
<i>“Productive well”</i>	An exploratory or development well found to be capable of producing either oil or natural gas in sufficient quantities to justify completion as an oil or natural gas well.
<i>“Prospect(s)”</i>	A potential trap that may contain hydrocarbons and is supported by the necessary amount and quality of geologic and geophysical data to indicate a probability of oil and/or natural gas accumulation ready to be drilled. The five required elements (generation, migration, reservoir, seal and trap) must be present for a prospect to work and if any of these fail neither oil nor natural gas may be present, at least not in commercial volumes.
<i>“Proved reserves”</i>	Estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be economically recoverable in future years from known reservoirs under existing economic and operating conditions, as well as additional reserves expected to be obtained through confirmed improved recovery techniques, as defined in SEC Regulation S-X 4-10(a)(2).
<i>“Proved developed reserves”</i>	Those proved reserves that can be expected to be recovered through existing wells and facilities and by existing operating methods.
<i>“Proved undeveloped reserves”</i>	Those proved reserves that are expected to be recovered from future wells and facilities, including future improved recovery projects which are anticipated with a high degree of certainty in reservoirs which have previously shown favorable response to improved recovery projects.
<i>“Reconnaissance contract”</i>	A contract in which the owner of hydrocarbons gives an E&P company rights to perform evaluation of existing data or potentially acquire additional data but may not convey an exclusive option to explore for, develop, and/or produce hydrocarbons from the lease area.
<i>“Resource Bridge”</i>	Borrowing Base availability attributable to probable reserves and contingent resources from Jubilee Field Future Phases, Tweneboa, Enyenra and Ntomme fields and potentially Mahogany, Teak and Akasa fields.
<i>“Shelf margin”</i>	The path created by the change in direction of the shoreline in reaction to the filling of a sedimentary basin.
<i>“Stratigraphy”</i>	The study of the composition, relative ages and distribution of layers of sedimentary rock.

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<i>“Stratigraphic trap”</i>	A stratigraphic trap is formed from a change in the character of the rock rather than faulting or folding of the rock and oil and/or natural gas is held in place by changes in the porosity and permeability of overlying rocks.
<i>“Structural trap”</i>	A topographic feature in the earth’s subsurface that forms a high point in the rock strata. This facilitates the accumulation of oil and natural gas in the strata.
<i>“Structural-stratigraphic trap”</i>	A structural-stratigraphic trap is a combination trap with structural and stratigraphic features.
<i>“Submarine fan”</i>	A fan-shaped deposit of sediments occurring in a deep water setting where sediments have been transported via mass flow, gravity induced, processes from the shallow to deep water. These systems commonly develop at the bottom of sedimentary basins or at the end of large rivers.
<i>“Three-way fault trap”</i>	A structural trap where at least one of the components of closure is formed by offset of rock layers across a fault.
<i>“Trap”</i>	A configuration of rocks suitable for containing hydrocarbons and sealed by a relatively impermeable formation through which hydrocarbons will not migrate.
<i>“Undeveloped acreage”</i>	Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and/or natural gas regardless of whether such acreage contains discovered resources.

KOSMOS ENERGY LTD.
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 360,465	\$ 554,831
Restricted cash	15,985	15,926
Receivables:		
Joint interest billings	49,870	60,592
Oil sales	49,913	61,731
Other	53,446	41,221
Inventories	73,750	55,354
Prepaid expenses and other	29,677	25,278
Deferred tax assets	34,462	32,268
Derivatives	163,869	163,275
Total current assets	<u>831,437</u>	<u>1,010,476</u>
Property and equipment:		
Oil and gas properties, net	1,810,421	1,773,186
Other property, net	10,733	11,660
Property and equipment, net	<u>1,821,154</u>	<u>1,784,846</u>
Other assets:		
Restricted cash	16,125	16,125
Long-term receivables – joint interest billings	18,321	14,174
Deferred financing costs, net of accumulated amortization of \$35,999 and \$33,389 at March 31, 2015 and December 31, 2014, respectively	46,143	48,753
Long-term deferred tax assets	11,237	9,182
Derivatives	77,475	89,210
Total assets	<u>\$ 2,821,892</u>	<u>\$ 2,972,766</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 126,114	\$ 184,400
Accrued liabilities	141,672	201,967
Deferred tax liability	63,211	61,683
Derivatives	973	721
Total current liabilities	<u>331,970</u>	<u>448,771</u>
Long-term liabilities:		
Long-term debt	794,434	794,269
Derivatives	7,821	68
Asset retirement obligations	46,604	44,023
Deferred tax liability	346,465	337,961
Other long-term liabilities	9,648	8,715
Total long-term liabilities	<u>1,204,972</u>	<u>1,185,036</u>
Shareholders' equity:		
Preference shares, \$0.01 par value; 200,000,000 authorized shares; zero issued at March 31, 2015 and December 31, 2014	—	—
Common shares, \$0.01 par value; 2,000,000,000 authorized shares; 393,149,315 and 392,443,048 issued at March 31, 2015 and December 31, 2014, respectively	3,931	3,924
Additional paid-in capital	1,885,326	1,860,190
Accumulated deficit	(573,759)	(494,850)
Accumulated other comprehensive income	573	767
Treasury stock, at cost, 5,560,579 and 5,555,088 shares at March 31, 2015 and December 31, 2014, respectively	(31,121)	(31,072)
Total shareholders' equity	<u>1,284,950</u>	<u>1,338,959</u>
Total liabilities and shareholders' equity	<u>\$ 2,821,892</u>	<u>\$ 2,972,766</u>

See accompanying notes.

KOSMOS ENERGY LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Revenues and other income:		
Oil and gas revenue	\$ 109,164	\$ 212,853
Gain on sale of assets	22,751	23,769
Other income	642	439
Total revenues and other income	132,557	237,061
Costs and expenses:		
Oil and gas production	32,100	16,323
Exploration expenses	98,941	12,809
General and administrative	38,667	27,413
Depletion and depreciation	37,007	46,378
Interest and other financing costs, net	10,751	9,137
Derivatives, net	(32,327)	(2,028)
Other expenses, net	628	1,277
Total costs and expenses	185,767	111,309
Income (loss) before income taxes	(53,210)	125,752
Income tax expense	25,699	50,783
Net income (loss)	\$ (78,909)	\$ 74,969
Net income (loss) per share:		
Basic	\$ (0.21)	\$ 0.20
Diluted	\$ (0.21)	\$ 0.19
Weighted average number of shares used to compute net income (loss) per share:		
Basic	380,355	377,830
Diluted	380,355	381,472

See accompanying notes.

KOSMOS ENERGY LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

(Unaudited)

Three Months Ended March 31,

2015 2014

Net income (loss)	\$ (78,909)	\$ 74,969
Other comprehensive income:		
Reclassification adjustments for derivative gains included in net income	(194)	(406)
Other comprehensive income	(194)	(406)
Comprehensive income (loss)	\$ (79,103)	\$ 74,563

See accompanying notes.

KOSMOS ENERGY LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands)

(Unaudited)

	Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total
	Shares	Amount					
Balance as of December 31, 2014	392,443	\$ 3,924	\$ 1,860,190	\$ (494,850)	\$ 767	\$ (31,072)	\$ 1,338,959
Equity-based compensation	—	—	25,242	—	—	—	25,242
Derivatives, net	—	—	—	—	(194)	—	(194)
Restricted stock awards and units	706	7	(7)	—	—	—	—
Purchase of treasury stock	—	—	(99)	—	—	(49)	(148)
Net loss	—	—	—	(78,909)	—	—	(78,909)
Balance as of March 31, 2015	<u>393,149</u>	<u>\$ 3,931</u>	<u>\$ 1,885,326</u>	<u>\$ (573,759)</u>	<u>\$ 573</u>	<u>\$ (31,121)</u>	<u>\$ 1,284,950</u>

See accompanying notes.

KOSMOS ENERGY LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Operating activities		
Net income (loss)	\$ (78,909)	\$ 74,969
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depletion, depreciation and amortization	39,617	49,164
Deferred income taxes	5,783	30,267
Unsuccessful well costs	83,627	(245)
Change in fair value of derivatives	(34,980)	(810)
Cash settlements on derivatives	53,932	(1,555)
Equity-based compensation	25,183	17,900
Gain on sale of assets	(22,751)	(23,769)
Loss on extinguishment of debt	—	2,898
Other	1,171	(4,220)
Changes in assets and liabilities:		
(Increase) decrease in receivables	35,926	(63,566)
(Increase) decrease in inventories	(18,443)	4,872
Increase in prepaid expenses and other	(4,399)	(10,484)
Increase (decrease) in accounts payable	(58,286)	9,391
Increase (decrease) in accrued liabilities	(36,451)	28,774
Net cash provided by (used in) operating activities	<u>(8,980)</u>	<u>113,586</u>
Investing activities		
Oil and gas assets	(184,899)	(96,486)
Other property	(280)	(428)
Proceeds on sale of assets	—	34,581
Restricted cash	(59)	(2,410)
Net cash used in investing activities	<u>(185,238)</u>	<u>(64,743)</u>
Financing activities		
Payments on long-term debt	—	(100,000)
Purchase of treasury stock	(148)	(71)
Deferred financing costs	—	(18,852)
Net cash used in financing activities	<u>(148)</u>	<u>(118,923)</u>
Net decrease in cash and cash equivalents	(194,366)	(70,080)
Cash and cash equivalents at beginning of period	554,831	598,108
Cash and cash equivalents at end of period	<u>\$ 360,465</u>	<u>\$ 528,028</u>
Supplemental cash flow information		
Cash paid for:		
Interest	\$ 32,179	\$ 7,280
Income taxes	<u>\$ 10,000</u>	<u>\$ 20,431</u>

See accompanying notes.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements
(Unaudited)

1. Organization

Kosmos Energy Ltd. was incorporated pursuant to the laws of Bermuda in January 2011 to become a holding company for Kosmos Energy Holdings. Kosmos Energy Holdings is a privately held Cayman Islands company that was formed in March 2004. As a holding company, Kosmos Energy Ltd.'s management operations are conducted through a wholly owned subsidiary, Kosmos Energy, LLC. The terms "Kosmos," the "Company," "we," "us," "our," "ours," and similar terms refer to Kosmos Energy Ltd. and its wholly owned subsidiaries, unless the context indicates otherwise.

Kosmos is a leading independent oil and gas exploration and production company focused on frontier and emerging areas along the Atlantic Margin. Our assets include existing production and other major development projects offshore Ghana, as well as exploration licenses with significant hydrocarbon potential offshore Ireland, Mauritania, Morocco, Portugal, Senegal, Suriname and Western Sahara. Kosmos is listed on the New York Stock Exchange and is traded under the ticker symbol KOS.

We have one reportable segment, which is the exploration and production of oil and natural gas. Substantially all of our long-lived assets and product sales are currently related to production located offshore Ghana.

2. Accounting Policies

General

The interim-period financial information presented in the consolidated financial statements included in this report is unaudited and, in the opinion of management, includes all adjustments of a normal recurring nature necessary to present fairly the consolidated financial position as of March 31, 2015, the changes in the consolidated statements of shareholders' equity for the three months ended March 31, 2015, the consolidated results of operations for the three months ended March 31, 2015 and 2014, and consolidated cash flows for the three months ended March 31, 2015 and 2014. The results of the interim periods shown in this report are not necessarily indicative of the final results to be expected for the full year. The consolidated financial statements were prepared in accordance with the requirements of the Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain notes or other financial information that are normally required by Generally Accepted Accounting Principles in the United States of America ("GAAP") have been condensed or omitted from these interim consolidated financial statements. These consolidated financial statements and the accompanying notes should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2014, included in our annual report on Form 10-K.

Reclassifications

Certain prior period amounts have been reclassified to conform with the current year presentation. Such reclassifications had no impact on our reported net income (loss), current assets, total assets, current liabilities, total liabilities or shareholders' equity.

Restricted Cash

In accordance with our commercial debt facility (the "Facility"), we are required to maintain a restricted cash balance that is sufficient to meet the payment of interest and fees for the next six-month period on the 7.875% Senior Secured Notes due 2021 ("Senior Notes") plus the Corporate Revolver or the Facility, whichever is greater. As of March 31, 2015 and December 31, 2014, we had \$16.0 million and \$15.9 million, respectively, in current restricted cash to meet this requirement.

In addition, in accordance with certain of our petroleum contracts, we have posted letters of credit related to performance guarantees for our minimum work obligations. These letters of credit are cash collateralized in accounts held by us and as such are classified as restricted cash. Upon completion of the minimum work obligations and/or entering into the next phase of the petroleum contract, the requirement to post the existing letters of credit will be satisfied and the cash collateral will be released. However, additional letters of credit may be required should we choose to move into the next phase of certain of our petroleum contracts. As of March 31, 2015 and December 31, 2014, we had \$16.1 million of long-term restricted cash used to collateralize performance guarantees related to our petroleum contracts.

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Inventories

Inventories consisted of \$73.7 million and \$55.3 million of materials and supplies and \$0.1 million and \$0.1 million of hydrocarbons as of March 31, 2015 and December 31, 2014, respectively. The Company's materials and supplies inventory primarily consists of casing and wellheads and is stated at the lower of cost, using the weighted average cost method, or market.

Hydrocarbon inventory is carried at the lower of cost, using the weighted average cost method, or market. Hydrocarbon inventory costs include expenditures and other charges incurred in bringing the inventory to its existing condition. Selling expenses and general and administrative expenses are reported as period costs and excluded from inventory costs.

Recent Accounting Standards

In February 2015, the FASB issued ASU 2015-02, "Consolidation (Topic 810) - Amendments to the Consolidation Analysis." ASU 2015-02 modifies existing consolidation guidance related to limited partnerships and similar legal entities, eliminates the presumption that a general partner should consolidate a limited partnership, affects the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships, and provides a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. This guidance is effective for public companies for fiscal years beginning after December 15, 2015 with early adoption permitted. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

3. Acquisitions and Divestitures

In March 2015, we closed a farm-in agreement with Repsol Exploración, S.A. ("Repsol"), acquiring a non-operated interest in the Camarao, Ameijoa, Mexilhao and Ostra blocks in the Peniche Basin offshore Portugal. As part of the agreement, we will reimburse a portion of Repsol's previously incurred exploration costs, as well as partially carry Repsol's share of the costs of a planned 3D seismic program. After giving effect to the farm-in agreement, our participating interest is 31% in each of the blocks.

In March 2015, we closed a farm-out agreement with Chevron Mauritania Exploration Limited, a wholly owned subsidiary of Chevron Corporation ("Chevron"), covering the C8, C12 and C13 petroleum contracts offshore Mauritania. Under the terms of the farm-out agreement, Chevron acquired a 30% non-operated working interest in each of the contract areas. Chevron will pay a disproportionate share of the costs of one exploration well and a second contingent exploration well, subject to maximum expenditure caps. In addition, Chevron will pay its proportionate share of certain previously incurred exploration costs. Chevron is not funding drilling of the Tortue prospect, but retains the option to elect to participate in this prospect subject to Chevron paying a disproportionate share of its costs related to the Tortue prospect. The sales proceeds of the farm-out were \$29.7 million. After giving effect to the farm-out agreements, Kosmos, Chevron and Société Mauritanienne des Hydrocarbures et de Patrimoine Minier's ("SMHPM") (Mauritania's national oil company) participating interest in Block C8, Block C12 and Block C13 is 60%, 30% and 10%, respectively, and we remain as operator. The proceeds on the sale of the interest exceeded our book basis in the assets, resulting in a \$22.8 million gain on the transaction.

4. Joint Interest Billings

The Company's joint interest billings consist of receivables from partners with interests in common oil and gas properties operated by the Company. Joint interest billings are classified on the face of the consolidated balance sheets as current and long-term receivables based on when collection is expected to occur.

In 2014, the Ghana National Petroleum Corporation ("GNPC") notified us and our block partners that it would exercise its right for the contractor group to pay its 5% share of the Tweneboa, Enyenra and Ntomme ("TEN") development costs. The block partners will be reimbursed for such costs plus interest out of a portion of GNPC's TEN production revenues under the terms of the Deepwater Tano ("DT") petroleum contract. As of March 31, 2015 and December 31, 2014, the joint interest billing receivables due from GNPC for the TEN development costs were \$18.3 million and \$14.2 million, respectively, which were classified as long-term on the consolidated balance sheets.

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5. Property and Equipment

Property and equipment is stated at cost and consisted of the following:

	March 31, 2015	December 31, 2014
(In thousands)		
Oil and gas properties:		
Proved properties	\$ 1,177,379	\$ 1,156,868
Unproved properties	366,717	363,717
Support equipment and facilities	1,017,103	968,722
Total oil and gas properties	2,561,199	2,489,307
Less: accumulated depletion	(750,778)	(716,121)
Oil and gas properties, net	1,810,421	1,773,186
Other property	33,950	33,718
Less: accumulated depreciation	(23,217)	(22,058)
Other property, net	10,733	11,660
Property and equipment, net	\$ 1,821,154	\$ 1,784,846

We recorded depletion expense of \$34.7 million and \$44.0 million for the three months ended March 31, 2015 and 2014, respectively.

6. Suspended Well Costs

The following table reflects the Company's capitalized exploratory well costs on completed wells as of and during the three months ended March 31, 2015. The table excludes \$60.3 million in costs that were capitalized and subsequently expensed during the same period.

	Three Months Ended March 31, 2015 (In thousands)
Beginning balance	\$ 226,714
Additions to capitalized exploratory well costs pending the determination of proved reserves	24,168
Reclassification due to determination of proved reserves	—
Capitalized exploratory well costs charged to expense	(23,375)
Ending balance	\$ 227,507

The following table provides an aging of capitalized exploratory well costs based on the date drilling was completed and the number of projects for which exploratory well costs have been capitalized for more than one year since the completion of drilling:

	March 31, 2015	December 31, 2014
(In thousands, except well counts)		
Exploratory well costs capitalized for a period of one year or less	\$ 13,723	\$ 16,814
Exploratory well costs capitalized for a period of one to two years	44,655	40,865
Exploratory well costs capitalized for a period of three to six years	169,129	169,035
Ending balance	\$ 227,507	\$ 226,714
Number of projects that have exploratory well costs that have been capitalized for a period greater than one year	4	5

As of March 31, 2015, the projects with exploratory well costs capitalized for more than one year since the completion of drilling are related to the Mahogany, Teak (formerly Teak-1 and Teak-2) and Akasa discoveries in the West Cape Three Points ("WCTP") Block and the Wawa discovery in the DT Block, which are all in Ghana.

Mahogany— In March 2015, we submitted a declaration of commerciality to Ghana's Ministry of Energy and Petroleum and expect to submit a PoD concerning the Mahogany discovery later this year.

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Teak Discovery—We are currently in discussions with the government of Ghana regarding the declaration of commerciality for the Teak discovery. Upon resolution of such discussions and declaration of commerciality, a PoD would be prepared and submitted to Ghana's Ministry of Energy and Petroleum, as required under the WCTP petroleum contract. The Teak-1 and Teak-2 discoveries are being treated as a single discovery area.

Akasa Discovery—We performed a drill stem test and gauge installation on the discovery well and drilled one appraisal well, the Akasa-2. We are currently in discussions with the government of Ghana regarding additional technical studies and evaluation that we want to conduct before we are able to make a determination regarding commerciality of the discovery. If we determine the discovery to be commercial, a declaration of commerciality would be provided and a PoD would be prepared and submitted to Ghana's Ministry of Energy and Petroleum, as required under the WCTP petroleum contract.

Wawa Discovery—We are currently reprocessing seismic data and have acquired a high resolution seismic survey over the discovery area. Following additional evaluation and potential appraisal activities, a decision regarding commerciality of the Wawa discovery is expected to be made by the DT Block partners in 2016. Within six months of such declaration, a PoD would be prepared and submitted to Ghana's Ministry of Energy and Petroleum, as required under the DT petroleum contract.

7. Accrued Liabilities

Accrued liabilities consisted of the following:

	March 31, 2015	December 31, 2014
	(In thousands)	
Accrued liabilities:		
Exploration, development and production	\$ 118,525	\$ 139,393
General and administrative expenses	9,435	21,926
Income taxes	5,543	9,233
Interest	4,318	10,271
Taxes other than income	2,796	20,315
Other	1,055	829
	<u>\$ 141,672</u>	<u>\$ 201,967</u>

8. Debt

Debt consists of the following:

	March 31, 2015	December 31, 2014
	(In thousands)	
Outstanding debt principal balances:		
Facility	\$ 500,000	\$ 500,000
Senior Notes(1)	300,000	300,000
Total	800,000	800,000
Unamortized issuance discounts	(5,566)	(5,731)
Long-term debt	<u>\$ 794,434</u>	<u>\$ 794,269</u>

- (1) During April 2015, we issued an additional \$225.0 million Senior Notes and received net proceeds of \$206.8 million after deducting discounts, commissions and other expenses.

Facility

In March 2014, the Company amended and restated the Facility with a total commitment of \$1.5 billion from a number of financial institutions, including the International Finance Corporation. The Facility supports our oil and gas exploration, appraisal and development programs and corporate activities.

As part of the debt refinancing in March 2014, the repayment of borrowings under the existing facility attributable to financial institutions that did not participate in the amended Facility was accounted for as an extinguishment of debt, and existing unamortized debt issuance costs attributable to those participants were expensed. As a result, we recorded a \$2.9 million loss on the extinguishment of debt. As of March 31, 2015, we have \$42.8 million of net deferred financing costs related to the Facility, which will be amortized over the remaining term of the Facility, including certain costs related to the amendment.

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As of March 31, 2015, borrowings under the Facility totaled \$500.0 million and the undrawn availability under the Facility was \$1.0 billion.

The Facility provides a revolving-credit and letter of credit facility. The availability period for the revolving-credit facility, as amended in March 2014 expires on March 31, 2018. However the Facility has a revolving-credit sublimit, which will be the lesser of \$500.0 million and the total available facility at that time, that will be available for drawing until the date falling one month prior to the final maturity date. The letter of credit sublimit expires on the final maturity date. The available facility amount is subject to borrowing base constraints and, beginning on March 31, 2018, outstanding borrowings will be constrained by an amortization schedule. The Facility has a final maturity date of March 31, 2021. As of March 31, 2015, we had no letters of credit issued under the Facility.

We were in compliance with the financial covenants contained in the Facility as of March 31, 2015. The Facility contains customary cross default provisions.

Corporate Revolver

In November 2012, we secured a Corporate Revolver from a number of financial institutions, which as amended, has an availability of \$300.0 million. The Corporate Revolver is available for all subsidiaries for general corporate purposes and for oil and gas exploration; appraisal and development programs. As of March 31, 2015, we have \$2.1 million of net deferred financing costs related to the Corporate Revolver, which will be amortized over the remaining term, or November 20, 2015.

As of March 31, 2015, there were no borrowings outstanding under the Corporate Revolver and the undrawn availability under the Corporate Revolver was \$300.0 million. We were in compliance with the financial covenants contained in the Corporate Revolver as of March 31, 2015. The Corporate Revolver contains customary cross default provisions.

Revolving Letter of Credit Facility

In July 2013, we entered into a revolving letter of credit facility agreement ("LC Facility"). The size of the LC Facility is \$100.0 million, with additional commitments up to \$50.0 million being available if the existing lender increases its commitment or if commitments from new financial institutions are added. As of March 31, 2015, there were seven outstanding letters of credit totaling \$21.5 million under the LC Facility. The LC Facility contains customary cross default provisions.

7.875% Senior Secured Notes due 2021

In August 2014, the Company issued \$300.0 million of Senior Notes and received net proceeds of approximately \$292.5 million after deducting discounts, commissions and deferred financing costs. The Company used the net proceeds to repay a portion of the outstanding indebtedness under the Facility and for general corporate purposes.

In April 2015, we issued an additional \$225.0 million Senior Notes and received net proceeds of \$206.8 million after deducting discounts, commissions and other expenses. The net proceeds were used to repay a portion of the outstanding indebtedness under the Facility and for general corporate purposes. The additional \$225.0 million of Senior Notes have identical terms to the existing \$300.0 million of Senior Notes, other than the date of issue, the initial price, the first interest payment date and the first date from which interest will accrue.

The Senior Notes mature on August 1, 2021. Interest is payable semi-annually in arrears each February 1 and August 1 commencing on February 1, 2015 for the existing \$300.0 million Senior Notes and August 1, 2015 for the additional \$225.0 million Senior Notes. The Senior Notes are secured (subject to certain exceptions and permitted liens) by a first ranking fixed equitable charge on all shares held by us in our direct subsidiary, Kosmos Energy Holdings. The Senior Notes are currently guaranteed on a subordinated, unsecured basis by our existing restricted subsidiaries that guarantee the Facility and the Corporate Revolver, and, in certain circumstances, the Senior Notes will become guaranteed by certain of our other existing or future restricted subsidiaries.

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At March 31, 2015, the estimated repayments of debt during the five fiscal year periods and thereafter are as follows:

	Payments Due by Year					
	2015(2)	2016	2017	2018	2019	Thereafter
Principal debt repayments(1)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 800,000

- (1) Includes the scheduled principal maturities for the \$300.0 million aggregate principal amount of Senior Notes issued in August 2014 and the Facility. The scheduled maturities of debt related to the Facility are based on the level of borrowings and the estimated future available borrowing base as of March 31, 2015. Any increases or decreases in the level of borrowings or increases or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter. As of March 31, 2015, there were no borrowings under the Corporate Revolver.
- (2) Represents payments for the period April 1, 2015 through December 31, 2015.

Interest and other financing costs, net

Interest and other financing costs, net incurred during the period comprised of the following:

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Interest expense	\$ 15,397	\$ 10,996
Amortization—deferred financing costs	2,610	2,786
Loss on extinguishment of debt	—	2,898
Capitalized interest	(8,840)	(3,801)
Deferred interest	1,154	(4,111)
Interest income	(168)	(58)
Other, net	598	427
Interest and other financing costs, net	<u>\$ 10,751</u>	<u>\$ 9,137</u>

9. Derivative Financial Instruments

We use financial derivative contracts to manage exposures to commodity price and interest rate fluctuations. We do not hold or issue derivative financial instruments for trading purposes. We manage market and counterparty credit risk in accordance with our policies and guidelines. In accordance with these policies and guidelines, our management determines the appropriate timing and extent of derivative transactions.

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Oil Derivative Contracts

The following table sets forth the volumes in barrels underlying the Company's outstanding oil derivative contracts and the weighted average Dated Brent prices per Bbl for those contracts as of March 31, 2015.

Term	Type of Contract	MBbl	Weighted Average Dated Brent Price per Bbl					
			Net Deferred Premium Payable	Swap	Put	Floor	Ceiling	Call
2015:								
April — December	Three-way collars	3,184	\$ 0.46	\$ —	\$ —	\$ 87.43	\$ 110.00	\$ 133.82
April — December	Swaps with calls	1,505	—	93.59	—	—	—	115.00
2016:								
January — December	Purchased puts	2,000	\$ 3.41	\$ —	\$ —	\$ 85.00	\$ —	\$ —
January — December	Three-way collars	2,000	—	—	—	85.00	110.00	135.00
January — December	Swaps with puts	2,000	—	75.00	60.00	—	—	—
2017(1):								
January — December	Sold calls	2,000	\$ —	\$ —	\$ —	\$ —	\$ 85.00	\$ —

(1) In April 2015, we entered into swaps, sold puts and purchased call contracts for 2.0 MMBbl from January 2017 through December 2017 with a fixed price of \$72.50 per barrel, a short put price of \$55.00 per barrel and a call price of \$90.00 per barrel. The contracts are indexed to Dated Brent prices and have a weighted average deferred premium payable of \$2.13 per barrel.

Interest Rate Derivative Contracts

The following table summarizes our open interest rate swaps, whereby we pay a fixed rate of interest and the counterparty pays a variable LIBOR-based rate, and our capped interest rate swaps whereby we pay a fixed rate of interest if LIBOR is below the cap, and pay the market rate less the spread between the cap (sold call) and the fixed rate of interest if LIBOR is above the cap as of March 31, 2015:

Term	Type of Contract	Floating Rate	Weighted Average		
			Notional (In thousands)	Swap	Sold Call
April 2015 — December 2015	Swap	6-month LIBOR	\$ 45,319	2.03%	—
January 2016 — June 2016	Swap	6-month LIBOR	12,500	2.27%	—
January 2016 — December 2018	Capped swap	1-month LIBOR	200,000	1.23%	3.00%

The following tables disclose the Company's derivative instruments as of March 31, 2015 and December 31, 2014 and gain/(loss) from derivatives during the three months ended March 31, 2015 and 2014, respectively:

Type of Contract	Balance Sheet Location	Estimated Fair Value Asset (Liability)	
		March 31, 2015	December 31, 2014
(In thousands)			
Derivatives not designated as hedging instruments:			
Derivative assets:			
Commodity(1)	Derivatives assets—current	\$ 163,869	\$ 163,275
Commodity(2)	Derivatives assets—long-term	77,375	89,210
Interest rate	Derivatives assets—long-term	100	—
Derivative liabilities:			
Interest rate	Derivatives liabilities—current	(973)	(721)
Commodity	Derivatives liabilities—long-term	(7,731)	—
Interest rate	Derivatives liabilities—long-term	(90)	(68)
Total derivatives not designated as hedging instruments		\$ 232,550	\$ 251,696

- (1) Includes net deferred premiums payable of \$2.6 million and \$1.8 million related to commodity derivative contracts as of March 31, 2015 and December 31, 2014, respectively.
- (2) Includes net deferred premiums payable of \$5.6 million and \$6.9 million related to commodity derivative contracts as of March 31, 2015 and December 31, 2014, respectively.

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Type of Contract	Location of Gain/(Loss)	Amount of Gain/(Loss)	
		Three Months Ended March 31,	
		2015	2014
(In thousands)			
Derivatives in cash flow hedging relationships:			
Interest rate(1)	Interest expense	\$ 194	\$ 406
Total derivatives in cash flow hedging relationships		<u>\$ 194</u>	<u>\$ 406</u>
Derivatives not designated as hedging instruments:			
Commodity(2)	Oil and gas revenue	\$ 2,633	\$ (1,526)
Commodity	Derivatives, net	32,327	2,028
Interest rate	Interest expense	(174)	(98)
Total derivatives not designated as hedging instruments		<u>\$ 34,786</u>	<u>\$ 404</u>

(1) Amounts were reclassified from accumulated other comprehensive income or loss (“AOCI”) into earnings upon settlement.

(2) Amounts represent the mark-to-market portion of our provisional oil sales contracts.

Offsetting of Derivative Assets and Derivative Liabilities

Our derivative instruments which are subject to master netting arrangements with our counterparties only have the right of offset when there is an event of default. As of March 31, 2015 and December 31, 2014, there was not an event of default and, therefore, the associated gross asset or gross liability amounts related to these arrangements are presented on the consolidated balance sheets. Additionally, if an event of default occurred the offsetting amounts would be immaterial as of March 31, 2015 and December 31, 2014.

10. Fair Value Measurements

In accordance with ASC Topic 820, “Fair Value Measurements and Disclosures”, fair value measurements are based upon inputs that market participants use in pricing an asset or liability, which are classified into two categories: observable inputs and unobservable inputs. Observable inputs represent market data obtained from independent sources, whereas unobservable inputs reflect a company’s own market assumptions, which are used if observable inputs are not reasonably available without undue cost and effort. We prioritize the inputs used in measuring fair value into the following fair value hierarchy:

- Level 1—quoted prices for identical assets or liabilities in active markets.
- Level 2—quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data by correlation or other means.
- Level 3—unobservable inputs for the asset or liability. The fair value input hierarchy level to which an asset or liability measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

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The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2015 and December 31, 2014, for each fair value hierarchy level:

	Fair Value Measurements Using:			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(In thousands)				
March 31, 2015				
Assets:				
Commodity derivatives	\$ —	\$ 241,244	\$ —	\$ 241,244
Interest rate derivatives	—	100	—	100
Liabilities:				
Commodity derivatives	—	(7,731)	—	(7,731)
Interest rate derivatives	—	(1,063)	—	(1,063)
Total	\$ —	\$ 232,550	\$ —	\$ 232,550
December 31, 2014				
Assets:				
Commodity derivatives	\$ —	\$ 252,485	\$ —	\$ 252,485
Liabilities:				
Interest rate derivatives	—	(789)	—	(789)
Total	\$ —	\$ 251,696	\$ —	\$ 251,696

The book values of cash and cash equivalents and restricted cash approximate fair value based on Level 1 inputs. Joint interest billings, oil sales and other receivables, and accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. Our long-term receivables, if any, after any allowances for doubtful accounts approximate fair value. The estimates of fair value of these items are based on Level 2 inputs.

Commodity Derivatives

Our commodity derivatives represent crude oil three-way collars, put options, call options and swaps for notional barrels of oil at fixed Dated Brent oil prices. The values attributable to the our oil derivatives are based on (i) the contracted notional volumes, (ii) independent active futures price quotes for Dated Brent, (iii) a credit-adjusted yield curve applicable to each counterparty by reference to the credit default swap ("CDS") market and (iv) an independently sourced estimate of volatility for Dated Brent. The volatility estimate was provided by certain independent brokers who are active in buying and selling oil options and was corroborated by market-quoted volatility factors. The deferred premium is included in the fair market value of the commodity derivatives. See Note 9—Derivative Financial Instruments for additional information regarding the Company's derivative instruments.

Provisional Oil Sales

The value attributable to the provisional oil sales derivative is based on (i) the sales volumes and (ii) the difference in the independent active futures price quotes for Dated Brent over the term of the pricing period designated in the sales contract and the spot price on the lifting date.

Interest Rate Derivatives

We have interest rate swaps, whereby the Company pays a fixed rate of interest and the counterparty pays a variable LIBOR-based rate. We also have capped interest rate swaps, whereby the Company pays a fixed rate of interest if LIBOR is below the cap, and pays the market rate less the spread between the cap and the fixed rate of interest if LIBOR is above the cap. The values attributable to the Company's interest rate derivative contracts are based on (i) the contracted notional amounts, (ii) LIBOR yield curves provided by independent third parties and corroborated with forward active market-quoted LIBOR yield curves and (iii) a credit-adjusted yield curve as applicable to each counterparty by reference to the CDS market.

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Debt

The following table presents the carrying values and fair values of financial instruments that are not carried at fair value in the consolidated balance sheets:

	March 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Long-term debt	\$ 794,434	\$ 782,750	\$ 794,269	\$ 755,000

The carrying value of the Facility approximates fair value since it is subject to short-term floating interest rates that approximate the rates available to us for those periods. The fair value of our Senior Notes is based on quoted market prices, which results in a Level 1 fair value measurement.

11. Equity-based Compensation

Restricted Stock Awards and Restricted Stock Units

We record compensation expense equal to the fair value of share-based payments over the vesting periods of the Long-Term Incentive Plan (“LTIP”) awards. We recorded compensation expense from awards granted under our LTIP of \$25.2 million and \$17.9 million during the three months ended March 31, 2015 and 2014, respectively. The total tax benefit for the three months ended March 31, 2015 and 2014 was \$8.4 million and \$6.1 million, respectively. Additionally, we expensed a tax shortfall related to equity-based compensation of \$0.1 million and \$0.1 million for the three months ended March 31, 2015 and 2014 respectively. The fair value of awards vested during the three months ended, March 31, 2015 and 2014 was approximately \$0.8 million and \$1.4 million, respectively. The Company granted both restricted stock awards and restricted stock units with service vesting criteria and granted both restricted stock awards and restricted stock units with a combination of market and service criteria under the LTIP. Our outstanding awards vest over a three or four year period. Restricted stock awards are issued and included in the number of outstanding shares upon the date of grant and, if such awards are forfeited, they become treasury stock. Upon vesting, restricted stock units become issued and outstanding stock.

The following table reflects the outstanding restricted stock awards as of March 31, 2015:

	Service Vesting Restricted Stock Awards	Weighted- Average Grant-Date Fair Value	Market / Service Vesting Restricted Stock Awards	Weighted- Average Grant-Date Fair Value
	(In thousands)		(In thousands)	
Outstanding at December 31, 2014	3,240	\$ 16.95	3,361	\$ 13.00
Granted	660	8.64	—	—
Forfeited	—	—	—	—
Vested	(28)	9.61	—	—
Outstanding at March 31, 2015	<u>3,872</u>	<u>15.59</u>	<u>3,361</u>	<u>13.00</u>

The following table reflects the outstanding restricted stock units as of March 31, 2015:

	Service Vesting Restricted Stock Units	Weighted- Average Grant-Date Fair Value	Market / Service Vesting Restricted Stock Units	Weighted- Average Grant-Date Fair Value
	(In thousands)		(In thousands)	
Outstanding at December 31, 2014	3,367	\$ 10.76	3,246	\$ 15.66
Granted	1,062	8.64	3,308	12.96
Forfeited	(13)	11.15	(4)	16.82
Vested	(58)	11.36	—	—
Outstanding at March 31, 2015	<u>4,358</u>	<u>10.23</u>	<u>6,550</u>	<u>14.29</u>

As of March 31, 2015, total equity-based compensation to be recognized on unvested restricted stock awards and restricted stock units is \$109.8 million over a weighted average period of 1.64 years. In January 2015, the board of directors approved an amendment to the May 16, 2011 LTIP to add 15.0 million shares to the plan, subject to shareholder approval at the Annual General Meeting in June 2015. At March 31, 2015, the Company had approximately 8.8 million shares that remain available for issuance under the LTIP.

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For restricted stock awards and restricted stock units with a combination of market and service vesting criteria, the number of common shares to be issued is determined by comparing the Company's total shareholder return with the total shareholder return of a predetermined group of peer companies over the performance period and can vest in up to 100% of the awards granted for restricted stock awards and up to 200% of the awards granted for restricted stock units. The grant date fair value of these awards ranged from \$6.70 to \$13.57 per award for restricted stock awards and \$12.96 to \$15.81 per award for restricted stock units. The Monte Carlo simulation model utilizes multiple input variables that determine the probability of satisfying the market condition stipulated in the award grant and calculates the fair value of the award. The expected volatility utilized in the model was estimated using a combination of our historical volatility and implied volatility and the historical and implied volatilities of our peer companies and ranged from 30% to 76%. The risk-free interest rate was based on the U.S. treasury rate for a term commensurate with the expected life of the grant and ranged from 0.5% to 1.1% for restricted stock awards and 0.5% to 1.2% for restricted stock units.

12. Income Taxes

Income tax expense was \$25.7 million and \$50.8 million for the three months ended March 31, 2015 and 2014, respectively. The income tax provision consists of United States and Ghanaian income and Texas margin taxes.

The components of income (loss) before income taxes were as follows:

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Bermuda	\$ (13,662)	\$ (5,315)
United States	4,667	3,286
Foreign—other	(44,215)	127,781
Income (loss) before income taxes	<u>\$ (53,210)</u>	<u>\$ 125,752</u>

Our effective tax rate for the three months ended March 31, 2015 and 2014 is (48%) and 40%, respectively. The effective tax rate for the United States is approximately 44% and 45% for the three months ended March 31, 2015 and 2014, respectively. The effective tax rate in the United States is impacted by the effect of tax shortfalls related to equity-based compensation. The effective tax rate for Ghana is approximately 35% for the three months ended March 31, 2015 and 2014. Our other foreign jurisdictions have a 0% effective tax rate because they reside in countries with a 0% statutory rate, or we have experienced losses in those countries and have a full valuation allowance reserved against the corresponding net deferred tax assets.

A subsidiary of the Company files a U.S. federal income tax return and a Texas margin tax return. In addition to the United States, the Company files income tax returns in the countries in which the Company operates. The Company is open to U.S. federal income tax examinations for tax years 2012 through 2014 and to Texas margin tax examinations for the tax years 2010 through 2014. In addition, the Company is open to income tax examinations for years 2011 through 2014 in its significant other foreign jurisdictions.

As of March 31, 2015, the Company had no material uncertain tax positions. The Company's policy is to recognize potential interest and penalties related to income tax matters in income tax expense, but has had no need to accrue any to date.

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13. Net Income (Loss) Per Share

The following table is a reconciliation between net income and the amounts used to compute basic and diluted net income per share and the weighted average shares outstanding used to compute basic and diluted net income per share:

	Three Months Ended	
	March 31,	
	2015	2014
(In thousands, except per share data)		
Numerator:		
Net income (loss)	\$ (78,909)	\$ 74,969
Less: Basic income allocable to participating securities(1)	—	1,234
Basic net income (loss) allocable to common shareholders	(78,909)	73,735
Diluted adjustments to income allocable to participating securities(1)	—	12
Diluted net income (loss) allocable to common shareholders	\$ (78,909)	\$ 73,747
Denominator:		
Weighted average number of shares used to compute net income (loss) per share:		
Basic	380,355	377,830
Restricted stock awards and units(1)(2)	—	3,642
Diluted	380,355	381,472
Net income (loss) per share:		
Basic	\$ (0.21)	\$ 0.20
Diluted	\$ (0.21)	\$ 0.19

- (1) Our service vesting restricted stock awards represent participating securities because they participate in non-forfeitable dividends with common equity owners. Income allocable to participating securities represents the distributed and undistributed earnings attributable to the participating securities. Our restricted stock awards with market and service vesting criteria and all restricted stock units are not considered to be participating securities and, therefore, are excluded from the basic net income per common share calculation. Our service vesting restricted stock awards do not participate in undistributed net losses and, therefore, are excluded from the basic net income per common share calculation in periods we are in a net loss position.
- (2) We excluded outstanding restricted stock awards and units of 18.1 million and 6.4 million for the three months ended March 31, 2015 and 2014, respectively, from the computations of diluted net income per share because the effect would have been anti-dilutive.

14. Commitments and Contingencies

From time to time, we are involved in litigation, regulatory examinations and administrative proceedings primarily arising in the ordinary course of our business in jurisdictions in which we do business. Although the outcome of these matters cannot be predicted with certainty, management believes none of these matters, either individually or in the aggregate, would have a material effect upon the Company's financial position; however, an unfavorable outcome could have a material adverse effect on our results from operations for a specific interim period or year.

In June 2013, we signed a long-term rig agreement with a subsidiary of Atwood Oceanics, Inc. for the new build 6th generation drillship "Atwood Achiever." We took delivery of the Atwood Achiever in September 2014. The rig agreement covers an initial period of three years at a day rate of approximately \$0.6 million, with an option to extend the agreement for an additional three-year term. We have entered into a rig sharing agreement, whereby two rig slots (estimated to be 102 days during 2015) were assigned to a third-party.

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The estimated future minimum commitments as of March 31, 2015, are:

	Payments Due By Year(1)						
	Total	2015(2)	2016	2017	2018	2019	Thereafter
Operating leases(3)	\$ 15,282	\$ 2,447	\$ 3,158	\$ 3,223	\$ 3,323	\$ 3,131	\$ —
Atwood Achiever drilling rig contract(4)	467,075	102,935	217,770	146,370	—	—	—

- (1) Does not include purchase commitments for jointly owned fields and facilities where we are not the operator and excludes commitments for exploration activities, including well commitments, in our petroleum contracts.
- (2) Represents payments for the period from April 1, 2015 through December 31, 2015.
- (3) Primarily relates to corporate office and foreign office leases.
- (4) Commitments calculated using a day rate of \$595,000, excluding applicable taxes. The rig commitments reflect the execution of a rig sharing agreement, whereby two rig slots (estimated to be 102 days during 2015) were assigned to a third-party.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and notes thereto contained herein and our annual financial statements for the year ended December 31, 2014, included in our annual report on Form 10-K along with the section Management's Discussion and Analysis of financial condition and Results of Operations contained in such annual report. Any terms used but not defined in the following discussion have the same meaning given to them in the annual report. Our discussion and analysis includes forward-looking information that involves risks and uncertainties and should be read in conjunction with "Risk Factors" under Item 1A of this report and in the annual report, along with "Forward-Looking Information" at the end of this section for information about the risks and uncertainties that could cause our actual results to be materially different than our forward-looking statements.

Overview

We are a leading independent oil and gas exploration and production company focused on frontier and emerging areas along the Atlantic Margin. Our assets include existing production and other major development projects offshore Ghana, as well as exploration licenses with significant hydrocarbon potential offshore Ireland, Mauritania, Morocco, Portugal, Senegal, Suriname and Western Sahara.

Recent Developments

Corporate

During April 2015, we issued an additional \$225.0 million of 7.875% Senior Secured Notes due 2021 ("Senior Notes") and received net proceeds of \$206.8 million after deducting discounts, commissions and other expenses. We used the net proceeds to repay a portion of the outstanding indebtedness under the Facility and for general corporate purposes. The additional \$225.0 million of Senior Notes have identical terms to the existing \$300.0 million of Senior Notes issued in August 2014, other than the date of issue, the initial price, the first interest payment date and the first date from which interest will accrue.

Ghana

We submitted a declaration of commerciality on the Mahogany discovery in March 2015. We expect to submit a plan of development concerning the Mahogany discovery area later this year.

We are currently in discussions with the government of Ghana regarding the declaration of commerciality for the Teak discovery. Upon resolution of such discussions and declaration of commerciality, we expect to submit a plan of development concerning the Teak discovery later this year.

We are currently in discussions with the government of Ghana regarding additional technical studies and evaluation that we want to conduct before we are able to make a determination regarding commerciality of the Akasa discovery.

In April 2015, the Special Chamber of the International Tribunal of the Law of the Sea (the "ITLOS") issued an order in response to the provisional measures requested by the Government of Cote d'Ivoire in its ongoing maritime boundary dispute with the Government of Ghana. ITLOS rejected the request that Ghana suspend all ongoing exploration and development operations in the disputed area in which the TEN project is situated until ITLOS gives its decision on the maritime boundary dispute, which is expected in late 2017. ITLOS ordered Ghana to suspend new drilling in the disputed area. The project is now more than 55 percent complete with all of the wells expected to be online at first oil already drilled. We expect TEN development activities will continue as planned with first oil expected in the second half of 2016. See Part II. Other Information; Item 1A. "Risk Factors" for more information.

Mauritania

In March 2015, we closed a farm-out agreement with Chevron Mauritania Exploration Limited, a wholly owned subsidiary of Chevron Corporation ("Chevron"), covering the C8, C12 and C13 petroleum contracts offshore Mauritania. Under the terms of the farm-out agreement, Chevron acquired a 30% non-operated working interest in each of the contract areas. Chevron will pay a disproportionate share of the costs of one exploration well and a second contingent exploration well, subject to maximum expenditure caps. In addition, Chevron will pay its proportionate share of certain previously incurred exploration costs. Chevron is not funding drilling of the Tortue prospect, but retains the option to elect to participate in this prospect subject to Chevron paying a disproportionate share of its costs related to the Tortue prospect. The sales proceeds of the farm-out were \$29.7 million. After giving effect to the farm-out agreements, Kosmos, Chevron and Société Mauritanienne des Hydrocarbures et de Patrimoine Minier's ("SMHPM") (Mauritania's national oil company) participating interest in Block C8, Block C12 and Block C13 is 60%, 30% and 10%, respectively, and we remain as operator. The proceeds on the sale of the interest exceeded our book basis in the assets, resulting in a \$22.8 million gain on the transaction.

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In April 2015, we announced the Tortue-1 exploration well on block C8 offshore Mauritania had made a significant, play-opening gas discovery. Based on preliminary analysis of drilling results and intermediate logging to a depth of 4,630 meters, the Tortue-1 exploration well has intersected 107 meters (351 feet) of net hydrocarbon pay. A single gas pool was encountered in the Lower Cenomanian objective, which is comprised of three reservoirs totaling 88 meters (288 feet) in thickness over a gross hydrocarbon interval of 160 meters (528 feet). A fourth reservoir totaling 19 meters (62 feet) was penetrated within the Upper Cenomanian target over a gross hydrocarbon interval of 150 meters (492 feet). The Tortue-1 exploration well is now drilling to the planned total depth, with results from this section expected in the second quarter of 2015. Our acreage offers substantial follow-on prospectivity and an appraisal program is being planned to delineate the Tortue West discovery.

Western Sahara

Drilling of the CB-1 exploration well on the Cap Boujdour Offshore block was completed in March 2015. The well penetrated approximately 14 meters of net gas and condensate pay in clastic reservoirs over a gross hydrocarbon bearing interval of approximately 500 meters. The discovery is sub-commercial, and the well was plugged and abandoned. However, the well demonstrated a working petroleum system including the presence of a hydrocarbon charge. The results will be integrated with the ongoing geological evaluation to determine future exploration activity. Total well and other related costs of \$83.7 million are included in exploration expenses in the accompanying consolidated statement of operations for the three months ended March 31, 2015.

Portugal

In March 2015, we closed a farm-in agreement with Repsol Exploración, S.A. (“Repsol”), to acquire a non-operated interest in the Camarao, Ameijoa, Mexilhao and Ostra blocks in the Peniche Basin offshore Portugal. As part of the farm-in agreement, we will reimburse a portion of Repsol’s previously incurred exploration costs, as well as partially carry Repsol’s share of the costs of a planned 3D seismic survey. After giving effect to the farm-in agreement, our participating interest is 31% in each of the blocks.

We plan to acquire a 3D seismic survey, scheduled to begin in 2015, and to further assess the prospectivity of the blocks.

Senegal

In January 2015, we completed a 3D seismic survey of approximately 7,000 square kilometers over the Cayar Offshore Profond and Saint Louis Offshore Profond Contract Areas.

We are currently in a one-year extension of the initial exploration period for the Cayar Offshore Profond and Saint Louis Profond Contract Areas, which ends in June 2015. Upon entry into the first renewal of the exploration period, we will relinquish 30% of the contract area of each block. In April 2015, we submitted an application to enter the first renewal of the exploration period beginning in June 2015 and lasting for three years. The first renewal period includes a one well requirement in each block. As part of the farm-in agreement with Timis Corporation Limited (Timis), we will carry the full costs of one exploration well in each of the blocks, subject to maximum gross costs per well of \$120.0 million. We retain the option to increase our ownership percentage in both blocks from 60% to 65% by electing to carry Timis’ costs on an additional well, which may be drilled in either of the blocks.

Suriname

In April 2015, we received an extension of the initial exploration phase for Block 42 and Block 45 offshore Suriname, which now expires in September 2016.

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Results of Operations

All of our results, as presented in the table below, represent operations from the Jubilee Field in Ghana. Certain operating results and statistics for the three months ended March 31, 2015 and 2014, are included in the following table:

	Three Months Ended March 31,	
	2015	2014
(In thousands, except barrel and per barrel data)		
Sales volumes:		
MBbl	1,900	1,937
Revenues:		
Oil sales	\$ 109,164	\$ 212,853
Average sales price per Bbl	57.47	109.87
Costs:		
Oil production, excluding workovers	\$ 18,216	\$ 15,058
Oil production, workovers	13,884	1,265
Total oil production costs	\$ 32,100	\$ 16,323
Depletion and depreciation	\$ 37,007	\$ 46,378
Average cost per Bbl:		
Oil production, excluding workovers	\$ 9.59	\$ 7.78
Oil production, workovers	7.31	0.65
Total oil production costs	16.90	8.43
Depletion and depreciation	19.48	23.94
Oil production cost and depletion costs	\$ 36.38	\$ 32.37

The following table shows the number of wells in the process of being drilled or in active completion stages, and the number of wells suspended or waiting on completion as of March 31, 2015:

	Actively Drilling or Completing				Wells Suspended or Waiting on Completion			
	Exploration		Development		Exploration		Development	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Ghana								
Jubilee Unit	—	—	—	—	—	—	2	0.48
West Cape Three Points	—	—	—	—	9	2.78	—	—
TEN	—	—	2	0.34	—	—	15	2.55
Deepwater Tano	—	—	—	—	1	0.18	—	—
Mauritania								
Block C8(1)	1	0.90	—	—	—	—	—	—
Total	1	0.90	2	0.34	10	2.96	17	3.03

- (1) In March 2015, we closed a farm-out agreement covering our three license areas in Mauritania with Chevron. If Chevron exercises their option to participate in the Tortue prospect, our net interest will be 60% in the well.

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The discussion of the results of operations and the period-to-period comparisons presented below analyze our historical results. The following discussion may not be indicative of future results.

Three months ended March 31, 2015 compared to three months ended March 31, 2014

	Three Months Ended March 31,		Increase (Decrease)
	2015	2014	
(In thousands)			
Revenues and other income:			
Oil and gas revenue	\$ 109,164	\$ 212,853	\$ (103,689)
Gain on sale of assets	22,751	23,769	(1,018)
Other income	642	439	203
Total revenues and other income	132,557	237,061	(104,504)
Costs and expenses:			
Oil and gas production	32,100	16,323	15,777
Exploration expenses	98,941	12,809	86,132
General and administrative	38,667	27,413	11,254
Depletion and depreciation	37,007	46,378	(9,371)
Interest and other financing costs, net	10,751	9,137	1,614
Derivatives, net	(32,327)	(2,028)	(30,299)
Other expenses, net	628	1,277	(649)
Total costs and expenses	185,767	111,309	74,458
Income before income taxes	(53,210)	125,752	(178,962)
Income tax expense	25,699	50,783	(25,084)
Net income	\$ (78,909)	\$ 74,969	\$ (153,878)

Oil and gas revenue. Oil and gas revenue decreased by \$103.7 million during the three months ended March 31, 2015 as compared to the three months ended March 31, 2014, primarily due to a lower realized price per barrel. We lifted and sold approximately 1,900 MBbl at an average realized price per barrel of \$57.47 during the three months ended March 31, 2015 and approximately 1,937 MBbl at an average realized price per barrel of \$109.87 during the three months ended March 31, 2014.

Gain on sale of assets. During the three months ended March 31, 2015, we closed a farm-out agreement with Chevron. The proceeds from the sale are in excess of our book basis, resulting in a gain of \$22.8 million. During the three months ended March 31, 2014, we closed three farm-out agreements with BP. As part of the transaction, we received proceeds in excess of our book basis, resulting in a gain of \$23.8 million.

Oil and gas production. Oil and gas production costs increased by \$15.8 million during the three months ended March 31, 2015, as compared to the three months ended March 31, 2014 primarily due to an increase in well workover costs. Our workover costs are related to performing workovers on our wells, which are performed on an as needed basis. We expect the amount of costs associated with workovers to fluctuate based on the activity level during each quarter.

Exploration expenses. Exploration expenses increased by \$86.1 million during the three months ended March 31, 2015, as compared to the three months ended March 31, 2014. The increase is primarily due to \$83.7 million of unsuccessful well costs for the Western Sahara CB-1 exploration well.

General and administrative. General and administrative costs increased by \$11.3 million during the three months ended March 31, 2015, as compared with the three months ended March 31, 2014. The increase is primarily due an increase in non-cash stock-based compensation.

Depletion and depreciation. Depletion and depreciation decreased \$9.4 million during the three months ended March 31, 2015, as compared with the three months ended March 31, 2014. The decrease is primarily due to a lower depletion rate during the three months ended March 31, 2015 due to an increase in proved reserves in the fourth quarter of 2014.

Derivatives, net. During the three months ended March 31, 2015 and 2014, we recorded gains of \$32.3 million and \$2.0 million, respectively, on our outstanding hedge positions. The gains recorded were a result of changes in the forward curve of oil prices during the respective periods.

Income tax expense. The Company's effective tax rates for the three months ended March 31, 2015 and 2014 were (48%) and 40%, respectively. The effective tax rates for the periods presented are impacted by losses, primarily related to exploration

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expenses, incurred in jurisdictions in which we are not subject to taxes and, therefore, do not generate any income tax benefits and losses incurred in jurisdictions in which we have valuation allowances against our deferred tax assets and therefore we do not realize any tax benefit on such losses. Income tax expense decreased \$25.1 million during the three months ended March 31, 2015, as compared with March 31, 2014, primarily due to deferred taxes related to our Ghanaian subsidiary.

Liquidity and Capital Resources

We are actively engaged in an ongoing process of anticipating and meeting our funding requirements related to exploring for and developing oil and natural gas resources along the Atlantic Margin. We have historically met our funding requirements through cash flows generated from our operating activities and obtained funding from issuances of equity and debt. While we are presently in a strong financial position, should the current decline in oil pricing be significantly prolonged or if further deterioration of pricing continues, it could impact our ability to generate sufficient operating cash flows to meet our funding requirements as well as impact the borrowing base available under the Facility. Commodity prices are volatile and future prices cannot be accurately predicted; however, we maintain a hedging program to mitigate the price volatility. Our investment decisions are based on longer-term commodity prices based on the long-term nature of our projects and development plans. Current commodity prices, our hedging program and our current liquidity position support our capital program for 2015.

In March, 2015, following the lenders' semi-annual redetermination, the borrowing base under our Facility remained unchanged at \$1.5 billion. For the first time, the borrowing base calculation included value related to the TEN development project in Ghana, as well as the Jubilee field. As of March 31, 2015, undrawn availability under the Facility was \$1.0 billion.

Sources and Uses of Cash

The following table presents the sources and uses of our cash and cash equivalents for the three months ended March 31, 2015 and 2014:

	Three Months Ended	
	March 31,	
	2015	2014
	(In thousands)	
Sources of cash and cash equivalents:		
Net cash provided by (used in) operating activities	\$ (8,980)	\$ 113,586
Proceeds on sale of assets	—	34,581
	<u>(8,980)</u>	<u>148,167</u>
Uses of cash and cash equivalents:		
Oil and gas assets	\$ 184,899	\$ 96,486
Other property	280	428
Payments on long-term debt	—	100,000
Deferred financing costs	—	18,852
Restricted cash	59	2,410
Purchase of treasury stock	148	71
	<u>185,386</u>	<u>218,247</u>
Decrease in cash and cash equivalents	<u>\$ (194,366)</u>	<u>\$ (70,080)</u>

Net cash provided by operating activities. Net cash used in operating activities for the three months ended March 31, 2015 was \$8.9 million compared with net cash provided by operating activities for the three months ended March 31, 2014 of \$113.6 million. The decrease in cash provided by operating activities in the three months ended March 31, 2015 when compared to the same period in 2014 was primarily due to a decrease in results from operations in addition to a negative change in working capital items.

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The following table presents our liquidity and financial position as of March 31, 2015:

	March 31, 2015	
	(In thousands)	
Cash and cash equivalents	\$	360,465
Restricted cash		32,110
Senior Notes at par(1)		300,000
Drawings under the Facility		500,000
Net debt	\$	407,425
Availability under the Facility	\$	1,000,000
Availability under the Corporate Revolver		300,000
Available borrowings plus cash and cash equivalents		1,660,465

- (1) During April 2015, we issued an additional \$225.0 million Senior Notes and received net proceeds of \$206.8 million after deducting discounts, commissions and other expenses. We used the net proceeds to repay a portion of the outstanding indebtedness under the Facility and for general corporate purposes.

Capital Expenditures and Investments

We expect to incur substantial costs as we:

- develop our discoveries that we determine to be commercially viable;
- execute our 2015 exploration and appraisal drilling program in our license areas;
- purchase and analyze seismic and other geological and geophysical data to identify future prospects; and
- invest in additional oil and natural gas leases and licenses.

We have relied on a number of assumptions in budgeting for our future activities. These include the number of wells we plan to drill, our participating interests in our prospects, the price we realize for our production of oil and natural gas, the costs involved in developing or participating in the development of a prospect, the timing of third-party projects, our ability to utilize our available drilling rig capacity, and the availability of suitable equipment and qualified personnel. These assumptions are inherently subject to significant business, political, economic, regulatory, environmental and competitive uncertainties, contingencies and risks, all of which are difficult to predict and many of which are beyond our control. We may need to raise additional funds more quickly if one or more of our assumptions proves to be incorrect or if we choose to expand our acquisition, exploration, appraisal, development efforts or any other activity more rapidly than we presently anticipate. We may decide to raise additional funds before we need them if the conditions for raising capital are favorable. We may seek to sell equity or debt securities or obtain additional bank credit facilities. The sale of equity securities could result in dilution to our shareholders. The incurrence of additional indebtedness could result in increased fixed obligations and additional covenants that could restrict our operations.

2015 Capital Program

We estimate we will spend approximately \$800 million of capital for the year ending December 31, 2015. The capital expenditure budget consists of:

- approximately \$500 million for developmental related expenditures offshore Ghana; and
- approximately \$300 million for exploration and appraisal related expenditures, including new venture opportunities.

The ultimate amount of capital we will spend may fluctuate materially based on market conditions and the success of our drilling results. Our future financial condition and liquidity will be impacted by, among other factors, our level of production of oil and natural gas and the prices we receive from the sale of these commodities, the success of our exploration and appraisal drilling program, the number of commercially viable oil and natural gas discoveries made and the quantities of oil and natural gas discovered, the speed with which we can bring such discoveries to production, and the actual cost of exploration, appraisal and development of our oil and natural gas assets.

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Significant Sources of Capital

Facility

In March 2014, the Company amended and restated the then existing commercial debt facility (the “Facility”) with a total commitment of \$1.5 billion from a number of financial institutions, including the International Finance Corporation. The Facility supports our oil and gas exploration, appraisal and development programs and corporate activities.

As of March 31, 2015, borrowings under the Facility totaled \$500.0 million and the undrawn availability under the Facility was \$1.0 billion.

We were in compliance with the financial covenants contained in the Facility as of March 31, 2015. The Facility contains customary cross default provisions.

Corporate Revolver

In November 2012, we secured a Corporate Revolver from a number of financial institutions, which as amended, has an availability of \$300.0 million. The Corporate Revolver is available for all subsidiaries for general corporate purposes and for oil and gas exploration; appraisal and development programs.

As of March 31, 2015, there were no borrowings outstanding under the Corporate Revolver and the undrawn availability under the Corporate Revolver was \$300.0 million. We were in compliance with the financial covenants contained in the Corporate Revolver as of March 31, 2015 (the most recent assessment date). The Corporate Revolver contains customary cross default provisions.

Revolving Letter of Credit Facility

In July 2013, we entered into a revolving letter of credit facility agreement (“LC Facility”). The size of the LC Facility is \$100.0 million, with additional commitments up to \$50.0 million being available if the existing lender increases its commitments or if commitments from new financial institutions are added. As of March 31, 2015, there were seven outstanding letters of credit totaling \$21.5 million under the LC Facility. The LC Facility contains customary cross default provisions.

7.875% Senior Secured Notes due 2021

During August 2014, the Company issued \$300.0 million of Senior Notes and received net proceeds of approximately \$292.5 million after deducting discounts, commissions and deferred financing costs. The Company used the net proceeds to repay a portion of the outstanding indebtedness under the Facility and for general corporate purposes.

During April 2015, we issued an additional \$225.0 million Senior Notes and received net proceeds of \$206.8 million after deducting discounts, commissions and other expenses. We used the net proceeds to repay a portion of the outstanding indebtedness under the Facility and for general corporate purposes. The additional \$225.0 million of Senior Notes have identical terms to the existing \$300.0 million Senior Notes, other than the date of issue, the initial price, the first interest payment date and the first date from which interest will accrue.

The Senior Notes mature on August 1, 2021. Interest is payable semi-annually in arrears each February 1 and August 1 commencing on February 1, 2015 for the initial \$300.0 million Senior Notes and August 1, 2015 for the additional \$225.0 million Senior Notes. The Senior Notes are secured (subject to certain exceptions and permitted liens) by a first ranking fixed equitable charge on all shares held by us in our direct subsidiary, Kosmos Energy Holdings. The Senior Notes are currently guaranteed on a subordinated, unsecured basis by our existing restricted subsidiaries that guarantee the Facility and the Corporate Revolver, and, in certain circumstances, the Senior Notes will become guaranteed by certain of our other existing or future restricted subsidiaries. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” section of our annual report on Form 10-K for the terms of the Senior Notes.

[Table of Contents](#)**Contractual Obligations**

The following table summarizes by period the payments due for our estimated contractual obligations as of March 31, 2015:

	Payments Due By Year(5)						
	Total	2015(6)	2016	2017	2018	2019	Thereafter
	(In thousands)						
Principal debt repayments(1)	\$ 800,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 800,000
Interest payments on long-term debt(2)	337,370	45,538	57,411	60,327	54,173	52,980	66,941
Operating leases(3)	15,282	2,447	3,158	3,223	3,323	3,131	—
Atwood Achiever drilling rig contract(4)	467,075	102,935	217,770	146,370	—	—	—

- (1) Includes the scheduled principal maturities for the \$300.0 million aggregate principal amount of Senior Notes issued in August 2014 and the Facility. The scheduled maturities of the Facility are based on the level of borrowings and the estimated future available borrowing base as of March 31, 2015. Any increases or decreases in the level of borrowings or increases or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter. As of March 31, 2015, there were no borrowings under the Corporate Revolver.
- (2) Based on outstanding borrowings as noted in (1) above and the LIBOR yield curves at the reporting date and commitment fees related to the Facility and Corporate Revolver and the interest on the Senior Notes.
- (3) Primarily relates to corporate office and foreign office leases.
- (4) Commitments calculated using a day rate of \$595,000. The rig commitments reflect the execution of a rig sharing agreement, whereby two rig slots (estimated to be 102 days during 2015) were assigned to a third-party.
- (5) Does not include purchase commitments for jointly owned fields and facilities where we are not the operator and excludes commitments for exploration activities, including well commitments, in our petroleum contracts.
- (6) Represents payments for the period from April 1, 2015 through December 31, 2015.

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The following table presents maturities by expected maturity dates under the Senior Notes and the Facility. For the Senior Notes, the interest rate represents the contractual fixed rate that we are obligated to periodically pay on the debt as of March 31, 2015. For the Facility, the interest rates represent the weighted average interest rates expected to be paid on the Facility given current contractual terms and market conditions, and the debt's estimated fair value. Weighted-average interest rates are based on implied forward rates in the yield curve at the reporting date. This table does not take into account amortization of deferred financing costs.

	April 1 Through December 31,		Years Ending December 31,					Liability Fair Value at March 31, 2015
	2015	2016	2017	2018	2019	Thereafter		
(In thousands, except percentages)								
Fixed rate debt:								
Senior Notes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 300,000	\$ (282,750)
Fixed interest rate	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%	
Variable rate debt:								
Facility(1)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 500,000	\$ (500,000)
Weighted average interest rate(2)	3.58%	4.13%	4.78%	5.52%	5.87%	6.62%		
Interest rate swaps:								
Notional debt amount(3)	\$ 16,875	\$ 6,250	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (350)
Fixed rate payable	2.22%	2.22%	—	—	—	—	—	—
Variable rate receivable(4)	0.44%	0.84%	—	—	—	—	—	—
Notional debt amount(3)	\$ 16,875	\$ 6,250	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (367)
Fixed rate payable	2.31%	2.31%	—	—	—	—	—	—
Variable rate receivable(4)	0.44%	0.84%	—	—	—	—	—	—
Notional debt amount(3)	\$ 23,137	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (114)
Fixed rate payable	1.34%	—	—	—	—	—	—	—
Variable rate receivable(4)	0.36%	—	—	—	—	—	—	—
Capped interest rate swaps:								
Notional debt amount	\$ —	\$ 200,000	\$ 200,000	\$ 200,000	\$ —	\$ —	\$ —	\$ (132)
Cap	—	3.00%	3.00%	3.00%	—	—	—	—
Average fixed rate payable (5)	—	1.23%	1.23%	1.23%	—	—	—	—
Variable rate receivable(4)	—	0.84%	1.44%	1.82%	—	—	—	—

- (1) The amounts included in the table represent principal maturities only. The scheduled maturities of debt are based on the level of borrowings and the available borrowing base as of March 31, 2015. Any increases or decreases in the level of borrowings or increases or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter. As of March 31, 2015, there were no borrowings under the Corporate Revolver.
- (2) Based on outstanding borrowings as noted in (1) above and the LIBOR yield curves plus applicable margin at the reporting date. Excludes commitment fees related to the Facility and Corporate Revolver.
- (3) Represents weighted average notional contract amounts of interest rate derivatives. In the final year of maturity, represents notional amount from January — June.
- (4) Based on implied forward rates in the yield curve at the reporting date.
- (5) We expect to pay the fixed rate if 1-month LIBOR is below the cap, and pay the market rate less the spread between the cap and the fixed rate if LIBOR is above the cap, net of the capped interest rate swaps.

Off-Balance Sheet Arrangements

We may enter into off-balance sheet arrangements and transactions that can give rise to material off-balance sheet obligations. As of March 31, 2015, our material off-balance sheet arrangements and transactions include operating leases and undrawn letters of credit. There are no other transactions, arrangements, or other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect Kosmos' liquidity or availability of or requirements for capital resources.

Critical Accounting Policies

We consider accounting policies related to our revenue recognition, exploration and development costs, receivables, income taxes, derivative instruments and hedging activities, estimates of proved oil and natural gas reserves, asset retirement obligations and impairment of long-lived assets as critical accounting policies. The policies include significant estimates made by management using information available at the time the estimates are made. However, these estimates could change materially if different information or

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assumptions were used. These policies are summarized in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” section in our annual report on Form 10-K, for the year ended December 31, 2014.

Cautionary Note Regarding Forward-looking Statements

This quarterly report on Form 10-Q contains estimates and forward-looking statements, principally in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the factors described in our quarterly report on Form 10-Q and our annual report on Form 10-K, may adversely affect our results as indicated in forward-looking statements. You should read this quarterly report on Form 10-Q, the annual report on Form 10-K and the documents that we have filed with the Securities and Exchange Commission completely and with the understanding that our actual future results may be materially different from what we expect. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- our ability to find, acquire or gain access to other discoveries and prospects and to successfully develop and produce from our current discoveries and prospects;
- uncertainties inherent in making estimates of our oil and natural gas data;
- the successful implementation of our and our block partners’ prospect discovery and development and drilling plans;
- projected and targeted capital expenditures and other costs, commitments and revenues;
- termination of or intervention in concessions, rights or authorizations granted by the governments of Ghana, Ireland, Mauritania, Morocco (including Western Sahara), Portugal, Senegal or Suriname (or their respective national oil companies) or any other federal, state or local governments or authorities, to us;
- our dependence on our key management personnel and our ability to attract and retain qualified technical personnel;
- the ability to obtain financing and to comply with the terms under which such financing may be available;
- the volatility of oil and natural gas prices;
- the availability, cost, function and reliability of developing appropriate infrastructure around and transportation to our discoveries and prospects;
- the availability and cost of drilling rigs, production equipment, supplies, personnel and oilfield services;
- other competitive pressures;
- potential liabilities inherent in oil and natural gas operations, including drilling and production risks and other operational and environmental risks and hazards;
- current and future government regulation of the oil and gas industry or regulation of the investment in or ability to do business with certain countries or regimes ;
- cost of compliance with laws and regulations;
- changes in environmental, health and safety or climate change laws, greenhouse gas regulation or the implementation, or interpretation, of those laws and regulations;
- environmental liabilities;
- geological, technical, drilling, production and processing problems;
- military operations, civil unrest, outbreaks of disease, terrorist acts, wars or embargoes;
- the cost and availability of adequate insurance coverage;
- our vulnerability to severe weather events;
- our ability to meet our obligations under the agreements governing our indebtedness, including the indenture governing the Senior Notes;
- the availability and cost of financing and refinancing our indebtedness;
- the amount of collateral required to be posted from time to time in our hedging transactions;
- the result of any legal proceedings or investigations we may be subject to;
- our success in risk management activities, including the use of derivative financial instruments to hedge commodity and interest rate risks; and
- other risk factors discussed in the “Item 1A. Risk Factors” section of this quarterly report on Form 10-Q and our annual report on Form 10-K.

The words “believe,” “may,” “will,” “aim,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “plan” and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and, except to the extent required by law, we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking

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statements involve risks and uncertainties and are not guarantees of future performance. As a result of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this quarterly report on Form 10-Q might not occur, and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, including, but not limited to, the factors mentioned above. Because of these uncertainties, you should not place undue reliance on these forward-looking statements.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risks. The term “market risks” as it relates to our currently anticipated transactions refers to the risk of loss arising from changes in commodity prices and interest rates. These disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage ongoing market risk exposures. We enter into market-risk sensitive instruments for purposes other than to speculate.

We manage market and counterparty credit risk in accordance with our internal policies and guidelines. In accordance with these policies and guidelines, our management determines the appropriate timing and extent of derivative transactions. See “Item 8. Financial Statements and Supplementary Data—Note 2—Accounting Policies, Note 9—Derivative Financial Instruments and Note 10—Fair Value Measurements” section of our annual report on Form 10-K for a description of the accounting procedures we follow relative to our derivative financial instruments.

The following table reconciles the changes that occurred in fair values of our open derivative contracts during the three months ended March 31, 2015:

	Derivative Contracts Assets (Liabilities)		
	Commodities	Interest Rates	Total
	(In thousands)		
Fair value of contracts outstanding as of December 31, 2014	\$ 252,485	\$ (789)	\$ 251,696
Changes in contract fair value	34,960	(174)	34,786
Contract maturities	(53,932)	—	(53,932)
Fair value of contracts outstanding as of March 31, 2015	<u>\$ 233,513</u>	<u>\$ (963)</u>	<u>\$ 232,550</u>

Commodity Price Risk

The Company’s revenues, earnings, cash flows, capital investments and, ultimately, future rate of growth are highly dependent on the prices we receive for our crude oil, which have historically been very volatile. Crude oil prices in 2014 began the year strong and remained strong through the summer before decreasing rapidly during the fourth quarter. Dated Brent crude, the benchmark against which our oil sales are indexed, peaked above \$115 per barrel in June 2014 before falling below \$50 during 2015. Dated Brent crude oil prices have remained between \$45 to \$65 per barrel during 2015.

Commodity Derivative Instruments

We enter into various oil derivative contracts to mitigate our exposure to commodity price risk associated with anticipated future oil production. These contracts currently consist of three-way collars, put options, call options and swaps. In regards to our obligations under our various commodity derivative instruments, if our production does not exceed our existing hedged positions, our exposure to our commodity derivative instruments would increase.

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Commodity Price Sensitivity

The following table provides information about our oil derivative financial instruments that were sensitive to changes in oil prices as of March 31, 2015:

Term	Type of Contract	MBbl	Weighted Average Dated Brent Price per Bbl						Asset(Liability) Fair Value at March 31, 2015(1)
			Net Deferred Premium Payable	Swap	Put	Floor	Ceiling	Call	
2015:									
April — December	Three-way collars	3,184	\$ 0.46	\$ —	\$ —	\$ 87.43	\$ 110.00	\$ 133.82	\$ 93,184
April — December	Swaps with calls	1,505	—	93.59	—	—	—	115.00	53,602
2016:									
January — December	Purchased puts	2,000	\$ 3.41	\$ —	\$ —	\$ 85.00	\$ —	\$ —	\$ 38,949
January — December	Three-way collars	2,000	—	—	—	85.00	110.00	135.00	45,100
January — December	Swaps with puts	2,000	—	75.00	60.00	—	—	—	10,409
2017:									
January — December	Sold calls	2,000	\$ —	\$ —	\$ —	\$ —	\$ 85.00	\$ —	\$ (7,731)

(1) Fair values are based on the average forward Dated Brent oil prices on March 31, 2015 which by year are: 2015—\$57.82, 2016—\$63.73 and 2017—\$67.68. These fair values are subject to changes in the underlying commodity price. The average forward Dated Brent oil prices based on April 27, 2015 market quotes by year are: 2015—\$66.14, 2016—\$69.75 and 2017—\$72.01.

In April 2015, we entered into swaps, sold puts and purchased call contracts for 2.0 MMBbl from January 2017 through December 2017 with a fixed price of \$72.50 per barrel, a short put price of \$55.00 per barrel and a call price of \$90.00 per barrel. The contracts are indexed to Dated Brent prices and have a weighted average deferred premium payable of \$2.13 per barrel.

At March 31, 2015, our open commodity derivative instruments were in a net asset position of \$233.5 million. As of March 31, 2015, a hypothetical 10% price increase in the commodity futures price curves would decrease future pre-tax earnings by approximately \$58.3 million. Similarly, a hypothetical 10% price decrease would increase future pre-tax earnings by approximately \$59.5 million.

Interest Rate Derivative Instruments

See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations” section of our annual report on Form 10-K for specific information regarding the terms of our interest rate derivative instruments that are sensitive to changes in interest rates.

Interest Rate Sensitivity

At March 31, 2015, we had indebtedness outstanding under the Facility of \$500.0 million, of which \$434.4 million bore interest at floating rates after consideration of our interest rate hedges. The interest rate on this indebtedness as of March 31, 2015 was approximately 3.4%. If LIBOR increased by 10% at this level of floating rate debt, we would pay an additional \$0.1 million in interest expense per year on the Facility. We pay commitment fees on the \$1.0 billion of undrawn availability under the Facility and on the \$300.0 million of undrawn availability under the Corporate Revolver, which are not subject to changes in interest rates.

As of March 31, 2015, the fair market value of our interest rate derivatives was a net liability of approximately \$1.0 million. If LIBOR changed by 10%, it would have a negligible impact on the fair market value of our interest rate swaps.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was performed under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer. This evaluation considered the various processes carried out under the direction of our disclosure committee in an effort to ensure that information required to be disclosed in the SEC reports we file or submit under the Exchange Act is accurate, complete and timely. However, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be considered relative to their costs. Consequently, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. Based upon this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2015, in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including that such information is accumulated and communicated to the Company's management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosure.

Evaluation of Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes from the information concerning legal proceedings discussed in the “Item 3. Legal Proceedings” section of our annual report on Form 10-K.

Item 1A. Risk Factors

Other than with respect to the risk factor set forth below, there have been no material changes from the risks discussed in the “Item 1A. Risk Factors” section of our annual report on Form 10-K for the year ended December 31, 2014.

A maritime boundary demarcation dispute between Côte d’Ivoire and Ghana may affect a portion of our license areas offshore Ghana.

The historical maritime boundary between Ghana and its western neighbor, the Republic of Côte d’Ivoire, forms the western boundary of the Deepwater Tano (“DT”) Block offshore Ghana. In early 2010, Côte d’Ivoire petitioned the United Nations to demarcate the Ivorian territorial maritime boundary with Ghana, which is based on the equidistance maritime line to the corresponding land border. In response to the petition, Ghana established a Boundary Commission to undertake negotiations with Côte d’Ivoire in an effort to resolve their respective maritime boundary. The Ivorian Government then issued a map in September 2011, which reflected potential petroleum license areas that overlap with the DT Block. In September 2014, Ghana submitted the matter to arbitration under the United Nations Convention on the Law of the Sea, and in December 2014, the two parties agreed to transfer the dispute to the International Tribunal for the Law of the Sea (the “ITLOS”). On January 12, 2015, the ITLOS formed a special chamber to address the maritime boundary dispute.

On March 2, 2015, Côte D’Ivoire applied to the ITLOS for a provisional measures order suspending activities in the disputed area in which the TEN project is located until the substantive case concerning the border dispute is adjudicated. More specifically, the provisional measures application asked that Ghana be ordered to: (i) suspend all ongoing exploration and exploitation operations in the disputed area, (ii) refrain from granting any authorizations for new exploration and exploitation in the disputed area, (iii) not use any data acquired in the disputed area in any way that would detriment Côte d’Ivoire, and (iv) take any necessary action for the preservation of the continental shelf, its water, and its underground in the disputed area.

In late April 2015, ITLOS issued its order in response to Côte d’Ivoire’s provisional measures application. In its order, ITLOS rejected Côte d’Ivoire’s requests that Ghana suspend its ongoing exploration and development operations in the disputed area but ordered Ghana to: (i) take all necessary steps to ensure that no new drilling either by Ghana or any entity or person under its control takes place in the disputed area; (ii) take all necessary steps to prevent information resulting from past, ongoing or future exploration activities conducted by Ghana, or with its authorization, in the disputed area that is not already in the public domain from being used in any way whatsoever to the detriment of Côte d’Ivoire; (iii) carry out strict and continuous monitoring of all activities undertaken by Ghana or with its authorization in the disputed area with a view to ensuring the prevention of serious harm to the marine environment; (iv) take all necessary steps to prevent serious harm to the marine environment, including the continental shelf and its superjacent waters, in the disputed area and shall cooperate to that end; and (v) pursue cooperation with Côte d’Ivoire and refrain from any unilateral action that might lead to aggravating the dispute.

Uncertainty remains with regard to Ghana’s implementation of the provisional measures order from ITLOS, including the suspension on new drilling, and the outcome of the boundary demarcation dispute between Ghana and Côte d’Ivoire. We do not expect the drilling suspension to impact the completion of existing drilled wells in the disputed area or the completion of development and production operations at the TEN project, though there can be no assurance that such activities will not be impacted in the future. However, depending on the scope of the drilling suspension, drilling of additional development and production wells for the TEN project will be delayed. Further, we do not know if the maritime boundary dispute will change our and our block partners’ rights to develop our discoveries within such areas. In the event that the ITLOS proceedings result in an unfavorable outcome for Ghana, our operations within such areas could be materially impacted.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Under the terms of our Long Term Incentive Plan (“LTIP”), we have issued restricted shares and restricted share units to our employees. On the date that these restricted shares and restricted share units vest, we provide such employees the option to withhold, via a net exercise provision pursuant to our applicable restricted share award agreements and the LTIP, the number of vested shares (based on the closing price of our common shares on such vesting date) equal to the statutorily required tax liability owed by such grantee. The shares withheld from the grantees to settle their statutorily required tax liability are reallocated to the number of shares available for issuance under the LTIP. The following table outlines the total number of shares withheld during the three months ended, March 31, 2015 and the average price paid per share.

	Total Number of Share Withheld/Purchased	Average Price Paid per Share
	(In thousands)	
January 1, 2015—January 31, 2015	—	\$ —
February 1, 2015—February 28, 2015	1	8.77
March 1, 2015—March 31, 2015	4	8.98
Total	5	8.93

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

There have been no material changes required to be reported under this Item that have not previously been disclosed in the annual report on Form 10-K, other than as follows:

Disclosures Required Pursuant to Section 13(r) of the Securities Exchange Act of 1934

Under the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) of the Exchange Act, we are required to include certain disclosures in our periodic reports if we or any of our “affiliates” (as defined in Rule 12b-2 under the Exchange Act) knowingly engaged in certain specified activities during the period covered by the report. Because the Securities and Exchange Commission (“SEC”) defines the term “affiliate” broadly, it includes any entity controlled by us as well as any person or entity that controls us or is under common control with us (“control” is also construed broadly by the SEC).

We are not presently aware that we and our consolidated subsidiaries have knowingly engaged in any transaction or dealing reportable under Section 13(r) of the Exchange Act during the fiscal quarter ended March 31, 2015. In addition, except as described below, at the time of filing this quarterly report on Form 10-Q, we are not aware of any such reportable transactions or dealings by companies that may be considered our affiliates as to whether they have knowingly engaged in any such reportable transactions or dealings during such period. Upon the filing of periodic reports by such other companies for the fiscal quarter or fiscal year ended March 31, 2015, as the case may be, additional reportable transactions may be disclosed by such companies.

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As of March 31, 2015, funds affiliated with The Blackstone Group (“Blackstone”) held approximately 25% of our outstanding common shares, and funds affiliated with Warburg Pincus (“Warburg Pincus”) held approximately 30% of our outstanding common shares. We are also a party to a shareholders agreement with Blackstone and Warburg Pincus pursuant to which, among other things, Blackstone and Warburg Pincus each currently has the right to designate three members of our board of directors. Accordingly, each of Blackstone and Warburg Pincus may be deemed an “affiliate” of us, both currently and during the fiscal quarter ended March 31, 2015.

Disclosure relating to Warburg Pincus and its affiliates

Warburg Pincus informed us of the information reproduced below (the “SAMIH Disclosure”) regarding Santander Asset Management Investment Holdings Limited (“SAMIH”), a company that may be considered an affiliate of Warburg Pincus. Because both we and SAMIH may be deemed to be controlled by Warburg Pincus, we may be considered an “affiliate” of SAMIH for the purposes of Section 13(r) of the Exchange Act.

SAMIH Disclosure:

Quarter ended March 31, 2015

“An Iranian national, resident in the U.K., who is currently designated by the U.S. under the Iranian Financial Sanctions Regulations and the Weapons of Mass Destruction Proliferators Sanctions Regulations (“NPWMD sanctions program”), holds a mortgage with Santander UK that was issued prior to any such designation. No further drawdown has been made (or would be permitted) under this mortgage although Santander UK continues to receive repayment installments. In the first quarter of 2015, total revenue in connection with the mortgage was approximately £800 and net profits were negligible relative to the overall profits of Santander UK. Santander UK does not intend to enter into any new relationships with this customer, and any disbursements will only be made in accordance with applicable sanctions. The same Iranian national also holds two investment accounts with Santander Asset Management UK Limited. The accounts have remained frozen during quarter one of 2015. The investment returns are being automatically reinvested, and no disbursements have been made to the customer. Total revenue for the Santander Group in connection with the investment accounts was approximately £70 and net profits in the first quarter of 2015 were negligible relative to the overall profits of Banco Santander, S.A.”

The SAMIH Disclosure relates solely to activities conducted by SAMIH and do not relate to any activities conducted by us. We have no involvement in or control over the disclosed activities of SAMIH, any of its predecessor companies or any of its subsidiaries. Other than as described above, we have no knowledge of the activities of SAMIH with respect to transactions with Iran, and we have not participated in the preparation of the SAMIH Disclosure. We have not independently verified the SAMIH Disclosure, are not representing to the accuracy or completeness of the SAMIH Disclosure and undertake no obligation to correct or update the SAMIH Disclosure.

Disclosure relating to Blackstone and its affiliates

Blackstone informed us of the information reproduced below (the “Travelport Disclosure”) regarding Travelport Limited (“Travelport”), a company that may be considered one of Blackstone’s affiliates. Because both we and Travelport may be deemed to be controlled by Blackstone, we may be considered an “affiliate” of Travelport for the purposes of Section 13(r) of the Exchange Act.

Travelport Disclosure:

Quarter ended March 31, 2015

“As part of our global business in the travel industry, we provide certain passenger travel related Travel Commerce Platform and Technology Services to Iran Air. We also provide certain Technology Services to Iran Air Tours. All of these services are either exempt from applicable sanctions prohibitions pursuant to a statutory exemption permitting transactions ordinarily incident to travel or, to the extent not otherwise exempt, specifically licensed by the U.S. Office of Foreign Assets Control. Subject to any changes in the exempt/licensed status of such activities, we intend to continue these business activities, which are directly related to and promote the arrangement of travel for individuals.”

The Travelport Disclosure relates solely to activities conducted by Travelport and do not relate to any activities conducted by us. We have no involvement in or control over the activities of Travelport, any of its predecessor companies or any of its subsidiaries. Other than as described above, we have no knowledge of the activities of Travelport with respect to transactions with Iran, and we have not participated in the preparation of the Travelport Disclosure. We have not independently verified the Travelport Disclosure, are not representing to the accuracy or completeness of the Travelport Disclosure and undertake no obligation to correct or update the Travelport Disclosure.

Item 6. Exhibits

The information required by this Item 6 is set forth in the Index to Exhibits accompanying this quarterly report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Kosmos Energy Ltd.
(Registrant)

Date May 4, 2015

/s/ THOMAS P. CHAMBERS
Thomas P. Chambers
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

INDEX OF EXHIBITS

Exhibit Number	Description of Document
10.1*	Concession Contract regarding the Exploration, Development and Production of Oil in the Amêijoa area between Portugal, Petrobras International Braspetro BV, Petróleos de Portugal — Petrogal, S.A. and Partex Oil and Gas (Holdings) Corporation dated May 18, 2007.
10.2*	Addendum No. 1 to the Concession Contract regarding the Exploration, Development and Production of Oil in the Amêijoa area between Portugal, Repsol Exploración, S.A., Kosmos Energy Portugal, Petróleos de Portugal — Petrogal, S.A. and Partex (Iberia) S.A. dated March 12, 2015.
10.3*	Addendum No. 2 to the Concession Contract regarding the Exploration, Development and Production of Oil in the Amêijoa area between Portugal, Repsol Exploración, S.A., Kosmos Energy Portugal, Petróleos de Portugal — Petrogal, S.A. and Partex (Iberia) S.A. dated March 12, 2015.
10.4*	Concession Contract regarding the Exploration, Development and Production of Oil in the Camarão area between Portugal, Petrobras International Braspetro BV, Petróleos de Portugal — Petrogal, S.A. and Partex Oil and Gas (Holdings) Corporation dated May 18, 2007.
10.5*	Addendum No. 1 to the Concession Contract regarding the Exploration, Development and Production of Oil in the Camarão area between Portugal, Repsol Exploración, S.A., Kosmos Energy Portugal, Petróleos de Portugal — Petrogal, S.A. and Partex (Iberia) S.A. dated March 12, 2015.
10.6*	Addendum No. 2 to the Concession Contract regarding the Exploration, Development and Production of Oil in the Camarão area between Portugal, Repsol Exploración, S.A., Kosmos Energy Portugal, Petróleos de Portugal — Petrogal, S.A. and Partex (Iberia) S.A. dated March 12, 2015.
10.7*	Concession Contract regarding the Exploration, Development and Production of Oil in the Mexilhão area between Portugal, Petrobras International Braspetro BV, Petróleos de Portugal — Petrogal, S.A. and Partex Oil and Gas (Holdings) Corporation dated May 18, 2007.
10.8*	Addendum No. 1 to the Concession Contract regarding the Exploration, Development and Production of Oil in the Mexilhão area between Portugal, Repsol Exploración, S.A., Kosmos Energy Portugal, Petróleos de Portugal — Petrogal, S.A. and Partex (Iberia) S.A. dated March 12, 2015.
10.9*	Addendum No. 2 to the Concession Contract regarding the Exploration, Development and Production of Oil in the Mexilhão area between Portugal, Repsol Exploración, S.A., Kosmos Energy Portugal, Petróleos de Portugal — Petrogal, S.A. and Partex (Iberia) S.A. dated March 12, 2015.
10.10*	Concession Contract regarding the Exploration, Development and Production of Oil in the Ostra area between Portugal, Petrobras International Braspetro BV, Petróleos de Portugal — Petrogal, S.A. and Partex Oil and Gas (Holdings) Corporation dated May 18, 2007.
10.11*	Addendum No. 1 to the Concession Contract regarding the Exploration, Development and Production of Oil in the Ostra area between Portugal, Repsol Exploración, S.A., Kosmos Energy Portugal, Petróleos de Portugal — Petrogal, S.A. and Partex (Iberia) S.A. dated March 12, 2015.
10.12*	Addendum No. 2 to the Concession Contract regarding the Exploration, Development and Production of Oil in the Ostra area between Portugal, Repsol Exploración, S.A., Kosmos Energy Portugal, Petróleos de Portugal — Petrogal, S.A. and Partex (Iberia) S.A. dated March 12, 2015.
10.13†*	Form of RSU Award Agreement (Performance Vesting).
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith.

** Furnished herewith.

† Management contract or compensatory plan or arrangement.

MINISTRY OF THE ECONOMY AND OF INNOVATION

CONTRACT BY AND BETWEEN THE PORTUGUESE STATE AND PETROBRAS INTERNATIONAL BRASPETRO BV, PETRÓLEOS DE PORTUGAL — PETROGAL, S.A., AND PARTEX OIL AND GAS (HOLDINGS) CORPORATION, IN A CONSORTIUM, FOR THE GRANTING OF RIGHTS OF EXPLORATION (PROSPECTION AND RESEARCH), DEVELOPMENT AND PRODUCTION OF OIL IN THE AREA KNOWN AS “AMÊIJOA”

On the 18th day of the month of May 2007, at eleven thirty in the morning, at Torre de Belém, in Lisboa, with the Minister of the Economy and of Innovation present, Mr. Manuel António Gomes de Almeida de Pinho, as the first grantor and representative of the Portuguese State (hereinafter the “State”), and, as the second grantors, Mr. Nestor Cuñat Cerveró, married, Brazilian, residing at Rua Garcia d’Ávila, 25 — apartment 1202, Ipanema, Rio de Janeiro, Brazil, representing **PETROBRAS INTERNATIONAL BRASPETRO BV**, a corporation formed and existing pursuant to the laws of the Netherlands, with its main offices at Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands, with Corporate Identification Number 24339383, and with corporate capital of 5,000,000 euros, with permanent representation in Portugal at Avenida Eng. Duarte Pacheco, Torre 2, 16 Andar, 1070-274, Lisboa, and corporate identification number 980367263 (hereinafter “**Petrobras**”), Mr. Manuel Ferreira de Oliveira, married, Portuguese, residing in Aldoar, Porto, and Mr. Fernando Manuel dos Santos Gomes, divorced, Portuguese, residing in Lordelo do Ouro,

Porto, representing **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, a corporation with its main offices at Rua Tomás da Fonseca, Torre C, 1600-209, Lisboa, registered in the Commercial Registry of Lisbon under number 00523 — 4th Section, with corporate capital of 516,750,000 euros, and corporate identification number 500697370 (hereinafter “**Galp**”), and Mr. António José da Costa Silva, married, Portuguese, residing at Rua Passos Manuel, 24 — 2.º andar, 1150-260 Lisboa, representing **PARTEX OIL AND GAS (HOLDINGS) CORPORATION**, a corporation (wholly owned by Fundação Calouste Gulbenkian), formed and existing under the laws of the Cayman Islands, with its main offices at Walker House, P.O. Box 265 GT, in George Town, Grand Cayman, and an office at Pflugstrasse 20, Postfach 473, FL 9490 Vaduz, Lichtenstein, recorded in the Commercial Registry of the Cayman Islands under number WK80617, with corporate capital of US\$ 50,000 and corporate identification number 980272173, represented in Portugal through its subsidiary **HIDREXPAND, S.A.** located at Rua Ivone Silva, no. 6, 1º andar, 1050-124, Lisboa, and corporate identification number 507839188 (hereinafter “**Partex.**”).

I have verified the identities, capacities and powers of representation, respectively, through presentation of Passport No. CO 822896 issued on September 14, 2004, by SR/DPF/RJ — Immigration Police Division — NUPAS Passport Center, Rio de Janeiro; from Identification Card No. 957625-8, issued on June 23, 2000, by Civil Identification Services of Porto; from Identification Card No. 1935266-2, issued on June 6, 2006, by Civil Identification Services of Porto; and by Identification Card No. 9692380 issued on June 22, 2004, by the Identification Division of Lisbon, and by presentation of the affidavits and certificates, which documents are archived in the Division for Oil Research and Exploration, in the General Division of Energy and Geology (hereinafter “**DGEG**”).

This contract was prepared before me, Maria Cristina Vieira Lourenço, an attorney acting as a public official, which contract will be governed by the following articles:

CHAPTER I

ACTIVITY PROVIDED IN CONCESSION

ARTICLE ONE

(CONCESSION)

1. Pursuant to the terms of Decree Law No. 109/94 of April 26 (hereinafter **DL 109/94**), the companies Petrobras, Galp and Partex, in a consortium (hereinafter designated as “**Petrobras Consortium / Galp / Partex**” or the “**Concession Holder**”), are awarded a concession to carry out the activities of prospection, research, development and production of oil on the Portuguese continental shelf, beyond the 200-meter deep water polygon in Area No. 236 — known as “**Amêijoa**”, whose implantation is shown on the attached map (Annex I), including 1 (one) block of 42 (forty two) lots, whose description is also attached hereto (Annex II).
 2. The members of the consortium are jointly and severally liable for complying with the obligations arising under this Contract (“Concession Contract”), except in the cases in which, according to the terms of Portuguese tax legislation in force, that liability is individual. **Petrobras** is the operator for the **Concession Holder** (“Operator”). The appointment of a new Operator for all or any portion of the area, and at all times subject to this Concession Contract, must be authorized in advance by **DGEG**, which will assess the competence and technical capacity of the new Operator.
 3. The **Concession Holder** appoints the Operator to lead and carry out all operations and activities to be developed within the scope of this Concession Contract, to submit all work
-

plans, projects, proposals and other communications to **DGEG**, and to receive all responses, requests, solicitations, proposals and any other communications from **DGEG**.-

4. The work to be performed within the scope of this Contract in areas subject to administrative rights-of-way, restrictions on public works, or any other limitations that are administrative in nature lack legal authorizations, licenses, approvals or favorable opinions from entities with jurisdiction in those areas, to the extent that the exercise of rights conferred by this Concession Contract is or might be prohibited, limited or even conditioned by the respective special legislation.
5. The authorizations, licenses, approvals or favorable opinions mentioned in the previous number must be obtained by the **Concession Holder**.

ARTICLE TWO

(PROSPECTION AND RESEARCH)

1. Without prejudice to what is established in Annex IV of this Contract, and the waiver right (“drill or drop”) to which refers article 63 of DL 109/94, during the initial period the **Concession Holder** will perform a minimum of the following prospection and research work:

- First year:**
- Purchase of 1500 km of speculative seismic, gravimetric data, information on wells and geochemistry, with an estimated investment of US\$ 750,000.00 (seven hundred and fifty thousand United States dollars).
 - Initiate nearly 500 km of seismic 2D, with an estimated investment of US\$ 125,00.00 (one hundred and twenty-five thousand United States dollars).
 - Seismic mapping and data integration.
 - Regional analysis and modeling of the basin.
-

- Market prospection for seismic acquisition campaign.
 - Second year:**
 - Conclusion of reprocessing and geological and geophysical reintegration as a function of reprocessing data.
 - Start of preparation of seismic acquisition campaign.
 - Third year:**
 - Start of market prospection regarding the availability of drilling / ships / equipment for wells to be drilled as agreed for the fourth year.
 - Realization of 2D seismic campaign (1000 km) or 3D equivalent (250 km²), with an estimated investment of US\$ 1,000,000.00 (one million United States dollars).
 - Initiate processing and interpretation of data collected.
 - Fourth year:**
 - Conclusion of processing new seismic data collected and its interpretation.
 - Preparation and realization of a research drill, with an estimated investment of US\$ 15,000,000.00 (fifteen million United States dollars).
 - Fifth year:**
 - Geological and geophysical studies.
 - Reinterpretation of seismic lines based on new data obtained in the research drill done during the previous year.
 - Sixth year:**
 - Realization of research drill, with an estimated investment of US\$ 15,000,000.00 (fifteen million United States dollars).
-

- Seventh year:**
- Geological and geophysical studies.
 - Reinterpretation of seismic lines based on new data obtained in the research drill done during the prior year.
 - Preparation of third research drill.

- Eighth year:**
- Realization of research drill with an estimated investment of US\$ 15,000,000.00 (fifteen million United States dollars).
2. Prospection and research work will be included in annual plans, duly broken down and budgeted, to be submitted for approval by **DGEG**, according to the terms of Articles 31 and 32 of DL 109/94.
 3. The field work projects to which Articles 33 and 34 of DL 109/94 refer, which foresee the realization of drilling, must include the conditions of their eventual closure.
 4. Any research work done in a certain year beyond the work projected as being mandatory for that year will be deducted from the work that must be done in following years.

ARTICLE THREE

(MANDATORY RELINQUISHMENT OF AREAS)

1. Without prejudice to the waiver right (“drill or drop”) to which refers Article 63 of DL 109/94, the **Concession Holder** must relinquish at least 50% (fifty percent) of the area of the concession at the end of the 5th (fifth) year of the initial period, under Article 84(2)(b) of DL 109/94.
 2. At the end of the 8th (eighth) year of the initial period, and in the event of a request for the extension mentioned in Article 35(4) of DL 109/94, the **Concession Holder** must relinquish at least 50% (fifty percent) of the area in force at that time.
-

3. Relinquishment of areas must comply with numbers 3 to 6 of Article 36 of DL 109/94, taking into consideration subsections (b) and (c) of Article 84(2) of that same Decree Law and of Annex IV.

ARTICLE FOUR

(DEVELOPMENT AND PRODUCTION)

1. Within the scope of exploration (prospection and research activities), whenever the **Concession Holder** establishes the existence of an economically viable oil field, it must develop the respective preliminary demarcation and the general working plan for development and production, which must include the closing plan and the return of the area to its original or equivalent status, and the respective schedule for execution, submitting them to **DGEG** for discussion, according to the terms of Articles 37 to 39 of DL 109/94.
 2. The development and/or production work established for each year will be in the annual plans, duly broken down and budgeted for, to be submitted for discussion by **DGEG**, according to Articles 31, 32 and 40 of DL 109/94.
 3. Within the period of 5 (five) years from the approval date of each general development and production plan, according to the terms of Article 41 of DL 109/94, the **Concession Holder** must definitively demarcate the boundaries of the oil blocks in which the acknowledged oil fields are located.
 4. The period to which the previous number refers may be extended when it is shown to be technically justified, pursuant to Article 41(2) of DL 109/94.
 5. The commercial production of an oil field may only be initiated as of the date of approval of the respective general development and production plan.
-

6. The **Concession Holder** must perform the work in a regular and continuous manner, employing good oil industry techniques and practices and rigorously observing the technical rules that might be established in the future.
7. Except in the special situations established in Article 72 of DL 109/94, the **Concession Holder** may freely make use of the oil it produces.
8. The conditions regarding oil development and production activities will be established in the general development and production plan to be agreed to by and between **DGEG and the Concession Holder** according to the terms of Articles 38 and 39 of DL 109/94.

ARTICLE FIVE

(REPORTS)

1. Every quarter the **Concession Holder** will send **DGEG** a report in triplicate summarizing the activities performed.
 2. Every year, the **Concession Holder** will send **DGEG** a technical report in triplicate on its activities, attaching a copy of all technical information produced during the period.
 3. At the end of the 3rd (third) year in the **initial period, and even up to 90** (ninety) days after exercising the waiver right (“drill or drop”) mentioned in Article 63 of DL 109/94, if applicable, the **Concession Holder** will present a complete report on assessment of the concession area.
 4. Whenever geophysical or drilling campaigns are done, the **Concession Holder** will provide **DGEG** with additional specialized reports, attaching all of the information produced in accordance with guidance to be provided in a timely manner by **DGEG**.
-

ARTICLE SIX

(SAFETY AND HYGIENE OF PERSONNEL AND FACILITIES)

1. In the exercise of the activities awarded in concession, the **Concession Holder** must observe the general rules regarding the conditions of work-related safety, hygiene and health, as well as Community provisions in relation to protecting workers in extraction industries.
2. The **Concession Holder** must also present **DGEG** with the plans referred to in Article 70(2) of DL 109/94.

ARTICLE SEVEN

(PROTECTION OF THE ENVIRONMENT AND RECOVERY OF THE LANDSCAPE)

1. In the exercise of the activities awarded in concession, the **Concession Holder** must adopt, pursuant to the terms of Article 71 of DL 109/94, adequate measures to minimize the environmental impact, ensuring protection of the surrounding ecosystem and safeguarding cultural patrimony, in compliance with the legal norms in force in that regard, whatever their source.
2. Return, on any grounds whatsoever, in whole or in part, of the concession area will mean for the **Concession Holder**, the obligation to return the abandoned area, when applicable, to its original or equivalent status.

ARTICLE EIGHT

(INSURANCE)

1. The **Concession Holder** is obligated to purchase insurance policies and to keep them updated, which contracts are entered into with any renowned international insurance company, against the risks inherent to its activity, namely assuring coverage of damage arising from the **Concession Holder's** civil liability.
-

2. Every year when the annual work plans are presented, the **Concession Holder** must prove the existence of insurance to **DGEG** by presenting a copy of the respective policy.
3. According to the criteria of reasonability, **DGEG** has the authority to notify the **Concession Holder** regarding update of the contractual conditions of the insurance policy within a reasonable period of time.
4. Failure to comply with what is stated in numbers 1 and 2 of this article, as well as failure to comply with the obligation imposed by **DGEG** according to the terms of notification referred to in the previous number of this article, are serious violations of the **Concession Holder's** contractual duties, which justify termination of the Concession Contract.

ARTICLE NINE

(THE CONCESSION HOLDER'S CIVIL LIABILITY)

1. Pursuant to general legal terms, the **Concession Holder** is liable for negligence or risk for any damage caused to the State or to third parties that result from its activity.
2. The **Concession Holder** will also be liable for damage caused by the entities it has contracted, regardless of the terms under which the party causing the damage was contracted.

ARTICLE TEN

(RISK)

The **Concession Holder** assumes full liability for losses and damage and for other risks associated with the activity granted in concession, and the State will not have any liability or right or recourse against the **Concession Holder** by virtue of events that occur during the exercise of that same activity or in relation to that activity.

CHAPTER II

DURATION AND TERMINATION OF THE CONCESSION

ARTICLE ELEVEN

(PERIODS OF THE CONCESSION)

1. The period of the initial period of the concession is 8 (eight) years from the date this Contract is signed, which period may be extended twice for periods of 1 (one) year, pursuant to numbers 4 and 5 of Article 35 of DL 109/94, without prejudice to the waiver right ("drill or drop") by the **Concession Holder** as provided in Article 63 of the same legal document.
2. The period of production is 30 (thirty) years from the date of approval of the corresponding general development and production plan, pursuant to numbers 3 and 4 of Article 22, and Article 84(2)(b) of DL 109/94, which may be extended one or more times, up to a maximum of 15 (fifteen) years.
3. The production period may be extended under numbers 5 and 6 of Article 22 of DL 109/94, as long as the **Concession Holder** requests this up to 1 (one) year prior to the end of the period and as long as the considerations and other conditions offered as compensation for the requested extension are accepted by the State.

ARTICLE TWELVE

(TERMINATION OF THE CONTRACT)

This Contract may be terminated for any of the reasons listed in Article 59 of DL 109/94 and according to the terms of Articles 60 to 64 of that same document, without prejudice to what is stated in the following article.

ARTICLE THIRTEEN

(REVERSAL TO THE STATE)

1. With termination of the Contract for any of the reasons stated in Article 59 of DL 109/94, and according to the State's option, the equipment, instruments, work done, facilities and any other assets directly and permanently affected by the concession will revert at no charge to the State, in which case the State will assume the liability for eventual transfer, or those assets will remain the property of the **Concession Holder**, in which case their possible transfer will be the responsibility of the **Concession Holder**.
 2. In the event that the **Concession Holder** does not request an extension pursuant to the terms of Article 11 of this Contract, or if it is not possible to reach an agreement as established in number 3 of that same Article 11, then the State must exercise the option referred to in the previous number, up to 6 (six) months prior to termination of the Contract, without prejudice to what is provided in the following numbers.
 3. If the cause for termination of the Contract is rescission, the State must exercise the option mentioned in the previous number regarding the notification of rescission to the **Concession Holder**.
 4. In the event of the end of the contract by agreement between the State and the **Concession Holder**, the **Concession Holder** must verify establishment of the option referred to in number 1 of this article.
 5. If the State does not exercise the option referred to in the previous numbers within the time periods established therein, this will mean that it chose not to receive those assets.
-

CHAPTER III

SPECIAL OBLIGATIONS OF THE CONCESSION HOLDER

ARTICLE FOURTEEN

(FEES)

1. The **Concession Holder** will pay **DGEG** a fee for entering into the contract in the amount of 45,000 € (forty-five thousand euros).
 2. In the event of transfer of the contractual position to unaffiliated parties, when authorized, the **Concession Holder** will pay **DGEG** a fee in the amount of:
 - a. 15,000 € (fifteen thousand euros) if the transfer occurs in the first 3 (three) years of the initial period;
 - b. 30,000 € (thirty thousand euros) if the transfer occurs during the remaining years of the initial period, considering possible extensions to be covered;
 - c. 45,000 € (forty-five thousand euros) if the transfer occurs during the production period.
 3. For the purposes of this Concession Contract, “Affiliate” means any company or individual that:
 - a. Directly or indirectly controls a Party, or;
 - b. Is directly or indirectly controlled by that Party, or;
 - c. Is directly or indirectly controlled by a company or individual who directly or indirectly controls that Party.

“To control” means to exercise the right to 50% (fifty percent) or more of the votes in the appointment of members of the Administration — or members of a similar body, as applicable — of that company or individual.
 4. The rates referred to in this article will be paid and collected as provided for in Article 55 of DL 109/94.
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ARTICLE FIFTEEN

(YIELD FROM AREA)

1. During the valid period of this Contract, the **Concession Holder** will pay the state an annual surface yield per square kilometer of the area held, to be determined as follows:
 - a. During the first 3 (three) years of the initial period, 15 € (fifteen euros) /km²;
 - b. During the remaining years in the initial period: 30 € (thirty euros) / km²;
 - c. During the 1st (first) year of extension of the initial period: 60 € (sixty euros / km²;
 - d. During the 2nd (second) year of extension of the initial period: 80 € (eighty euros) /km²;
 - e. During the production period: 240 € (two hundred and forty euros / km²).
2. The amount of surface yield corresponding to the year of signature of this Contract will be calculated in proportion to the number of months remaining until the end of the same year.
3. In the payment and collection of surface yields, Article 53 of DL 109/94 will be observed.

ARTICLE SIXTEEN

(CONFIDENTIALITY)

1. The **Concession Holder**, as well as the entities with which it cooperates, will keep all data or informational elements obtained throughout the course of their activities confidential, for the entire valid period of this Contract, and they cannot transfer them to third parties unless expressly authorized in advance by **DGEG**.
 2. All information and data sent to **DGEG** by the **Concession Holder** will be kept confidential for the period of 5 (five) years after it has been received, or until extinction of the Concession Contract, if this should occur first.
-

ARTICLE SEVENTEEN

(PAYMENTS TO THE STATE)

1. During the valid period of the Concession Contract, the **Concession Holder** agrees to make available to **DGEG**, annually, during the initial period of the concession (eight years, which may be extended twice for periods of one year), annual financing equal to 50,000 € (fifty thousand euros) in the first five years, and 75,000 € (seventy-five thousand euros) in the remaining years in the initial period of the concession, for:
 - a. Technology transfer programs, updates/training and promotional activities;
 - b. Acquisition and/or contracting of equipment / specialized technical means;
 - c. Preservation and treatment of technical data and information.
 2. During the valid period of the Concession Contract, the **Concession Holder** must transfer, every year for the period of five years, with priority given to the University of Lisbon and the University of Coimbra, the amount of 25,000 € (twenty-five thousand euros), for technology transfer programs, special studies and training.
 3. In the event of discovery, and once production is initiated, the **Concession Holder**, after recovering the costs for research and development of the oil field(s), and after discounting the operating costs for production, that is, when it attains a positive net result, must also pay the following to **DGEG** in a continuous manner:
 - 2% (two percent) of the value of the first 5 (five) million barrels of oil equivalent produced and effectively commercialized;
-

- 5% (five percent) of the amount of production and commercialization of oil equivalent between 5 (five) and 10 (ten) million barrels;
 - 7% (seven percent) of the amount of the remaining barrels of oil equivalent produced and commercialized.
4. Within 30 (thirty) days after the end of each quarter, the **Concession Holder** will present all relevant information for calculating the amount it owes to **DGEG**, in accordance with what is established in number 2 above. This information must include production values, plus the costs of research, development, production and operation, the amounts obtained from sales of oil, and the taxes charged or to be charged. The **Concession Holder** will provide its estimate of what it should pay to **DGEG** in relation to the quarter in question. The **DGEG** will then issue an invoice of amounts owed, and it will notify the **Concession Holder** of this invoice. This amount must be paid within 30 (thirty) days following the date that invoice is received. Failure to pay this amount is a serious violation of the **Concession Holder's** contractual duties, assuming that if the **Concession Holder** does not agree with the amount of the invoice, after payment of the amount that is not contested it will have the right to submit the difference in dispute to an Arbitration Court, as per Article 22.
 5. The verification and collection of the amount stated in the previous number will have as reference the conversions internationally accepted by the oil industry, which are 1 boe (barrel of oil equivalent) = 6000 cubic feet of gas = 1 barrel of liquid oil.
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CHAPTER IV

INSPECTION AND GUARANTEES

ARTICLE EIGHTEEN

(INSPECTION)

1. The activities that comprise the concession are subject to inspection by the **DGEG**, without prejudice to inspections by other competent entities, namely those that comprise the Maritime Authority System.
2. The **Concession Holder** may not impede or make access to the concession area difficult for the purposes established in the previous number, and it must place adequate means at the disposal of the inspection entities so that they can perform their functions.
3. The **Concession Holder** must provide all books and registries with respect to the establishment and the activities allowed in the concession that **DGEG** considers necessary for inspections, and it must provide clarifications that are requested of it.
4. If the **Concession Holder** has not followed instructions issued by the **DGEG** within the scope of its inspection powers, then the **Concession Holder** must correct the situation, directly or through third parties, and all corresponding costs will be paid by the **Concession Holder**.

ARTICLE NINETEEN

(INSPECTIONS)

All expenses resulting from extraordinary inspections are to be paid by the **Concession Holder**, namely those due to complaints from third parties, as long as the existence of irregularities is found that can be attributed to it.

ARTICLE TWENTY

(BONDS)

1. As a guarantee of good and complete compliance with the obligations arising from the Concession Contract, including the payment of fines and indemnity for losses caused to the State or to third parties within the scope of those obligations, the **Concession Holder** will provide a bond in favor of **DGEG**, according to the terms established in the following numbers. During the production period, no bonds whatsoever will be provided.
 2. Bonds will be provided by means of a bank deposit to the order of **DGEG**, of an autonomous bank guarantee payable upon the first request or of an insurance bond with a clause regarding payment upon the first request, whatever the case understanding that the payment, to which there can be no exceptions, must be made as soon as requested in writing by **DGEG**, and without the need for documental or any other type of justification.
 3. Pursuant to the terms of Article 74 of DL 109/94, the bonds will be provided annually, simultaneously with presentation of the annual work plans for prospection and research, during the initial period, and its amount will be equal to 50% (fifty percent) of the value of the budgeted work included in the respective annual plans, to which Article 31 of DL 109/94 refers.
 4. The bonds end once the respective valid period has passed, except those that must be renewed or replaced, which will remain in force as long as the corresponding renewal or substitution with a new bond has not been issued.
-

ARTICLE TWENTY-ONE

(FORCE MAJEURE)

1. Breach or delay in compliance with any obligation by the **Concession Holder**, in whole or in part, will be considered justifiable if, and only to the extent that such breach or delay is caused, due to reasons of *Force Majeure*. The period of time of that breach or delay, together with the period necessary for repair of any damage caused during such delay, must be added to the period established in this Concession Contract for compliance with such obligations and for the execution of any obligation dependent upon it and, consequently, added to the period of this Concession Contract.
 2. For the purposes of this Concession Contract, "*Force Majeure*" means any event or circumstance considered, according to criteria of reasonability, outside of the control of any of the parties, which impedes or delays compliance with the obligations established in this Concession Contract and which, despite taking adequate measures, such party is not able to avoid, including but not limited to, acts of war, acts of terrorism, uprisings, rebellions or civil disturbances, earthquakes, storms or other natural disasters, explosions, fires or expropriations, nationalizations, requisitions or other interference from governmental authorities, and even national or regional strikes or labor conflicts (whether official or not).
 3. The party that invokes *Force Majeure* must communicate this with the other party within a reasonable period of time after the occurrence of the facts on which it is based, and it must keep the other party informed regarding all significant developments. This communication must be reasonably detailed regarding all reasons of *Force Majeure* and it must include a projection of the time that will probably be necessary for that party to be able to overcome the causes of *Force Majeure*.
 4. If the causes of *Force Majeure* continue for more than fifteen (15) consecutive days, the Parties will meet immediately to go over the situation and to agree to the measures to be
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taken for removal of the cause of *Force Majeure*, and to re-establish compliance with the obligations established in this Concession Contract in accordance with legal provisions.

5. If the case of *Force Majeure* were to occur during the initial period of prospection and research, or during any of its extensions, and its impacts continue for a period of six (6) consecutive months, the **Concession Holder** may, within the scope of what is stated in Article 60(e) of DL 109/94, request **DGEG** ninety (90) days in advance of the expiration of this Concession Contract, for a founded demonstration of the impossibility of complying with its obligations. **DGEG** will assess the claim of the **Concession Holder** and will provide its opinion, submitting the process to the decision of the Minister, who will determine the expiration of the Concession Contract or its review, with the agreement of the **Concession Holder**, in order to ensure the conditions of fulfillment of the work.

CHAPTER V

TRANSFER OF RIGHTS AND RESPONSIBILITIES OF THE CONCESSION HOLDER

ARTICLE TWENTY-TWO

(ASSOCIATION WITH THIRD PARTIES AND TRANSFER OF POSITION)

1. The **Concession Holder** may not associate with third parties in a system of non-corporate participation of interests, nor may it transfer its position as **Concession Holder** to third parties without prior authorization from the responsible Minister, pursuant to the terms established in Article 77 of DL 109/94. While an Affiliate cannot be considered a third party, any transfer of position in favor of an Affiliate will be subject to the same procedures, therefore approval cannot be denied if there are no reasons that do not comply with reasonability criteria.
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If the **DGEG** does not issue a statement within 30 days, transfer to the Affiliate will be considered as having been approved.

2. For the purposes of the previous number, transfer of the position of **Concession Holder** is equivalent to transfer to third parties of the respective quotas or shares that represent more than 50% (fifty percent) of the corporate capital.

CHAPTER VI

CONTRACTUAL DISPUTES, NOTIFICATIONS

ARTICLE TWENTY-THREE

FORUM

Differences will be resolved according to Portuguese law, by an arbitration court, in accordance with Article 80 of DL 109/94, which will function according to the terms of Law No. 31/86 of August 29, 1986, and of the Arbitration Clause, now also entered into and whose terms are established in Annex III of this Contract.

ARTICLE TWENTY-FOUR

(NOTIFICATIONS)

1. All notifications, communications and other correspondence related to performance of this Concession Contract will be sent to the **Petrobras / Galp / Partex Consortium** and to the permanent representative in Portugal of the Head of the Consortium, whose address is Avenida Eng. Duarte Pacheco, Torre 2, 16°, 1070-274, Lisbon, with copies to Petrobras International Braspetro B.V. and Petróleo Brasileiro S.A. — Petrobras, whose addresses are, respectively, Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands, and Avenida República do Chile, 500, 30° Piso, Centro, Rio de Janeiro, Brazil.
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2. In the event of a change in address, the Head of the Consortium will communicate the new address to be used for these purposes to **DGEG** in writing 30 (thirty) days in advance.
3. Except what is provided in the previous paragraph, notifications related to modification of this Concession Contract, or its termination according to the terms of Articles 61 and 64 of DL 109/94, which will also be sent to the permanent representative in Portugal of the members who are not the Head of the Consortium and whose addresses are the following: **Petróleos de Portugal — Petrogal, S.A.**, Edifício Galp, Rua Tomás da Fonseca, Torre C, 1600-209 Lisbon, and **Partex Oil and Gas (Holdings) Corporation** — Rua Ivone Silva, No. 6, 1º andar, 1050-124, Lisbon. In the event of a change in address, that which is stated in the previous number will apply.
4. The **Concession Holder** is considered to have been notified on the third business day following the date of postal registration sent in accordance with the terms established in the previous numbers.
5. The assumption established in the previous number may be refuted by the notified party when the fact of receipt of the notification occurs on a date subsequent to the assumed date, for reasons not attributable to it.

Two true and correct copies of this Concession Contract are prepared, comprised of pages numbered from one to twenty-four, and by four Annexes, with Annexes I and II comprised of one sheet of paper with one page each, and Annexes III and IV of one sheet with two pages, all initialed by the participating parties — grantors, witnesses and public servant, with the exception of the page that contains the respective signatures, with one copy of the contract and its Annexes remaining in the files of the General Division of Energy and Geology.

All witnesses were present, Mr. Miguel Barreto Caldeira Antunes and Mr. Carlos Augusto Amaro Caxaria, respectively the Director General and Assistant Director General of Energy and Geology, who sign along with the granting parties, after having been read out loud by me, Maria Cristina Vieira Lourenço, which I also sign, and in the presence of all of the participating parties I attest to acceptance by the granting parties of this Concession Contract.

This Contract is stamped according to Law 150/99 of September 11, 1999.

First Granting Party:

/s/ Manuel António Gomes de Almeida de Pinho

Second Granting Parties:

/s/ Nestor Cunat Cerveró

/s/ Manuel Ferreira de Oliveira

/s/ Fernando Manuel dos Santos Gomes

/s/ António José da Costa Silva

Witnesses:

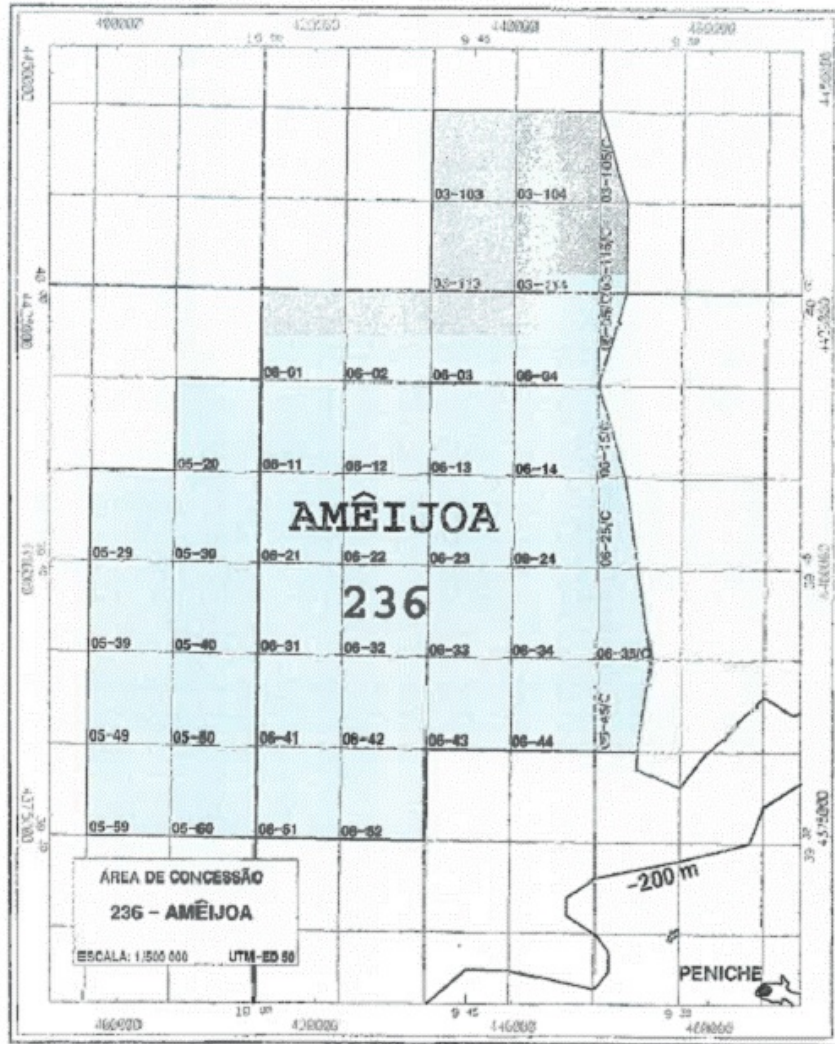
/s/ Miguel Barreto Caldeira Antunes

/s/ Carlos Augusto Amaro Caxaria

Public Official:

/s/ Maria Cristina Vieira Lourenço

MINISTRY OF THE ECONOMY AND OF INNOVATION
PETROBRAS / GALP / PARTEX CONSORTIUM



CONCESSION AREA
236 - "AMÊIJOA"
SCALE: 1/500,000 UTM-ED 50

MINISTRY OF THE ECONOMY AND OF INNOVATION
 PETROBRAS / GALP / PARTEX CONSORTIUM
 AREA OF CONCESSION NO. 236 – “AMÊIJOA”

LOTS Numbers	AREAS Km ²	LIMITS			
		N Deg. Min.	S Deg. Min.	E Deg. Min.	W Deg. Min.
03-103	78,8772	40 10	40 05	9 42	9 48
03-104	78,8772	40 10	40 05	9 36	9 42
03-106/C	13,1437	40 10	40 05	a)	9 36
03-113	78,9723	40 05	40 00	9 42	9 48
03-114	78,9723	40 05	40 00	9 36	9 42
03-115/C	26,3241	40 05	40 00	a)	9 36
05-20	79,1620	39 55	39 50	10 00	10 08
05-29	79,2565	39 50	39 45	10 06	10 12
05-30	79,2565	39 50	39 45	10 06	10 06
05-39	79,3509	39 45	39 40	10 06	10 12
05-40	79,3509	39 45	39 40	10 00	10 06
05-49	79,4452	39 40	39 35	10 06	10 12
05-50	79,4452	39 40	39 35	10 00	10 06
05-59	79,5392	39 35	39 30	10 06	10 12
05-60	79,5392	39 35	39 30	10 00	10 06
06-01	79,0672	40 00	39 55	9 54	10 00
06-02	79,0672	40 00	39 55	9 48	9 54
06-03	79,0672	40 00	39 55	9 42	9 48
06-04	79,0672	40 00	39 55	9 36	9 42
06-05/C	13,1754	40 00	39 55	a)	9 36
06-11	79,1620	39 55	39 50	9 54	10 00
06-12	79,1620	39 55	39 50	9 48	9 54
06-13	79,1620	39 55	39 50	9 42	9 48
06-14	79,1620	39 55	39 50	9 36	9 42
06-15/C	13,1961	39 55	39 50	a)	9 36
06-21	79,2565	39 50	39 45	9 54	10 00
06-22	79,2565	39 50	39 45	9 48	9 54
06-23	79,2565	39 50	39 45	9 42	9 48
06-24	79,2565	39 50	39 45	9 36	9 42
06-25/C	33,0248	39 50	39 45	a)	9 36
06-31	79,3509	39 45	39 40	9 54	10 00
06-32	79,3509	39 45	39 40	9 48	9 54
06-33	79,3509	39 45	39 40	9 42	9 48
06-34	79,3509	39 45	39 40	9 36	9 42
06-35/C	46,2893	39 45	39 40	a)	9 36
06-41	79,4452	39 40	39 35	9 54	10 00
06-42	79,4452	39 40	39 35	9 48	9 54
06-43	79,4452	39 40	39 35	9 42	9 48
06-44	79,4452	39 40	39 35	9 36	9 42
06-45/C	46,3418	39 40	39 35	a)	9 36
06-51	79,5392	39 35	39 30	9 54	10 00
06-52	79,5392	39 35	39 30	9 48	9 54
TOTAL	2965,7504				

(a) Polygon that defines the 200-meter deep water line in water, for the purposes of the single article of Decree Law No. 79/85 of March 26, 1985.

ANNEX III

ARBITRATION CLAUSE

The Arbitration Clause to which Article Twenty-Three of the Concession Contract for Rights to Prospection, Research, Development and Production of Oil refers, for an area known as “**AMÉLJOA**”, is governed by the following clauses:

ONE

The Arbitration Court will be comprised of 3 (three) arbitrators. Each party must appoint 1 (one) arbitrator, and the 3rd (third) arbitrator will perform the functions of President, and will be chosen by the arbitrators appointed by the parties within the period of 15 (fifteen) days. In the absence of an agreement, the 3rd (third) arbitrator will be indicated by the President of the Court of Appeals of Lisbon. For the purposes of this Arbitration Convention, the parties are understood to be the Portuguese State, on one side, and the Petrobras / Galp / Partex Consortium on the other.

TWO

The arbitrators must agree to the rules of the arbitration process, and also to the location of installation or the seat of the court, which will function in Lisbon, using the rules of the International Chamber of Commerce in force at that time for the arbitration proceeding .

THREE

The period for a decision from the Arbitration Court will be 6 (six) months from the date of appointment of the last arbitrator.

FOUR

The Arbitration Court will rule according to fairness and its decisions are final and enforceable, and no type of appeal to those decisions is allowed.

FIVE

The Arbitration Court may, if it so understands and is requested by any of the parties, to decree precautionary measures or measures to conserve rights, with respect to the adversary principle.

SIX

Filing a request for arbitration will have a suspensive effect, except in relation to payments of any type, by force of law or the Concession Contract.

SEVEN

Each party will pay all remuneration and fees of the arbitrator that they name.

EIGHT

The remuneration and fees of the 3rd (third) arbitrator will be paid in full by the losing party, or if both parties lose, that remuneration and those fees will be shared by them, with each party paying half.

ANNEX IV

SPECIAL CONDITIONS WITH RESPECT TO THE “CAMARÃO”, “AMÊLJOA”, “OSTRA” AND “MEXILHÃO” CONTRACTS

The 4 (four) concessions are considered to be a global research project, therefore allowing the following:

1. Minimal mandatory work:
 - a. The reprocessing of up to a maximum of 250 km of 2D seismic of the 500 km projected so that each concession area is eventually transferred from one to another or other areas, when technically justified;
 - b. The acquisition of up to a maximum of 500 km of 2D seismic lines (or 125 km² 3D seismic) of the 1000 km 2D (or 250 km² 3D) projected so that each concession area is eventually moved from one to another or other areas, when technically justified;
 - c. Delays in complying with the obligations for seismic acquisition and/or drilling in some of the concessions are allowed when duly justified by technical and/or logistical reasons (lack of availability of drills, ships and/or equipment), and the contracting process having the adequate means initiated in a timely manner by the **Concession Holder**. The process of contracting adequate means will be considered as having been initiated in a timely manner by the **Concession Holder** when it shows, by any means, that it began the preparation work for selection of drills, ships or adequate equipment, as per the program defined in Article 2(1) of this Contract;
-

- d. If, due to the reasons listed in the previous point, once they are approved and accepted, there is a delay in finalization of execution of the seismic campaign during the third year, or in the realization of drilling in any concession, the **Concession Holder** may, as of the fourth year, exercise the waiver right (“drill or drop”) established in sections (a) and (b) of Article 63(1) of Decree Law No. 109/94.
- e. Location of the mandatory drill corresponding to the 8th (eighth) year of effectiveness of the concession contracts may equally be transferred from one area to another concession area, if technically justified;

2. Relinquishment of areas:

Relinquishment at the end of the 5th (fifth) year of at least 50% (fifty percent) of the area of the concession may be distributed in an unequal manner among the 4 (four) concessions, to be proposed and subject to authorization, thus the relinquishment of at least 25% (twenty-five percent) of the concession area is therefore mandatory per concession.

ENVIRONMENT, TERRITORIAL PLANNING

AND ENERGY STATE DEPARTMENT

ADDENDUM TO THE CONTRACT ENTERED INTO BETWEEN THE PORTUGUESE STATE AND PETROBRAS INTERNATIONAL BRASPETRO BV, PETRÓLEOS DE PORTUGAL — PETROGAL, S.A. AND PARTEX OIL AND GAS (HOLDINGS) CORPORATION, IN CONSORTIUM, FOR THE GRANTING OF RIGHTS OF EXPLORATION (PROSPECTION AND RESEARCH), DEVELOPMENT AND PRODUCTION OF OIL, AT THE AREA DESIGNATED AS “AMÉLJOA”

On the 12th day of March 2015, at 3 p.m., at the Energy Secretariat of State, in Lisbon, the following persons were present, Mr. Artur Trindade, Energy Secretary of State, as first contracting party and in representation of the Portuguese State (hereinafter called to as “**State**”), through a delegation of signature granted, issued by ordinance, in February 20, 2015, by the Environment, Territorial Planning and Energy Minister and, as second contracting parties, Mr. Mikel Erquiaga Aguirre, a Spanish citizen, acting on behalf of **REPSOL EXPLORACIÓN, S.A.**, a company set up under and regulated by Spanish law, with registered seat at Calle Méndez Álvaro, 44, 28045 Madrid, España, registered with the Commercial Registry Office of Madrid, Tax Payer Number A-28/138873, having the share capital of 24,617,080.20 Euro, with a branch in Portugal, at Avenida José Malhoa, 16, 1099-091, Lisboa and holder of tax payer number 980378419 (hereinafter called to as “**Repsol**”), Mr. Paul Anthony Dailly, a British citizen, acting on behalf of **KOSMOS ENERGY PORTUGAL**, a

company set up under and regulated by the Cayman Islands' law, with registered seat at P.O. Box32322, 4th floor, Century, Cricket Square, Elgin Avenue, George Town, Grand Cayman, KY1-1209, Cayman Islands, registered with the General Registry of the Cayman Islands, with the registration number 00289103, having a branch in Portugal, at Av. Engenheiro Duarte Pacheco, 7, 1070-100, Lisboa, Portugal and holder of tax payer number 980525829, having the share capital of one dollar of the United States of America and which parent company is Kosmos Energy Ltd., having the share capital of 2,366,123,000 dollars of the United States of America, as at the date of December 31, 2013, (hereinafter called to as "**Kosmos**"), Mr. Thore Ernst Kristiansen, a Norwegian citizen and Mr. Roland Max Muggli, a Swiss citizen, acting on behalf of **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, a public limited company, with registered seat at Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa, having the share capital of 516,750,000 Euro and holder of tax payer number 500697370 (hereinafter called to as "**Galp**"), Mr. Alfredo Coelho Ferreira dos Santos, a Portuguese citizen, acting on behalf of **PARTEX (IBERIA) S.A.**, a public limited company, with registered seat at Rua Ivone Silva no. 6, 1º andar, Edifício Arcis, 1050-124, Lisboa, having the share capital of 23,450,000 Euro and holder of tax payer number 507839188 (hereinafter called to as "**Partex**").

I did attest the identities, capacities and powers of representation, through the presentation of, respectively, Passport no. AAJ189596, issued in Spain, in May 21, 2014, Passport no. 707543868, issued in the United Kingdom, in May 25, 2010, Passport no. 29895932, issued in Norway, in June 28, 2013, Passport no. X2486490, issued in Switzerland, in December 27, 2012, Citizen Card no. 00975208, valid up to July 21, 2018, as well as the production of the proxies and certificates, which documents are filed with the Division for the Research and Exploitation of Oil, located at the Energy and Geology General Agency ("Direção Geral de Energia e Geologia") (hereinafter called to as "DGEG").

Before me, Isabel Maria Amaro Nico, Assistant General Secretary to the Environment, Territorial Planning and Energy State Department, acting as public officer, it was drafted this Addendum to the Concession Contract “Amêijoa”, which was entered into, in May 18, 2007, between the Portuguese State and Petrobras International Braspetro BV, Petróleos de Portugal — Petrogal, S.A. and Partex Oil and Gas (Holdings) Corporation (which contractual rights and obligations were transferred to its subsidiary Partex (Ibéria), S.A., effective as from November 9, 2009), in Consortium, which modifies the drafting of no. 1 of Article One, regarding the composition of the Concession Holder, Article Twenty Two, by introducing the definition of “Affiliate”, no. 1 and no. 3 of Article Twenty Four, regarding Notifications, communications and other correspondence related to the performance of this Contract as well as of Clause One of Annex III, regarding the parties to the Arbitration Convention.

SOLE ARTICLE

1. The Contracting Parties hereto agree, through this Addendum, following the partial assignment of the contractual rights and obligations of Repsol Exploración S.A. to Kosmos Energy Portugal, that corresponds to the assignment of a participating interest of thirty one per cent (31%), that Article One, no. 1, Article Twenty Two, Article Twenty Four, no. 1 and no. 3 and Annex III, Clause One, of the Concession Contract of Oil Exploration (Prospection and Research), Development and Production Rights, at area no. 236 — called to as “Amêijoa”, as modified by the Addendums dated of February 18, 2010, April 22, 2010, September 13, 2012 and July 17, 2013, be amended, which is made pursuant to the following terms:

1.1 The Concession Holder’s composition is modified and no. 1 of Article One shall read as follows:

“ARTICLE ONE

(CONCESSION)

1. Pursuant to Decree-Law no. 109/94 of April 26 (hereinafter called to as DL 109/94), it is granted to the companies Repsol, Kosmos, Galp and Partex, in consortium (hereinafter called to as “**Repsol/Kosmos/Galp/Partex Consortium**” or “**Concession Holder**”), a concession for the performance of the activities of exploration (prospection and research), development and production of oil at the Portuguese continental shelf, beyond the polygonal of 200 m in depth of water, at the area no. 236, called to as “**Amêijoa**”, which deployment is described in the attached map (Annex I), composed of 1 (one) block of 42 (forty two) lots, which description is also included in an annex (Annex II).”

(...)

1.2 It is added a number to Article Twenty Two, as agreed between the parties:

ARTICLE TWENTY TWO

(ASSOCIATION WITH THIRD PARTIES AND ASSIGNMENT OF CONTRACTUAL RIGHTS AND OBLIGATIONS)

(...)

3. For the purposes of this Concession Contract, “Affiliated” or “Affiliated Company” shall mean, in relation to any entity forming part of the **Concession Holder**, any parent company that controls, directly or indirectly, that entity or any company which is directly controlled by that entity or any company which is directly or indirectly controlled by the parent company. For the purposes of clarification:

- a company is directly controlled by other company or companies when this(these) holds (hold) shares or other form of participating interests bearing a right, in total, to more than fifty per cent (50%) of the votes in general meetings;
- a company is indirectly controlled by other company or companies (“company or parent companies) when, within a series of companies ordered by size, starting by the company or parent companies and finishing in the company at stake, each company, with the exception of the parent company, is directly controlled by one or more companies occupying a prior position in that series.

1.2 No. 1 and no. 3 of Article Twenty Four shall read as follows, as agreed between the Contracting Parties:

“ARTICLE TWENTY FOUR

(NOTIFICATIONS)

1. All notifications, communications and further correspondence related to the performance of this Concession Contract shall be addressed to the **Repsol/Kosmos/Galp/Partex Consortium** and sent to the permanent representation office, in Portugal, of the Consortium Chief, whose address is the following:

Repsol Exploración, S.A. — Sucursal em Portugal

Avenida José Malhoa, 16

1099-091, Lisbon, Portugal

To the attention of: Country Manager

(...)

3. Those notifications related to the modification of this Concession Contract are exempted from the provision contained in the former paragraph, as well as those related to its termination under articles 61 and 64 of DL 109/94, which shall also be sent to the permanent representation office of the members other than the consortium chief and which addresses are the following: **KOSMOS ENERGY PORTUGAL**, Av. Engenheiro Duarte Pacheco, 7, 1070-100, Lisboa, **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, Edifício Galp, Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa; and **PARTEX (IBERIA) S.A.**, Rua Ivone Silva n.º 6, 1.º andar, Edifício Arcis, 1050-124, Lisboa. In case of change of addresses, the provision contained in the former number herein shall apply.”

1.3. Clause One of Annex III, regarding the parties to the Arbitration Clause, shall read as follows:

“ANNEX III

ARBITRATION CLAUSE

FIRST

The Arbitration Tribunal shall be composed of 3 (three) arbitrators, being agreed that each party shall appoint 1 (one) arbitrator and the 3rd (third) one shall be the President, who shall be appointed by the arbitrators elected by the parties, within the term of 15 (fifteen) days. In case no agreement is reached regarding the 3rd (third) arbitrator, this one shall be appointed by the president of the Lisbon Second Instance Court (“Tribunal da Relação de Lisboa”). For the purposes of this Arbitration Clause, “parties” mean the Portuguese State, on one side and Repsol/Kosmos/Galp/Partex Consortium, on the other.”

(...)

This Addendum is drafted in two duplicates, is composed of pages numbered from 1 to 8, all pages being initialized by the participants — contracting parties and public officer, except the two last pages of the Addendum, since they bear the respective signatures, being one of the duplicates filed with the Energy and Geology General Agency (“Direção Geral de Energia e Geologia”).

After having been read aloud by myself, Isabel Maria Amaro Nico, I shall appose my signature to this Addendum, acting in the capacity of Public Officer and, therefore, in the presence of all participants, I attest the acceptance of this Addendum by all the contracting parties.

First Contracting Party

/s/ Artur Trindade

Second Contracting Parties

/s/ Mikel Erquiaga Aguirre

/s/ Paul Anthony Dailly

/s/ Thore Ernst Kristiansen

/s/ Roland Max Muggli

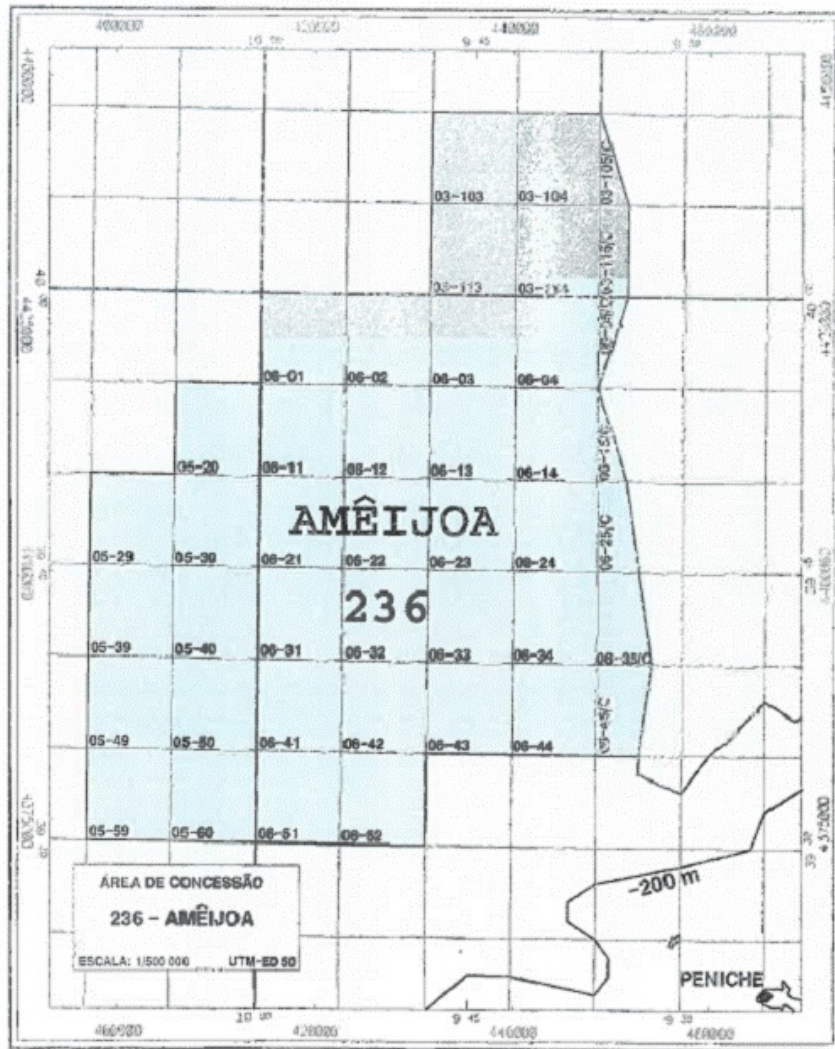
/s/ Alfredo Coelho Ferreira dos Santos

Public Officer

/s/ Isabel Maria Amaro Nico



ENVIRONMENT, TERRITORIAL PLANNING
AND ENERGY STATE DEPARTMENT
REPSOL / KOSMOS/ GALP / PARTEX CONSORTIUM



CONCESSION AREA
236 - AMÊIJOA
SCALE: 1/500,000 UTM-ED 50

ENVIRONMENT, TERRITORIAL PLANNING
AND ENERGY STATE DEPARTMENT
REPSOL / KOSMOS/ GALP / PARTEX CONSORTIUM

DEEP OFFSHORE AREA

AREA OF CONCESSION NO. 236 – AMÊIJOA

LOTS Numbers	AREAS Km ²	LIMITS			
		N Deg. Min.	S Deg. Min.	E Deg. Min.	W Deg. Min.
03-103	78,8772	40 10	40 05	9 42	9 48
03-104	78,8772	40 10	40 05	9 36	9 42
03-106/C	13,1437	40 10	40 05	a)	9 36
03-113	78,9723	40 05	40 00	9 42	9 48
03-114	78,9723	40 05	40 00	9 36	9 42
03-115/C	26,3241	40 05	40 00	a)	9 36
05-20	79,1620	39 55	39 50	10 00	10 06
05-29	79,2565	39 50	39 45	10 06	10 12
05-30	79,2565	39 50	39 45	10 00	10 06
05-39	79,3509	39 45	39 40	10 06	10 12
05-40	79,3509	39 45	39 40	10 00	10 06
05-49	79,4452	39 40	39 35	10 06	10 12
05-50	79,4452	39 40	39 35	10 00	10 06
05-59	79,5392	39 35	39 30	10 06	10 12
05-60	79,5392	39 35	39 30	10 00	10 06
06-01	79,0672	40 00	39 55	9 54	10 00
06-02	79,0672	40 00	39 55	9 48	9 54
06-03	79,0672	40 00	39 55	9 42	9 48
06-04	79,0672	40 00	39 55	9 36	9 42
06-05/C	13,1754	40 00	39 55	a)	9 36
06-11	79,1620	39 55	39 50	9 54	10 00
06-12	79,1620	39 55	39 50	9 48	9 54
06-13	79,1620	39 55	39 50	9 42	9 48
06-14	79,1620	39 55	39 50	9 36	9 42
06-15/C	13,1961	39 55	39 50	a)	9 36
06-21	79,2565	39 50	39 45	9 54	10 00
06-22	79,2565	39 50	39 45	9 48	9 54
06-23	79,2565	39 50	39 45	9 42	9 48
06-24	79,2565	39 50	39 45	9 36	9 42
06-25/C	33,0248	39 50	39 45	a)	9 36
06-31	79,3509	39 45	39 40	9 54	10 00
06-32	79,3509	39 45	39 40	9 48	9 54
06-33	79,3509	39 45	39 40	9 42	9 48
06-34	79,3509	39 45	39 40	9 36	9 42
06-35/C	46,2893	39 45	39 40	a)	9 36
06-41	79,4452	39 40	39 35	9 54	10 00
06-42	79,4452	39 40	39 35	9 48	9 54
06-43	79,4452	39 40	39 35	9 42	9 48
06-44	79,4452	39 40	39 35	9 36	9 42
06-45/C	46,3418	39 40	39 35	a)	9 36
06-51	79,5392	39 35	39 30	9 54	10 00
06-52	79,5392	39 35	39 30	9 48	9 54
TOTAL	2965,7504				

(a) Polygon that defines the 200-meter deep water line in water, for the purposes of the single article of Decree Law No. 79/85 of March 26, 1985.

ENVIRONMENT, TERRITORIAL PLANNING

AND ENERGY STATE DEPARTMENT

ADDENDUM TO THE CONTRACT ENTERED INTO BETWEEN THE PORTUGUESE STATE AND PETROBRAS INTERNATIONAL BRASPETRO BV, PETRÓLEOS DE PORTUGAL — PETROGAL, S.A. AND PARTEX OIL AND GAS (HOLDINGS) CORPORATION, IN CONSORTIUM, FOR THE GRANTING OF RIGHTS OF EXPLORATION (PROSPECTION AND RESEARCH), DEVELOPMENT AND PRODUCTION OF OIL, AT THE AREA DESIGNATED AS “AMÉLJOA”

On the 12th day of March 2015, at 3.30 p.m., at the Energy Secretariat of State, in Lisbon, the following persons were present, Mr. Artur Trindade, Energy Secretary of State, as first contracting party and in representation of the Portuguese State (hereinafter called to as “**State**”), through a delegation of signature granted, issued by ordinance, in February 20, 2015, by the Environment, Territorial Planning and Energy Minister and, as second contracting parties, Mr. Mikel Erquiaga Aguirre, a Spanish citizen, acting on behalf of **REPSOL EXPLORACIÓN, S.A.**, a company set up under and regulated by Spanish law, with registered seat at Calle Méndez Álvaro, 44, 28045 Madrid, España, registered with the Commercial Registry Office of Madrid, Tax Payer Number A-28/138873, having the share capital of 24,617,080.20 Euro, with a branch in Portugal, at Avenida José Malhoa, 16, 1099-091, Lisboa and holder of tax payer number 980378419 (hereinafter called to as “**Repsol**”), Mr. Paul

Anthony Dailly, a British citizen, acting on behalf of **KOSMOS ENERGY PORTUGAL** (hereinafter called to as “**Kosmos**”), a company set up under and regulated by the Cayman Islands’ law, with registered seat at P.O. Box32322, 4th floor, Century, Cricket Square, Elgin Avenue, George Town, Grand Cayman, KY1-1209, Cayman Islands, registered with the General Registry of the Cayman Islands, with the registration number 00289103, having a branch in Portugal, at Av. Engenheiro Duarte Pacheco, 7, 1070-100, Lisboa, Portugal and holder of tax payer number 980525829, having the share capital of one dollar of the United States of America and which parent company is Kosmos Energy Ltd., having the share capital of 2,366,123,000 dollars of the United States of America, as at the date of December 31, 2013, Mr. Thore Ernst Kristiansen, a Norwegian citizen and Mr. Roland Max Muggli, a Swiss citizen, acting on behalf of **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, a public limited company, with registered seat at Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa, having the share capital of 516,750,000 Euro and holder of tax payer number 500697370 (hereinafter called to as “**Galp**”), Mr. Alfredo Coelho Ferreira dos Santos, a Portuguese citizen, acting on behalf of **PARTEX (IBERIA) S.A.**, a public limited company, with registered seat at Rua Ivone Silva n.º 6, 1.º andar, Edifício Arcis, 1050-124, Lisboa, having the share capital of 23,450,000 Euro and holder of tax payer number 507839188 (hereinafter called to as “**Partex**”).

I did attest the identities, capacities and powers of representation, through the presentation of, respectively, Passport no. AAJ189596, issued in Spain, in May 21, 2014, Passport no. 707543868, issued in the United Kingdom, in May 25, 2010, Passport no. 29895932, issued in Norway, in June 28, 2013, Passport no. X2486490, issued in Switzerland, in December 27, 2012, Citizen Card no. 00975208, valid up to July 21, 2018, as well as the production of the proxies and certificates, which documents are filed with the Division for the Research and

Exploitation of Oil, located at the Energy and Geology General Agency (“Direção Geral de Energia e Geologia”) (hereinafter called to as “DGEG”).

Before me, Isabel Maria Amaro Nico, Assistant General Secretary to the Environment, Territorial Planning and Energy State Department, acting as public officer, it was drafted this Addendum to the Concession Contract “Amêijoa”, which was entered into, in May 18, 2007, between the Portuguese State and Petrobras International Braspetro BV, (which contractual rights and obligations were transferred to Repsol, effective as from May 18, 2013, having Repsol transferred 31% of its contractual rights and obligations to Kosmos, through an Addendum to the Contract, signed in March 12, 2015), Petróleos de Portugal — Petrogal, S.A. and Partex Oil and Gas (Holdings) Corporation (which contractual rights and obligations were transferred to its subsidiary Partex (Ibéria), S.A., effective as from November 9, 2009), in Consortium, which modifies the drafting of no. 1 of Article Two, nos. 1 and 2 of Article Three, no. 1 of Article Eleven, as well as nos. 1 and 2 of Annex IV.

SOLE ARTICLE

1. The Contracting Parties hereto agree, through this Addendum, that it shall be amended Article Two, no. 1, regarding the minimum required works of exploration (prospection and research), Article Three, nos. 1 and 2, regarding the terms applicable to the mandatory relinquishment of areas, Article Eleven, no.1, regarding the duration of the initial term and Annex IV to the Concession Contract of Oil Exploration (Prospection and Research), Development and Production Rights, at area no. 236 — called to as “Amêijoa”, as modified by the Addendums dated of February 18, 2010, April 22, 2010, September 13, 2012, July 17, 2013 and March 12, 2015, which is made pursuant to the following terms:

1.1 The Contracting Parties agree that the minimum required works of exploration (prospection and research), to be performed on the seventh year and subsequent years of enforcement of the Concession Contract "Amêijoa", are modified and no. 1 of Article Two shall read as follows:

"ARTICLE TWO

(PROSPECTION AND RESEARCH)

1. Without prejudice to what is provided for in Annex IV to this contract and the waiver right ("drill or drop") to which refers article 63 of DL 109/94, the Concession Holder shall perform, during the initial period, at least the following prospection and research works:

(...)

- Seventh year:**
- Geology and geophysics' studies.
- Eighth year:**
- Geology and geophysics' studies.
- Nineth year:**
- Performance of a seismic campaign 3D (2500 km²), with an estimated investment of US\$ 10,000,000.00 (ten million dollars of the United States of America).
- Tenth year:**
- Processing and interpretation of the acquired 3D seismic data.
 - Preparation of a research drill.
-

Eleventh year: • Performance of a research drill if, pursuant to no. 1. f) of Annex IV to the concession contract, the site chosen is located at this concession area, with an estimated investment of US\$ 15,000,000.00 (fifteen million dollars of the United States of America).

- Twelfth year:**
- Geology and geophysics' studies.
 - Reinterpretation based on the new data obtained with the research drill performed in the previous year.
 - Preparation of a research drill

Thirteenth year: Performance of a research drill with an estimated investment of US\$ 15,000,000.00 (fifteen million dollars of the United States of America), pursuant to what is provided for in no. 1, item g) of Annex IV to this Concession Contract.

- First year of extension:**
- Geology and geophysics' studies.
 - Reinterpretation based on the new data obtained with the research drill performed in the previous year.
 - Preparation of a research drill

Second year of extension: Performance of a research drill with an estimated investment of US\$ 15,000,000.00 (fifteen million dollars of the United States of America), pursuant to what is provided for in no. 1, item g) of Annex IV to this Concession Contract.”

1.2 The Contracting Parties further agree to modify nos. 1 and 2 of Article Three, which shall read as follows:

“ARTICLE THREE

(MANDATORY RELINQUISHMENT OF AREAS)

1. Without prejudice to the waiver right (“drill or drop”) provided for in article 63 of DL 109/94, the **Concession Holder** shall relinquish, at least, 50% (fifty percent) of the granted area, at the end of the 12th (twelfth) year of the initial term, as per item b), no. 2 of article 84 of DL 109/94 but it can, still, relinquish an inferior amount, as per item c) of no. 2 of that same article and as defined in no. 2 of Annex IV.

2. At the end of the 2nd (second) year of extension of the initial term, the **Concession Holder** shall relinquish, at least, 50 (fifty) percent of the contractual area in force at the time.

1.3 No. 1 of Article Eleven shall read as follows:

“ARTICLE ELEVEN

(CONCESSION TERMS)

1. The term of the initial period of concession is of 13 (thirteen) years, counting as from the date of entering into of this contract, pursuant to item b), no. 2 of article 84 of DL 109/94, being understood that it may be extended, twice, for periods of 1 (one) year, as per nos. 4 and 5 of article 35 of DL 109/94, without prejudice to the waiver right (“drill or drop”), of the **Concession Holder**, as per article 63 of that same statute.

(...)

1.4. Annex IV shall read as follows, having been deleted item h) of no.1:

“ANNEX IV

SPECIAL CONDITIONS APPLICABLE TO “CAMARÃO”, “AMEIJOA”, “OSTRA” AND “MEXILHÃO”

The 4 (four) concessions are considered as a global research project and, therefore, it is understood that:

1. Minimum required works:

(...)

d) the **Concession Holder** may exercise its waiver right (“drill or drop”), as from the end of the tenth year, included, as provided for in items a) and b) of no. 1 of article 63 of Decree-Law no. 109/94;

(...)

f) The performance of a research drill in the 11th (eleventh) year of the initial period, in the aggregate of the four concession areas, having the **Concession Holder** the right to choose its location;

g) The performance of research drills, as provided for the thirteenth and second year of extension of the concessions’ initial period, as per Article Two of this contract, as well as in the Concessions Contracts for the areas “Camarão”, “Ostra” and “Mexilhão”, of a drill for each Concession Area, can be reduced up to one research drill for the whole group of Areas of the Peniche Bay, in each one of the referred years, if technical and economical reasons determine

the Concession Holder to make such a decision, having this latter one the right to choose its location.

2. Mandatory relinquishment of areas:

The relinquishment, as at the end of the 12th (twelfth) year, of at least 50% (fifty percent) of the concession area may be distributed, in an unequal terms, among the 4 (four) concessions, to be proposed and subjected to consent, being understood, however, that it is mandatory the relinquishment of 25% (twenty five percent), per each concession, of the area of concession.”

This Addendum is drafted in two duplicates, is composed of pages numbered from 1 to 8, all pages being initialized by the participants — contracting parties and public officer, except the two last pages of the Addendum, since they bear the respective signatures, being one of the duplicates filed with the Energy and Geology General Agency (“Direção Geral de Energia e Geologia”).

After having been read aloud by myself, Isabel Maria Amaro Nico, I shall appose my signature to this Addendum, acting in the capacity of Public Officer and, therefore, in the presence of all participants, I attest the acceptance of this Addendum by all the contracting parties.

First Contracting Party

/s/ Artur Trindade

Second Contracting Parties

/s/ Mikel Erquiaga Aguirre

/s/ Paul Anthony Dailly

/s/ Thore Ernst Kristiansen

/s/ Roland Max Muggli

/s/ Alfredo Coelho Ferreira dos Santos

Public Officer

/s/ Isabel Maria Amaro Nico



MINISTRY OF THE ECONOMY AND OF INNOVATION

CONTRACT BY AND BETWEEN THE PORTUGUESE STATE AND PETROBRAS INTERNATIONAL BRASPETRO BV, PETRÓLEOS DE PORTUGAL — PETROGAL, S.A., AND PARTEX OIL AND GAS (HOLDINGS) CORPORATION, IN A CONSORTIUM, FOR THE GRANTING OF RIGHTS OF EXPLORATION (PROSPECTION AND RESEARCH), DEVELOPMENT AND PRODUCTION OF OIL IN THE AREA KNOWN AS “CAMARÃO”

On the 18th day of the month of May 2007, at eleven thirty in the morning, at Torre de Belém, in Lisboa, with the Minister of the Economy and of Innovation present, Mr. Manuel António Gomes de Almeida de Pinho, as the first grantor and representative of the Portuguese State (hereinafter the “State”), and, as the second grantors, Mr. Nestor Cuñat Cerveró, married, Brazilian, residing at Rua Garcia d’Ávila, 25 — apartment 1202, Ipanema, Rio de Janeiro, Brazil, representing **PETROBRAS INTERNATIONAL BRASPETRO BV**, a corporation formed and existing pursuant to the laws of the Netherlands, with its main offices at Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands, with Corporate Identification Number 24339383, and with corporate capital of 5,000,000 euros, with permanent representation in Portugal at Avenida Eng. Duarte Pacheco, Torre 2, 16 Andar, 1070-274, Lisboa, and corporate identification number 980367263 (hereinafter “**Petrobras**”), Mr. Manuel Ferreira de Oliveira, married, Portuguese, residing in Aldoar, Porto, and Mr. Fernando Manuel dos Santos Gomes, divorced, Portuguese, residing in Lordelo do Ouro,

Porto, representing **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, a corporation with its main offices at Rua Tomás da Fonseca, Torre C, 1600-209, Lisboa, registered in the Commercial Registry of Lisbon under number 00523 — 4th Section, with corporate capital of 516,750,000 euros, and corporate identification number 500697370 (hereinafter “**Galp**”), and Mr. António José da Costa Silva, married, Portuguese, residing at Rua Passos Manuel, 24 — 2.º andar, 1150-260 Lisboa, representing **PARTEX OIL AND GAS (HOLDINGS) CORPORATION**, a corporation (wholly owned by Fundação Calouste Gulbenkian), formed and existing under the laws of the Cayman Islands, with its main offices at Walker House, P.O. Box 265 GT, in George Town, Grand Cayman, and an office at Pflugstrasse 20, Postfach 473, FL 9490 Vaduz, Lichtenstein, recorded in the Commercial Registry of the Cayman Islands under number WK80617, with corporate capital of US\$ 50,000 and corporate identification number 980272173, represented in Portugal through its subsidiary **HIDREXPAND, S.A.** located at Rua Ivone Silva, no. 6, 1º andar, 1050-124, Lisboa, and corporate identification number 507839188 (hereinafter “**Partex.**”).

I have verified the identities, capacities and powers of representation, respectively, through presentation of Passport No. CO 822896 issued on September 14, 2004, by SR/DPF/RJ — Immigration Police Division — NUPAS Passport Center, Rio de Janeiro; from Identification Card No. 957625-8, issued on June 23, 2000, by Civil Identification Services of Porto; from Identification Card No. 1935266-2, issued on June 6, 2006, by Civil Identification Services of Porto; and by Identification Card No. 9692380 issued on June 22, 2004, by the Identification Division of Lisbon, and by presentation of the affidavits and certificates, which documents are archived in the Division for Oil Research and Exploration, in the General Division of Energy and Geology (hereinafter “**DGEG**”).

This contract was prepared before me, Maria Cristina Vieira Lourenço, an attorney acting as a public official, which contract will be governed by the following articles:

CHAPTER I

ACTIVITY PROVIDED IN CONCESSION

ARTICLE ONE

(CONCESSION)

1. Pursuant to the terms of Decree Law No. 109/94 of April 26 (hereinafter **DL 109/94**), the companies Petrobras, Galp and Partex, in a consortium (hereinafter designated as “**Petrobras Consortium / Galp / Partex**” or the “**Concession Holder**”), are awarded a concession to carry out the activities of prospection, research, development and production of oil on the Portuguese continental shelf, beyond the 200-meter deep water polygon in Area No. 235 — known as “**Camarão**”, whose implantation is shown on the attached map (Annex I), including 1 (one) block of 38 (thirty eight) lots, whose description is also attached hereto (Annex II).
 2. The members of the consortium are jointly and severally liable for complying with the obligations arising under this Contract (“Concession Contract”), except in the cases in which, according to the terms of Portuguese tax legislation in force, that liability is individual.
 3. **Petrobras** is the operator for the **Concession Holder** (“Operator”). The appointment of a new Operator for all or any portion of the area, and at all times subject to this Concession Contract, must be authorized in advance by **DGEG**, which will assess the competence and technical capacity of the new Operator.
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4. The **Concession Holder** appoints the Operator to lead and carry out all operations and activities to be developed within the scope of this Concession Contract, to submit all work plans, projects, proposals and other communications to **DGEG**, and to receive all responses, requests, solicitations, proposals and any other communications from **DGEG**.
5. The work to be performed within the scope of this Contract in areas subject to administrative rights-of-way, restrictions on public works, or any other limitations that are administrative in nature lack legal authorizations, licenses, approvals or favorable opinions from entities with jurisdiction in those areas, to the extent that the exercise of rights conferred by this Concession Contract is or might be prohibited, limited or even conditioned by the respective special legislation.
6. The authorizations, licenses, approvals or favorable opinions mentioned in the previous number must be obtained by the **Concession Holder**.

ARTICLE TWO

(PROSPECTION AND RESEARCH)

1. Without prejudice to what is established in Annex IV of this Contract, and the waiver right (“drill or drop”) to which refers article 63 of DL 109/94, during the initial period the **Concession Holder** will perform a minimum of the following prospection and research work:

- First year:**
- Purchase of 1500 km of speculative seismic, gravimetric data, information on wells and geochemistry, with an estimated investment of US\$ 750,000.00 (seven hundred and fifty thousand United States dollars).
 - Initiate nearly 500 km of seismic 2D, with an estimated investment of US\$ 125,000.00 (one hundred and twenty-five thousand United States dollars).
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- Seismic mapping and data integration.
 - Regional analysis and modeling of the basin.
 - Market prospection for seismic acquisition campaign.
- Second year:**
- Conclusion of reprocessing and geological and geophysical reintegration as a function of reprocessing data.
 - Start of preparation of seismic acquisition campaign.
- Third year:**
- Start of market prospection regarding the availability of drilling / ships / equipment for wells to be drilled as agreed for the fourth year.
 - Realization of 2D seismic campaign (1000 km) or 3D equivalent (250 km²), with an estimated investment of US\$ 1,000,000.00 (one million United States dollars).
 - Initiate processing and interpretation of data collected.
- Fourth year:**
- Conclusion of processing new seismic data collected and its interpretation.
 - Preparation and realization of a research drill, with an estimated investment of US\$ 15,000,000.00 (fifteen million United States dollars).
- Fifth year:**
- Geological and geophysical studies.
 - Reinterpretation of seismic lines based on new data obtained in the research drill done during the previous year.
- Sixth year:**
- Realization of research drill, with an estimated investment of US\$ 15,000,000.00 (fifteen million United States dollars).
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- Seventh year:**
- Geological and geophysical studies.
 - Reinterpretation of seismic lines based on new data obtained in the research drill done during the prior year.
 - Preparation of third research drill.

- Eighth year:**
- Realization of research drill with an estimated investment of US\$ 15,000,000.00 (fifteen million United States dollars).
2. Prospection and research work will be included in annual plans, duly broken down and budgeted, to be submitted for approval by **DGEG**, according to the terms of Articles 31 and 32 of DL 109/94.
 3. The field work projects to which Articles 33 and 34 of DL 109/94 refer, which foresee the realization of drilling, must include the conditions of their eventual closure.
 4. Any research work done in a certain year beyond the work projected as being mandatory for that year will be deducted from the work that must be done in following years.

ARTICLE THREE

(MANDATORY RELINQUISHMENT OF AREAS)

1. Without prejudice to the waiver right (“drill or drop”) to which refers Article 63 of DL 109/94, the **Concession Holder** must relinquish at least 50% (fifty percent) of the area of the concession at the end of the 5th (fifth) year of the initial period, under Article 84(2)(b) of DL 109/94.
 2. At the end of the 8th (eighth) year of the initial period, and in the event of a request for the extension mentioned in Article 35(4) of DL 109/94, the **Concession Holder** must relinquish at least 50% (fifty percent) of the area in force at that time.
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3. Relinquishment of areas must comply with numbers 3 to 6 of Article 36 of DL 109/94, taking into consideration subsections (b) and (c) of Article 84(2) of that same Decree Law and of Annex IV.

ARTICLE FOUR

(DEVELOPMENT AND PRODUCTION)

1. Within the scope of exploration (prospection and research activities), whenever the **Concession Holder** establishes the existence of an economically viable oil field, it must develop the respective preliminary demarcation and the general working plan for development and production, which must include the closing plan and the return of the area to its original or equivalent status, and the respective schedule for execution, submitting them to **DGEG** for discussion, according to the terms of Articles 37 to 39 of DL 109/94.
 2. The development and/or production work established for each year will be in the annual plans, duly broken down and budgeted for, to be submitted for discussion by **DGEG**, according to Articles 31, 32 and 40 of DL 109/94.
 3. Within the period of 5 (five) years from the approval date of each general development and production plan, according to the terms of Article 41 of DL 109/94, the **Concession Holder** must definitively demarcate the boundaries of the oil blocks in which the acknowledged oil fields are located.
 4. The period to which the previous number refers may be extended when it is shown to be technically justified, pursuant to Article 41(2) of DL 109/94.
 5. The commercial production of an oil field may only be initiated as of the date of approval of the respective general development and production plan.
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6. The **Concession Holder** must perform the work in a regular and continuous manner, employing good oil industry techniques and practices and rigorously observing the technical rules that might be established in the future.
7. Except in the special situations established in Article 72 of DL 109/94, the **Concession Holder** may freely make use of the oil it produces.
8. The conditions regarding oil development and production activities will be established in the general development and production plan to be agreed to by and between **DGEG and the Concession Holder** according to the terms of Articles 38 and 39 of DL 109/94.

ARTICLE FIVE

(REPORTS)

1. Every quarter the **Concession Holder** will send **DGEG** a report in triplicate summarizing the activities performed.
 2. Every year, the **Concession Holder** will send **DGEG** a technical report in triplicate on its activities, attaching a copy of all technical information produced during the period.
 3. At the end of the 3rd (third) year in the **initial period, and even up to 90** (ninety) days after exercising the waiver right (“drill or drop”) mentioned in Article 63 of DL 109/94, if applicable, the **Concession Holder** will present a complete report on assessment of the concession area.
 4. Whenever geophysical or drilling campaigns are done, the **Concession Holder** will provide **DGEG** with additional specialized reports, attaching all of the information produced in accordance with guidance to be provided in a timely manner by **DGEG**.
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ARTICLE SIX

(SAFETY AND HYGIENE OF PERSONNEL AND FACILITIES)

1. In the exercise of the activities awarded in concession, the **Concession Holder** must observe the general rules regarding the conditions of work-related safety, hygiene and health, as well as Community provisions in relation to protecting workers in extraction industries.
2. The **Concession Holder** must also present **DGEG** with the plans referred to in Article 70(2) of DL 109/94.

ARTICLE SEVEN

(PROTECTION OF THE ENVIRONMENT AND RECOVERY OF THE LANDSCAPE)

1. In the exercise of the activities awarded in concession, the **Concession Holder** must adopt, pursuant to the terms of Article 71 of DL 109/94, adequate measures to minimize the environmental impact, ensuring protection of the surrounding ecosystem and safeguarding cultural patrimony, in compliance with the legal norms in force in that regard, whatever their source.
2. Return, on any grounds whatsoever, in whole or in part, of the concession area will mean for the **Concession Holder**, the obligation to return the abandoned area, when applicable, to its original or equivalent status.

ARTICLE EIGHT

(INSURANCE)

1. The **Concession Holder** is obligated to purchase insurance policies and to keep them updated, which contracts are entered into with any renowned international insurance company, against the risks inherent to its activity, namely assuring coverage of damage arising from the **Concession Holder's** civil liability.
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2. Every year when the annual work plans are presented, the **Concession Holder** must prove the existence of insurance to **DGEG** by presenting a copy of the respective policy.
3. According to the criteria of reasonability, **DGEG** has the authority to notify the **Concession Holder** regarding update of the contractual conditions of the insurance policy within a reasonable period of time.
4. Failure to comply with what is stated in numbers 1 and 2 of this article, as well as failure to comply with the obligation imposed by **DGEG** according to the terms of notification referred to in the previous number of this article, are serious violations of the **Concession Holder's** contractual duties, which justify termination of the Concession Contract.

ARTICLE NINE

(THE CONCESSION HOLDER'S CIVIL LIABILITY)

1. Pursuant to general legal terms, the **Concession Holder** is liable for negligence or risk for any damage caused to the State or to third parties that result from its activity.
2. The **Concession Holder** will also be liable for damage caused by the entities it has contracted, regardless of the terms under which the party causing the damage was contracted.

ARTICLE TEN

(RISK)

The **Concession Holder** assumes full liability for losses and damage and for other risks associated with the activity granted in concession, and the State will not have any liability or right or recourse against the **Concession Holder** by virtue of events that occur during the exercise of that same activity or in relation to that activity.

CHAPTER II

DURATION AND TERMINATION OF THE CONCESSION

ARTICLE ELEVEN

(PERIODS OF THE CONCESSION)

1. The period of the initial period of the concession is 8 (eight) years from the date this Contract is signed, which period may be extended twice for periods of 1 (one) year, pursuant to numbers 4 and 5 of Article 35 of DL 109/94, without prejudice to the waiver right ("drill or drop") by the **Concession Holder** as provided in Article 63 of the same legal document.
2. The period of production is 30 (thirty) years from the date of approval of the corresponding general development and production plan, pursuant to numbers 3 and 4 of Article 22, and Article 84(2)(b) of DL 109/94, which may be extended one or more times, up to a maximum of 15 (fifteen) years.
3. The production period may be extended under numbers 5 and 6 of Article 22 of DL 109/94, as long as the **Concession Holder** requests this up to 1 (one) year prior to the end of the period and as long as the considerations and other conditions offered as compensation for the requested extension are accepted by the State.

ARTICLE TWELVE

(TERMINATION OF THE CONTRACT)

This Contract may be terminated for any of the reasons listed in Article 59 of DL 109/94 and according to the terms of Articles 60 to 64 of that same document, without prejudice to what is stated in the following article.

ARTICLE THIRTEEN

(REVERSAL TO THE STATE)

1. With termination of the Contract for any of the reasons stated in Article 59 of DL 109/94, and according to the State's option, the equipment, instruments, work done, facilities and any other assets directly and permanently affected by the concession will revert at no charge to the State, in which case the State will assume the liability for eventual transfer, or those assets will remain the property of the **Concession Holder**, in which case their possible transfer will be the responsibility of the **Concession Holder**.
 2. In the event that the **Concession Holder** does not request an extension pursuant to the terms of Article 11 of this Contract, or if it is not possible to reach an agreement as established in number 3 of that same Article 11, then the State must exercise the option referred to in the previous number, up to 6 (six) months prior to termination of the Contract, without prejudice to what is provided in the following numbers.
 3. If the cause for termination of the Contract is rescission, the State must exercise the option mentioned in the previous number regarding the notification of rescission to the **Concession Holder**.
 4. In the event of the end of the contract by agreement between the State and the **Concession Holder**, the **Concession Holder** must verify establishment of the option referred to in number 1 of this article.
 5. If the State does not exercise the option referred to in the previous numbers within the time periods established therein, this will mean that it chose not to receive those assets.
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CHAPTER III

SPECIAL OBLIGATIONS OF THE CONCESSION HOLDER

ARTICLE FOURTEEN

(FEES)

1. The **Concession Holder** will pay **DGEG** a fee for entering into the contract in the amount of 45,000 € (forty-five thousand euros).
 2. In the event of transfer of the contractual position to unaffiliated parties, when authorized, the **Concession Holder** will pay **DGEG** a fee in the amount of:
 - a. 15,000 € (fifteen thousand euros) if the transfer occurs in the first 3 (three) years of the initial period;
 - b. 30,000 € (thirty thousand euros) if the transfer occurs during the remaining years of the initial period, considering possible extensions to be covered;
 - c. 45,000 € (forty-five thousand euros) if the transfer occurs during the production period.
 3. For the purposes of this Concession Contract, “Affiliate” means any company or individual that:
 - a. Directly or indirectly controls a Party, or;
 - b. Is directly or indirectly controlled by that Party, or;
 - c. Is directly or indirectly controlled by a company or individual who directly or indirectly controls that Party.

“To control” means to exercise the right to 50% (fifty percent) or more of the votes in the appointment of members of the Administration — or members of a similar body, as applicable — of that company or individual.
 4. The rates referred to in this article will be paid and collected as provided for in Article 55 of DL 109/94.
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ARTICLE FIFTEEN

(YIELD FROM AREA)

1. During the valid period of this Contract, the **Concession Holder** will pay the state an annual surface yield per square kilometer of the area held, to be determined as follows:
 - a. During the first 3 (three) years of the initial period, 15 € (fifteen euros) /km²;
 - b. During the remaining years in the initial period: 30 € (thirty euros) / km²;
 - c. During the 1st (first) year of extension of the initial period: 60 € (sixty euros / km²;
 - d. During the 2nd (second) year of extension of the initial period: 80 € (eighty euros) /km²;
 - e. During the production period: 240 € (two hundred and forty euros / km²).
2. The amount of surface yield corresponding to the year of signature of this Contract will be calculated in proportion to the number of months remaining until the end of the same year.
3. In the payment and collection of surface yields, Article 53 of DL 109/94 will be observed.

ARTICLE SIXTEEN

(CONFIDENTIALITY)

1. The **Concession Holder**, as well as the entities with which it cooperates, will keep all data or informational elements obtained throughout the course of their activities confidential, for the entire valid period of this Contract, and they cannot transfer them to third parties unless expressly authorized in advance by **DGEG**.
 2. All information and data sent to **DGEG** by the **Concession Holder** will be kept confidential for the period of 5 (five) years after it has been received, or until extinction of the Concession Contract, if this should occur first.
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ARTICLE SEVENTEEN

(PAYMENTS TO THE STATE)

1. During the valid period of the Concession Contract, the **Concession Holder** agrees to make available to **DGEG**, annually, during the initial period of the concession (eight years, which may be extended twice for periods of one year), annual financing equal to 50,000 € (fifty thousand euros) in the first five years, and 75,000 € (seventy-five thousand euros) in the remaining years in the initial period of the concession, for:
 - a. Technology transfer programs, updates/training and promotional activities;
 - b. Acquisition and/or contracting of equipment / specialized technical means;
 - c. Preservation and treatment of technical data and information.
 2. During the valid period of the Concession Contract, the **Concession Holder** must transfer, every year for the period of five years, with priority given to the University of Lisbon and the University of Coimbra, the amount of 25,000 € (twenty-five thousand euros), for technology transfer programs, special studies and training.
 3. In the event of discovery, and once production is initiated, the **Concession Holder**, after recovering the costs for research and development of the oil field(s), and after discounting the operating costs for production, that is, when it attains a positive net result, must also pay the following to **DGEG** in a continuous manner:
 - 2% (two percent) of the value of the first 5 (five) million barrels of oil equivalent produced and effectively commercialized;
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- 5% (five percent) of the amount of production and commercialization of oil equivalent between 5 (five) and 10 (ten) million barrels;
 - 7% (seven percent) of the amount of the remaining barrels of oil equivalent produced and commercialized.
4. Within 30 (thirty) days after the end of each quarter, the **Concession Holder** will present all relevant information for calculating the amount it owes to **DGEG**, in accordance with what is established in number 2 above. This information must include production values, plus the costs of research, development, production and operation, the amounts obtained from sales of oil, and the taxes charged or to be charged. The **Concession Holder** will provide its estimate of what it should pay to **DGEG** in relation to the quarter in question. The **DGEG** will then issue an invoice of amounts owed, and it will notify the **Concession Holder** of this invoice. This amount must be paid within 30 (thirty) days following the date that invoice is received. Failure to pay this amount is a serious violation of the **Concession Holder's** contractual duties, assuming that if the **Concession Holder** does not agree with the amount of the invoice, after payment of the amount that is not contested it will have the right to submit the difference in dispute to an Arbitration Court, as per Article 22.
 5. The verification and collection of the amount stated in the previous number will have as reference the conversions internationally accepted by the oil industry, which are 1 boe (barrel of oil equivalent) = 6000 cubic feet of gas = 1 barrel of liquid oil.
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CHAPTER IV

INSPECTION AND GUARANTEES

ARTICLE EIGHTEEN

(INSPECTION)

1. The activities that comprise the concession are subject to inspection by the **DGEG**, without prejudice to inspections by other competent entities, namely those that comprise the Maritime Authority System.
2. The **Concession Holder** may not impede or make access to the concession area difficult for the purposes established in the previous number, and it must place adequate means at the disposal of the inspection entities so that they can perform their functions.
3. The **Concession Holder** must provide all books and registries with respect to the establishment and the activities allowed in the concession that **DGEG** considers necessary for inspections, and it must provide clarifications that are requested of it.
4. If the **Concession Holder** has not followed instructions issued by the **DGEG** within the scope of its inspection powers, then the **Concession Holder** must correct the situation, directly or through third parties, and all corresponding costs will be paid by the **Concession Holder**.

ARTICLE NINETEEN

(INSPECTIONS)

All expenses resulting from extraordinary inspections are to be paid by the **Concession Holder**, namely those due to complaints from third parties, as long as the existence of irregularities is found that can be attributed to it.

ARTICLE TWENTY

(BONDS)

1. As a guarantee of good and complete compliance with the obligations arising from the Concession Contract, including the payment of fines and indemnity for losses caused to the State or to third parties within the scope of those obligations, the **Concession Holder** will provide a bond in favor of **DGEG**, according to the terms established in the following numbers. During the production period, no bonds whatsoever will be provided.
 2. Bonds will be provided by means of a bank deposit to the order of **DGEG**, of an autonomous bank guarantee payable upon the first request or of an insurance bond with a clause regarding payment upon the first request, whatever the case understanding that the payment, to which there can be no exceptions, must be made as soon as requested in writing by **DGEG**, and without the need for documental or any other type of justification.
 3. Pursuant to the terms of Article 74 of DL 109/94, the bonds will be provided annually, simultaneously with presentation of the annual work plans for prospection and research, during the initial period, and its amount will be equal to 50% (fifty percent) of the value of the budgeted work included in the respective annual plans, to which Article 31 of DL 109/94 refers.
 4. The bonds end once the respective valid period has passed, except those that must be renewed or replaced, which will remain in force as long as the corresponding renewal or substitution with a new bond has not been issued.
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ARTICLE TWENTY-ONE

(FORCE MAJEURE)

1. Breach or delay in compliance with any obligation by the **Concession Holder**, in whole or in part, will be considered justifiable if, and only to the extent that such breach or delay is caused, due to reasons of *Force Majeure*. The period of time of that breach or delay, together with the period necessary for repair of any damage caused during such delay, must be added to the period established in this Concession Contract for compliance with such obligations and for the execution of any obligation dependent upon it and, consequently, added to the period of this Concession Contract.
 2. For the purposes of this Concession Contract, "*Force Majeure*" means any event or circumstance considered, according to criteria of reasonability, outside of the control of any of the parties, which impedes or delays compliance with the obligations established in this Concession Contract and which, despite taking adequate measures, such party is not able to avoid, including but not limited to, acts of war, acts of terrorism, uprisings, rebellions or civil disturbances, earthquakes, storms or other natural disasters, explosions, fires or expropriations, nationalizations, requisitions or other interference from governmental authorities, and even national or regional strikes or labor conflicts (whether official or not).
 3. The party that invokes *Force Majeure* must communicate this with the other party within a reasonable period of time after the occurrence of the facts on which it is based, and it must keep the other party informed regarding all significant developments. This communication must be reasonably detailed regarding all reasons of *Force Majeure* and it must include a projection of the time that will probably be necessary for that party to be able to overcome the causes of *Force Majeure*.
 4. If the causes of *Force Majeure* continue for more than fifteen (15) consecutive days, the Parties will meet immediately to go over the situation and to agree to the measures to be
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taken for removal of the cause of *Force Majeure*, and to re-establish compliance with the obligations established in this Concession Contract in accordance with legal provisions.

5. If the case of *Force Majeure* were to occur during the initial period of prospection and research, or during any of its extensions, and its impacts continue for a period of six (6) consecutive months, the **Concession Holder** may, within the scope of what is stated in Article 60(e) of DL 109/94, request **DGEG** ninety (90) days in advance of the expiration of this Concession Contract, for a founded demonstration of the impossibility of complying with its obligations. **DGEG** will assess the claim of the **Concession Holder** and will provide its opinion, submitting the process to the decision of the Minister, who will determine the expiration of the Concession Contract or its review, with the agreement of the **Concession Holder**, in order to ensure the conditions of fulfillment of the work.

CHAPTER V

TRANSFER OF RIGHTS AND RESPONSIBILITIES OF THE CONCESSION HOLDER

ARTICLE TWENTY-TWO

(ASSOCIATION WITH THIRD PARTIES AND TRANSFER OF POSITION)

1. The **Concession Holder** may not associate with third parties in a system of non-corporate participation of interests, nor may it transfer its position as **Concession Holder** to third parties without prior authorization from the responsible Minister, pursuant to the terms established in Article 77 of DL 109/94. While an Affiliate cannot be considered a third party, any transfer of position in favor of an Affiliate will be subject to the same procedures, therefore approval cannot be denied if there are no reasons that do not comply with reasonability criteria.
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If the **DGEG** does not issue a statement within 30 days, transfer to the Affiliate will be considered as having been approved.

2. For the purposes of the previous number, transfer of the position of **Concession Holder** is equivalent to transfer to third parties of the respective quotas or shares that represent more than 50% (fifty percent) of the corporate capital.

CHAPTER VI

CONTRACTUAL DISPUTES, NOTIFICATIONS

ARTICLE TWENTY-THREE

FORUM

Differences will be resolved according to Portuguese law, by an arbitration court, in accordance with Article 80 of DL 109/94, which will function according to the terms of Law No. 31/86 of August 29, 1986, and of the Arbitration Convention, now also entered into and whose terms are established in Annex III of this Contract.

ARTICLE TWENTY-FOUR

(NOTIFICATIONS)

1. All notifications, communications and other correspondence related to performance of this Concession Contract will be sent to the **Petrobras / Galp / Partex Consortium** and to the permanent representative in Portugal of the Head of the Consortium, whose address is Avenida Eng. Duarte Pacheco, Torre 2, 16°, 1070-274, Lisbon, with copies to Petrobras International Braspetro B.V. and Petróleo Brasileiro S.A. — Petrobras, whose addresses are, respectively, Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands, and Avenida República do Chile, 500, 30° Piso, Centro, Rio de Janeiro, Brazil.
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2. In the event of a change in address, the Head of the Consortium will communicate the new address to be used for these purposes to **DGEG** in writing 30 (thirty) days in advance.
3. Except what is provided in the previous paragraph, notifications related to modification of this Concession Contract, or its termination according to the terms of Articles 61 and 64 of DL 109/94, which will also be sent to the permanent representative in Portugal of the members who are not the Head of the Consortium and whose addresses are the following: **Petróleos de Portugal — Petrogal, S.A.**, Edifício Galp, Rua Tomás da Fonseca, Torre C, 1600-209 Lisbon, and **Partex Oil and Gas (Holdings) Corporation** — Rua Ivone Silva, No. 6, 1º andar, 1050-124, Lisbon. In the event of a change in address, that which is stated in the previous number will apply.
4. The **Concession Holder** is considered to have been notified on the third business day following the date of postal registration sent in accordance with the terms established in the previous numbers.
5. The assumption established in the previous number may be refuted by the notified party when the fact of receipt of the notification occurs on a date subsequent to the assumed date, for reasons not attributable to it.

Two true and correct copies of this Concession Contract are prepared, comprised of pages numbered from one to twenty-four, and by four Annexes, with Annexes I and II comprised of one sheet of paper with one page each, and Annexes III and IV of one sheet with two pages, all initialed by the participating parties — grantors, witnesses and public servant, with the exception of the page that contains the respective signatures, with one copy of the contract and its Annexes remaining in the files of the General Division of Energy and Geology.

All witnesses were present, Mr. Miguel Barreto Caldeira Antunes and Mr. Carlos Augusto Amaro Caxaria, respectively the Director General and Assistant Director General of Energy and Geology, who sign along with the granting parties, after having been read out loud by me, Maria Cristina Vieira Lourenço, which I also sign, and in the presence of all of the participating parties I attest to acceptance by the granting parties of this Concession Contract.

This Contract is stamped according to Law 150/99 of September 11, 1999.

First Granting Party:

/s/ Manuel António Gomes de Almeida de Pinho

Second Granting Parties:

/s/ Nestor Cunat Cerveró

/s/ Manuel Ferreira de Oliveira

/s/ Fernando Manuel dos Santos Gomes

/s/ António José da Costa Silva

Witnesses:

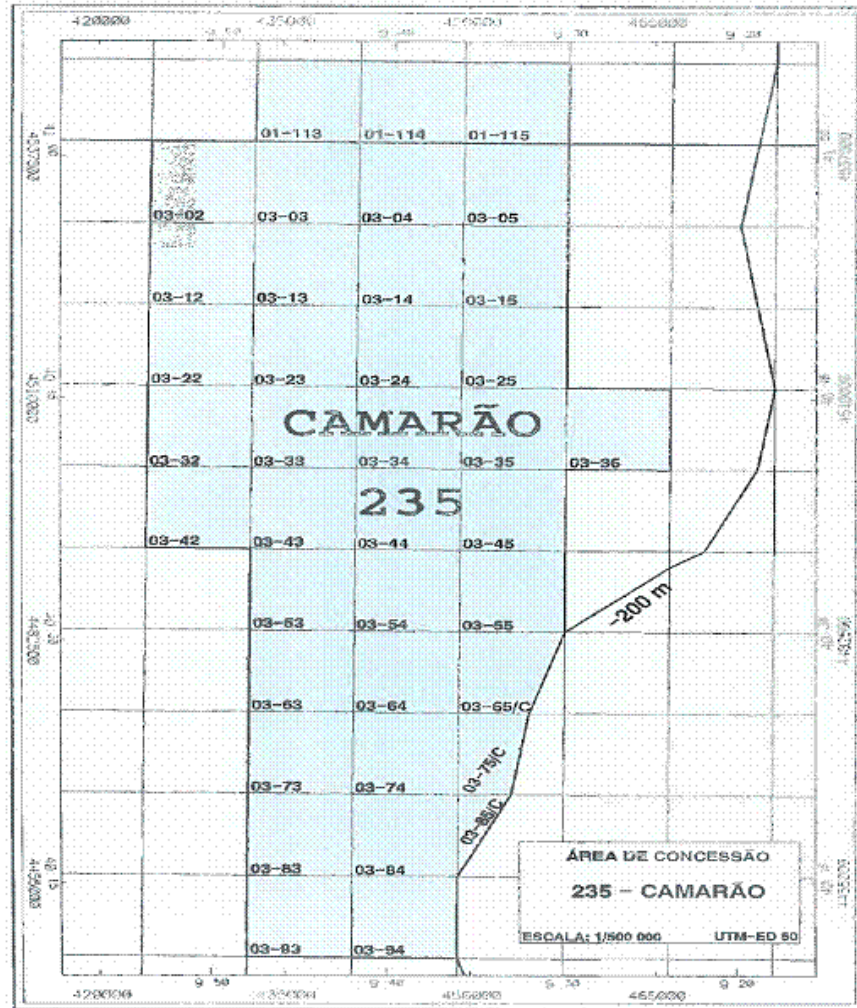
/s/ Miguel Barreto Caldeira Antunes

/s/ Carlos Augusto Amaro Caxaria

Public Official:

/s/ Maria Cristina Vieira Lourenço

MINISTRY OF THE ECONOMY AND OF INNOVATION
PETROBRAS / GALP / PARTEX CONSORTIUM



CONCESSION AREA
235 — "CAMARÃO"
SCALE: 1/500,000 UTM-ED 50

MINISTRY OF THE ECONOMY AND OF INNOVATION
 PETROBRAS / GALP / PARTEX CONSORTIUM
 AREA OF CONCESSION NO. 235 — "CAMARÃO"

LOTS Numbers	AREAS Km ²	LIMITS			
		N Deg. Min.	S Deg. Min.	E Deg. Min.	W Deg. Min.
01-113	77,8202	41 05	41 00	9 42	9 48
01-114	77,8202	41 05	41 00	9 36	9 42
01-115	77,8202	41 05	41 00	9 30	9 36
03-2	77,9171	41 00	40 55	9 48	9 54
03-3	77,9171	41 00	40 55	9 42	9 48
03-4	77,9171	41 00	40 55	9 36	9 42
03-5	77,9171	41 00	40 55	9 30	9 36
03-12	78,0139	40 55	40 50	9 48	9 54
03-13	78,0139	40 55	40 50	9 42	9 48
03-14	78,0139	40 55	40 50	9 36	9 42
03-15	78,0139	40 55	40 50	9 30	9 36
03-22	78,1105	40 50	40 45	9 48	9 54
03-23	78,1105	40 50	40 45	9 42	9 48
03-24	78,1105	40 50	40 45	9 36	9 42
03-25	78,1105	40 50	40 45	9 30	9 36
03-32	78,2069	40 45	40 40	9 48	9 54
03-33	78,2069	40 45	40 40	9 42	9 48
03-34	78,2069	40 45	40 40	9 36	9 42
03-35	78,2069	40 45	40 40	9 30	9 36
03-36	78,2069	40 45	40 40	9 24	9 30
03-42	78,3032	40 40	40 35	9 48	9 54
03-43	78,3032	40 40	40 35	9 42	9 48
03-44	78,3032	40 40	40 35	9 36	9 42
03-45	78,3032	40 40	40 35	9 30	9 36
03-53	78,3993	40 35	40 30	9 42	9 48
03-54	78,3993	40 35	40 30	9 36	9 42
03-55	78,3993	40 35	40 30	9 30	9 36
03-63	78,4952	40 30	40 25	9 42	9 48
03-64	78,4952	40 30	40 25	9 36	9 42
03-65/C	65,4102	40 30	40 25	a)	9 36
03-73	78,5910	40 25	40 20	9 42	9 48
03-74	78,5910	40 25	40 20	9 36	9 42
03-75/C	45,8435	40 25	40 20	a)	9 36
03-83	78,6865	40 20	40 15	9 42	9 48
03-84	78,6865	40 20	40 15	9 36	9 42
03-85/C	19,6679	40 20	40 15	a)	9 36
03-93	78,7820	40 15	40 10	9 42	9 48
03-94	78,7820	40 15	40 10	9 36	9 42
TOTAL	2869,1028				

(a) Polygon that defines the 200-meter deep water line in water, for the purposes of the single article of Decree Law No. 79/85 of March 26, 1985.

ANNEX III

ARBITRATION CLAUSE

The Arbitration Clause to which Article Twenty-Three of the Concession Contract for Rights to Prospection, Research, Development and Production of Oil refers, for an area known as “**CAMARÃO**”, is governed by the following clauses:

ONE

The Arbitration Court will be comprised of 3 (three) arbitrators. Each party must appoint 1 (one) arbitrator, and the 3rd (third) arbitrator will perform the functions of President, and will be chosen by the arbitrators appointed by the parties within the period of 15 (fifteen) days. In the absence of an agreement, the 3rd (third) arbitrator will be indicated by the President of the Court of Appeals of Lisbon. For the purposes of this Arbitration Convention, the parties are understood to be the Portuguese State, on one side, and the Petrobras / Galp / Partex Consortium on the other.

TWO

The arbitrators must agree to the rules of the arbitration process, and also to the location of installation or the seat of the court, which will function in Lisbon, using the rules of the International Chamber of Commerce in force at that time for the arbitration proceeding .

THREE

The period for a decision from the Arbitration Court will be 6 (six) months from the date of appointment of the last arbitrator.

FOUR

The Arbitration Court will rule according to fairness and its decisions are final and enforceable, and no type of appeal to those decisions is allowed.

FIVE

The Arbitration Court may, if it so understands and is requested by any of the parties, to decree precautionary measures or measures to conserve rights, with respect to the adversary principle.

SIX

Filing a request for arbitration will have a suspensive effect, except in relation to payments of any type, by force of law or the Concession Contract.

SEVEN

Each party will pay all remuneration and fees of the arbitrator that they name.

EIGHT

The remuneration and fees of the 3rd (third) arbitrator will be paid in full by the losing party, or if both parties lose, that remuneration and those fees will be shared by them, with each party paying half.

ANNEX IV

SPECIAL CONDITIONS WITH RESPECT TO THE “CAMARÃO”, “AMÊLJOA”, “OSTRA” AND “MEXILHÃO” CONTRACTS

The 4 (four) concessions are considered to be a global research project, therefore allowing the following:

1. Minimal mandatory work:

- a. The reprocessing of up to a maximum of 250 km of 2D seismic of the 500 km projected so that each concession area is eventually transferred from one to another or other areas, when technically justified;
 - b. The acquisition of up to a maximum of 500 km of 2D seismic lines (or 125 km² 3D seismic) of the 1000 km 2D (or 250 km² 3D) projected so that each concession area is eventually moved from one to another or other areas, when technically justified;
 - c. Delays in complying with the obligations for seismic acquisition and/or drilling in some of the concessions are allowed when duly justified by technical and/or logistical reasons (lack of availability of drills, ships and/or equipment), and the contracting process having the adequate means initiated in a timely manner by the **Concession Holder**. The process of contracting adequate means will be considered as having been initiated in a timely manner by the **Concession Holder** when it shows, by any means, that it began the preparation work for selection of drills, ships or adequate equipment, as per the program defined in Article 2(1) of this Contract;
-

- d. If, due to the reasons listed in the previous point, once they are approved and accepted, there is a delay in finalization of execution of the seismic campaign during the third year, or in the realization of drilling in any concession, the **Concession Holder** may, as of the fourth year, exercise the waiver right (“drill or drop”) established in sections (a) and (b) of Article 63(1) of Decree Law No. 109/94.
- e. Location of the mandatory drill corresponding to the 8th (eighth) year of effectiveness of the concession contracts may equally be transferred from one area to another concession area, if technically justified;

2. Relinquishment of areas:

Relinquishment at the end of the 5th (fifth) year of at least 50% (fifty percent) of the area of the concession may be distributed in an unequal manner among the 4 (four) concessions, to be proposed and subject to authorization, thus the relinquishment of at least 25% (twenty-five percent) of the concession area is therefore mandatory per concession.

ENVIRONMENT, TERRITORIAL PLANNING

AND ENERGY STATE DEPARTMENT

ADDENDUM TO THE CONTRACT ENTERED INTO BETWEEN THE PORTUGUESE STATE AND PETROBRAS INTERNATIONAL BRASPETRO BV, PETRÓLEOS DE PORTUGAL — PETROGAL, S.A. AND PARTEX OIL AND GAS (HOLDINGS) CORPORATION, IN CONSORTIUM, FOR THE GRANTING OF RIGHTS OF EXPLORATION (PROSPECTION AND RESEARCH), DEVELOPMENT AND PRODUCTION OF OIL, AT THE AREA DESIGNATED AS “CAMARÃO”

On the 12th day of March 2015, at 3 p.m., at the Energy Secretariat of State, in Lisbon, the following persons were present, Mr. Artur Trindade, Energy Secretary of State, as first contracting party and in representation of the Portuguese State (hereinafter called to as “**State**”), through a delegation of signature granted, issued by ordinance, in February 20, 2015, by the Environment, Territorial Planning and Energy Minister and, as second contracting parties, Mr. Mikel Erquiaga Aguirre, a Spanish citizen, acting on behalf of **REPSOL EXPLORACIÓN, S.A.**, a company set up under and regulated by Spanish law, with registered seat at Calle Méndez Álvaro, 44, 28045 Madrid, España, registered with the Commercial Registry Office of Madrid, Tax Payer Number A-28/138873, having the share capital of 24,617,080.20 Euro, with a branch in Portugal, at Avenida José Malhoa, 16, 1099-091, Lisboa and holder of tax payer number 980378419 (hereinafter called to as “**Repsol**”), Mr. Paul Anthony Dailly, a British citizen, acting on behalf of **KOSMOS ENERGY PORTUGAL**, a

company set up under and regulated by the Cayman Islands' law, with registered seat at P.O. Box32322, 4th floor, Century, Cricket Square, Elgin Avenue, George Town, Grand Cayman, KY1-1209, Cayman Islands, registered with the General Registry of the Cayman Islands, with the registration number 00289103, having a branch in Portugal, at Av. Engenheiro Duarte Pacheco, 7, 1070-100, Lisboa, Portugal and holder of tax payer number 980525829, having the share capital of one dollar of the United States of America and which parent company is Kosmos Energy Ltd., having the share capital of 2,366,123,000 dollars of the United States of America, as at the date of December 31, 2013, (hereinafter called to as "**Kosmos**"), Mr. Thore Ernst Kristiansen, a Norwegian citizen and Mr. Roland Max Muggli, a Swiss citizen, acting on behalf of **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, a public limited company, with registered seat at Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa, having the share capital of 516,750,000 Euro and holder of tax payer number 500697370 (hereinafter called to as "**Galp**"), Mr. Alfredo Coelho Ferreira dos Santos, a Portuguese citizen, acting on behalf of **PARTEX (IBERIA) S.A.**, a public limited company, with registered seat at Rua Ivone Silva no. 6, 1º andar, Edifício Arcis, 1050-124, Lisboa, having the share capital of 23,450,000 Euro and holder of tax payer number 507839188 (hereinafter called to as "**Partex**").

I did attest the identities, capacities and powers of representation, through the presentation of, respectively, Passport no. AAJ189596, issued in Spain, in May 21, 2014, Passport no. 707543868, issued in the United Kingdom, in May 25, 2010, Passport no. 29895932, issued in Norway, in June 28, 2013, Passport no. X2486490, issued in Switzerland, in December 27, 2012, Citizen Card no. 00975208, valid up to July 21, 2018, as well as the production of the proxies and certificates, which documents are filed with the Division for the Research and Exploitation of Oil, located at the Energy and Geology General Agency ("Direção Geral de Energia e Geologia") (hereinafter called to as "DGEG").

Before me, Isabel Maria Amaro Nico, Assistant General Secretary to the Environment, Territorial Planning and Energy State Department, acting as public officer, it was drafted this Addendum to the Concession Contract “Camarão”, which was entered into, in May 18, 2007, between the Portuguese State and Petrobras International Braspetro BV, Petróleos de Portugal — Petrogal, S.A. and Partex Oil and Gas (Holdings) Corporation (which contractual rights and obligations were transferred to its subsidiary Partex (Ibéria), S.A., effective as from November 9, 2009), in Consortium, which modifies the drafting of no. 1 of Article One, regarding the composition of the Concession Holder, Article Twenty Two, by introducing the definition of “Affiliate”, no. 1 and no. 3 of Article Twenty Four, regarding Notifications, communications and other correspondence related to the performance of this Contract as well as of Clause One of Annex III, regarding the parties to the Arbitration Convention.

SOLE ARTICLE

1. The Contracting Parties hereto agree, through this Addendum, following the partial assignment of the contractual rights and obligations of Repsol Exploración S.A. to Kosmos Energy Portugal, that corresponds to the assignment of a participating interest of thirty one per cent (31%), that Article One, no. 1, Article Twenty Two, Article Twenty Four, no. 1 and no. 3 and Annex III, Clause One, of the Concession Contract of Oil Exploration (Prospection and Research), Development and Production Rights, at area no. 235 — called to as “Camarão”, as modified by the Addendums dated of February 18, 2010, April 22, 2010, September 13, 2012 and July 17, 2013, be amended, which is made pursuant to the following terms:

1.1 The Concession Holder’s composition is modified and no. 1 of Article One shall read as follows:

“ARTICLE ONE

(CONCESSION)

1. Pursuant to Decree-Law no. 109/94 of April 26 (hereinafter called to as DL 109/94), it is granted to the companies Repsol, Kosmos, Galp and Partex, in consortium (hereinafter called to as “**Repsol/Kosmos/Galp/Partex Consortium**” or “**Concession Holder**”), a concession for the performance of the activities of exploration (prospection and research), development and production of oil at the Portuguese continental shelf, beyond the polygonal of 200 m in depth of water, at the area no. 235, called to as “**Camarão**”, which deployment is described in the attached map (Annex I), composed of 1 (one) block of 38 (thirty eight) lots, which description is also included in an annex (Annex II).”

(...)

1.2 It is added a number to Article Twenty Two, as agreed between the parties:

ARTICLE TWENTY TWO

(ASSOCIATION WITH THIRD PARTIES AND ASSIGNMENT OF CONTRACTUAL RIGHTS AND OBLIGATIONS)

(...)

3. For the purposes of this Concession Contract, “Affiliated” or “Affiliated Company” shall mean, in relation to any entity forming part of the **Concession Holder**, any parent company that controls, directly or indirectly, that entity or any company which is directly controlled by that entity or any company which is directly or indirectly controlled by the parent company. For the purposes of clarification:

- a company is directly controlled by other company or companies when this(these) holds (hold) shares or other form of participating interests bearing a right, in total, to more than fifty per cent (50%) of the votes in general meetings;
- a company is indirectly controlled by other company or companies (“company or parent companies) when, within a series of companies ordered by size, starting by the company or parent companies and finishing in the company at stake, each company, with the exception of the parent company, is directly controlled by one or more companies occupying a prior position in that series.

1.2 No. 1 and no. 3 of Article Twenty Four shall read as follows, as agreed between the Contracting Parties:

“ARTICLE TWENTY FOUR

(NOTIFICATIONS)

1. All notifications, communications and further correspondence related to the performance of this Concession Contract shall be addressed to the **Repsol/Kosmos/Galp/Partex Consortium** and sent to the permanent representation office, in Portugal, of the Consortium Chief, whose address is the following:

Repsol Exploración, S.A. — Sucursal em Portugal

Avenida José Malhoa, 16

1099-091, Lisbon, Portugal

To the attention of: Country Manager

(...)

3. Those notifications related to the modification of this Concession Contract are exempted from the provision contained in the former paragraph, as well as those related to its termination under articles 61 and 64 of DL 109/94, which shall also be sent to the permanent representation office of the members other than the consortium chief and which addresses are the following: **KOSMOS ENERGY PORTUGAL**, Av. Engenheiro Duarte Pacheco, 7, 1070-100, Lisboa, **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, Edifício Galp, Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa; and **PARTEX (IBERIA) S.A.**, Rua Ivone Silva n.º 6, 1.º andar, Edifício Arcis, 1050-124, Lisboa. In case of change of addresses, the provision contained in the former number herein shall apply.”

1.3. Clause One of Annex III, regarding the parties to the Arbitration Clause, shall read as follows:

“ANNEX III

ARBITRATION CLAUSE

FIRST

The Arbitration Tribunal shall be composed of 3 (three) arbitrators, being agreed that each party shall appoint 1 (one) arbitrator and the 3rd (third) one shall be the President, who shall be appointed by the arbitrators elected by the parties, within the term of 15 (fifteen) days. In case no agreement is reached regarding the 3rd (third) arbitrator, this one shall be appointed by the president of the Lisbon Second Instance Court (“Tribunal da Relação de Lisboa”). For the purposes of this Arbitration Clause, “parties” mean the Portuguese State, on one side and Repsol/Kosmos/Galp/Partex Consortium, on the other.”

(...)

This Addendum is drafted in two duplicates, is composed of pages numbered from 1 to 8, all pages being initialized by the participants — contracting parties and public officer, except the two last pages of the Addendum, since they bear the respective signatures, being one of the duplicates filed with the Energy and Geology General Agency (“Direção Geral de Energia e Geologia”).

After having been read aloud by myself, Isabel Maria Amaro Nico, I shall appose my signature to this Addendum, acting in the capacity of Public Officer and, therefore, in the presence of all participants, I attest the acceptance of this Addendum by all the contracting parties.

First Contracting Party

/s/ Artur Trindade

Second Contracting Parties

/s/ Mikel Erquiaga Aguirre

/s/ Paul Anthony Dailly

/s/ Thore Ernst Kristiansen

/s/ Roland Max Muggli

/s/ Alfredo Coelho Ferreira dos Santos

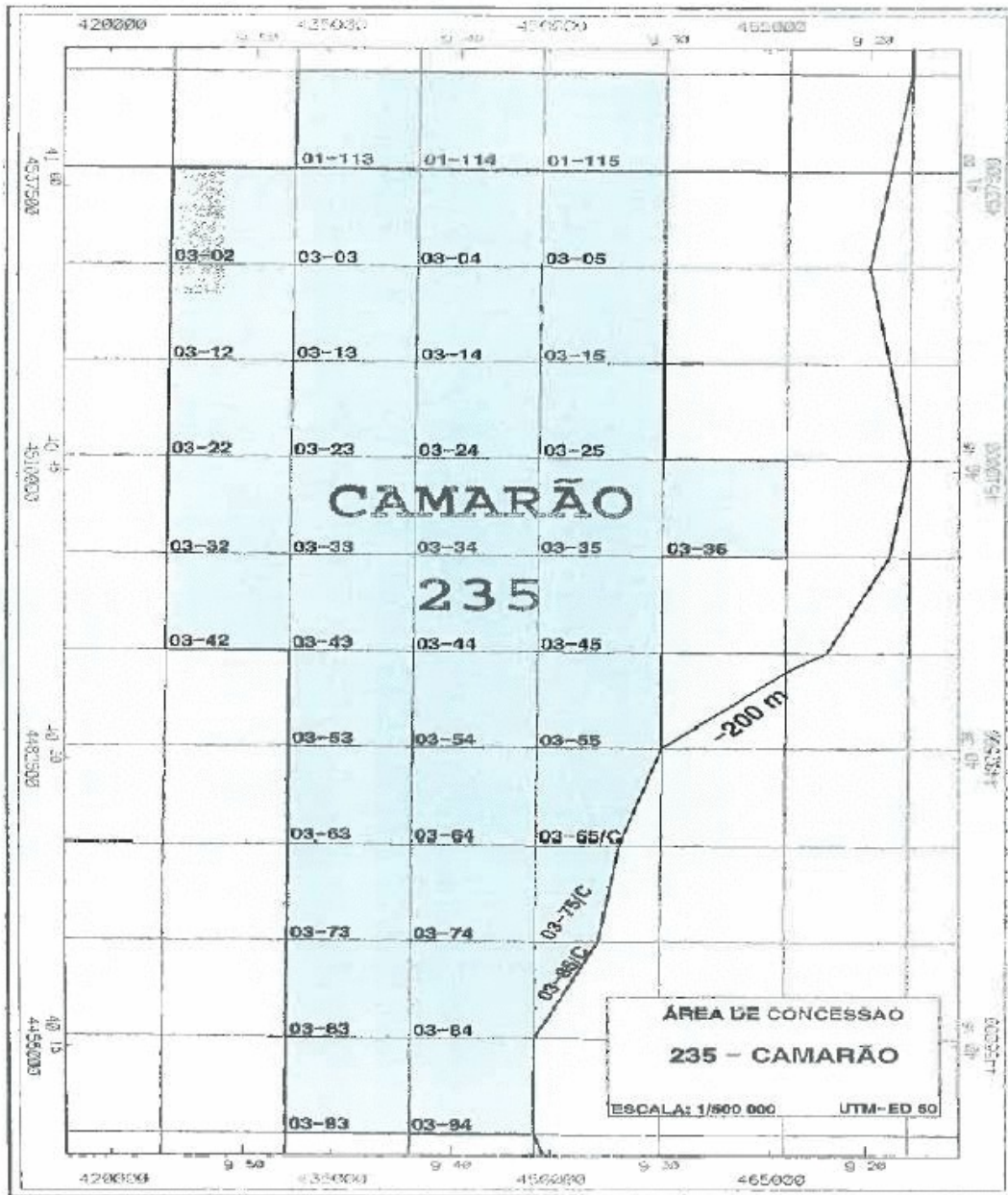
Public Officer

/s/ Isabel Maria Amaro Nico



ENVIRONMENT, TERRITORIAL PLANNING
AND ENERGY STATE DEPARTMENT

REPSOL / KOSMOS/ GALP / PARTEX CONSORTIUM



CONCESSION AREA
235 — CAMARÃO
SCALE: 1/500,000 UTM-ED 50

ENVIRONMENT, TERRITORIAL PLANNING
AND ENERGY STATE DEPARTMENT
DEEP OFFSHORE AREA
REPSOL / KOSMOS/ GALP / PARTEX CONSORTIUM
AREA OF CONCESSION NO. 235 — CAMARÃO

LOTS Numbers	AREAS Km ²	LIMITS			
		N Deg. Min.	S Deg. Min.	E Deg. Min.	W Deg. Min.
01-113	77,8202	41 05	41 00	9 42	9 48
01-114	77,8202	41 05	41 00	9 36	9 42
01-115	77,8202	41 05	41 00	9 30	9 36
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03-3	77,9171	41 00	40 55	9 42	9 48
03-4	77,9171	41 00	40 55	9 36	9 42
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03-33	78,2069	40 45	40 40	9 42	9 48
03-34	78,2069	40 45	40 40	9 36	9 42
03-35	78,2069	40 45	40 40	9 30	9 36
03-36	78,2069	40 45	40 40	9 24	9 30
03-42	78,3032	40 40	40 35	9 48	9 54
03-43	78,3032	40 40	40 35	9 42	9 48
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03-65/C	65,4102	40 30	40 25	a)	9 36
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03-93	78,7820	40 15	40 10	9 42	9 48
03-94	78,7820	40 15	40 10	9 36	9 42
TOTAL	2889,1028				

Polygon that defines the 200-meter deep water line in water, for the purposes of the single article of Decree Law No. 79/85 of March 26, 1985.

ENVIRONMENT, TERRITORIAL PLANNING

AND ENERGY STATE DEPARTMENT

ADDENDUM TO THE CONTRACT ENTERED INTO BETWEEN THE PORTUGUESE STATE AND PETROBRAS INTERNATIONAL BRASPETRO BV, PETRÓLEOS DE PORTUGAL — PETROGAL, S.A. AND PARTEX OIL AND GAS (HOLDINGS) CORPORATION, IN CONSORTIUM, FOR THE GRANTING OF RIGHTS OF EXPLORATION (PROSPECTION AND RESEARCH), DEVELOPMENT AND PRODUCTION OF OIL, AT THE AREA DESIGNATED AS “CAMARÃO”

On the 12th day of March 2015, at 3.30 p.m., at the Energy Secretariat of State, in Lisbon, the following persons were present, Mr. Artur Trindade, Energy Secretary of State, as first contracting party and in representation of the Portuguese State (hereinafter called to as “**State**”), through a delegation of signature granted, issued by ordinance, in February 20, 2015, by the Environment, Territorial Planning and Energy Minister and, as second contracting parties, Mr. Mikel Erquiaga Aguirre, a Spanish citizen, acting on behalf of **REPSOL EXPLORACIÓN, S.A.**, a company set up under and regulated by Spanish law, with registered seat at Calle Méndez Álvaro, 44, 28045 Madrid, España, registered with the Commercial Registry Office of Madrid, Tax Payer Number A-28/138873, having the share capital of 24,617,080.20 Euro, with a branch in Portugal, at Avenida José Malhoa, 16, 1099-091, Lisboa and holder of tax payer number 980378419 (hereinafter called to as “**Repsol**”), Mr. Paul

Anthony Dailly, a British citizen, acting on behalf of **KOSMOS ENERGY PORTUGAL** (hereinafter called to as “**Kosmos**”), a company set up under and regulated by the Cayman Islands’ law, with registered seat at P.O. Box32322, 4th floor, Century, Cricket Square, Elgin Avenue, George Town, Grand Cayman, KY1-1209, Cayman Islands, registered with the General Registry of the Cayman Islands, with the registration number 00289103, having a branch in Portugal, at Av. Engenheiro Duarte Pacheco, 7, 1070-100, Lisboa, Portugal and holder of tax payer number 980525829, having the share capital of one dollar of the United States of America and which parent company is Kosmos Energy Ltd., having the share capital of 2,366,123,000 dollars of the United States of America, as at the date of December 31, 2013, Mr. Thore Ernst Kristiansen, a Norwegian citizen and Mr. Roland Max Mugli, a Swiss citizen, acting on behalf of **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, a public limited company, with registered seat at Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa, having the share capital of 516,750,000 Euro and holder of tax payer number 500697370 (hereinafter called to as “**Galp**”), Mr. Alfredo Coelho Ferreira dos Santos, a Portuguese citizen, acting on behalf of **PARTEX (IBERIA) S.A.**, a public limited company, with registered seat at Rua Ivone Silva n.º 6, 1.º andar, Edifício Arcis, 1050-124, Lisboa, having the share capital of 23,450,000 Euro and holder of tax payer number 507839188 (hereinafter called to as “**Partex**”).

I did attest the identities, capacities and powers of representation, through the presentation of, respectively, Passport no. AAJ189596, issued in Spain, in May 21, 2014, Passport no. 707543868, issued in the United Kingdom, in May 25, 2010, Passport no. 29895932, issued in Norway, in June 28, 2013, Passport no. X2486490, issued in Switzerland, in December 27, 2012, Citizen Card no. 00975208, valid up to July 21, 2018, as well as the production of the proxies and certificates, which documents are filed with the Division for the Research and

Exploitation of Oil, located at the Energy and Geology General Agency (“Direção Geral de Energia e Geologia”) (hereinafter called to as “DGEG”).

Before me, Isabel Maria Amaro Nico, Assistant General Secretary to the Environment, Territorial Planning and Energy State Department, acting as public officer, it was drafted this Addendum to the Concession Contract “Camarão”, which was entered into, in May 18, 2007, between the Portuguese State and Petrobras International Braspetro BV, (which contractual rights and obligations were transferred to Repsol, effective as from May 18, 2013, having Repsol transferred 31% of its contractual rights and obligations to Kosmos, through an Addendum to the Contract, signed in March 12, 2015), Petróleos de Portugal — Petrogal, S.A. and Partex Oil and Gas (Holdings) Corporation (which contractual rights and obligations were transferred to its subsidiary Partex (Ibéria), S.A., effective as from November 9, 2009), in Consortium, which modifies the drafting of no. 1 of Article Two, nos. 1 and 2 of Article Three, no. 1 of Article Eleven, as well as nos. 1 and 2 of Annex IV.

SOLE ARTICLE

1. The Contracting Parties hereto agree, through this Addendum, that it shall be amended Article Two, no. 1, regarding the minimum required works of exploration (prospection and research), Article Three, nos. 1 and 2, regarding the terms applicable to the mandatory relinquishment of areas, Article Eleven, no.1, regarding the duration of the initial term and Annex IV to the Concession Contract of Oil Exploration (Prospection and Research), Development and Production Rights, at area no. 235 — called to as “Camarão”, as modified by the Addendums dated of February 18, 2010, April 22, 2010, September 13, 2012, July 17, 2013 and March 12, 2015, which is made pursuant to the following terms:

Eleventh year: - Performance of a research drill if, pursuant to no. 1. f) of Annex IV to the concession contract, the site chosen is located at this concession area, with an estimated investment of US\$ 15,000,000.00 (fifteen million dollars of the United States of America).

- Twelfth year:**
- Geology and geophysics' studies.
 - Reinterpretation based on the new data obtained with the research drill performed in the previous year.
 - Preparation of a research drill

Thirteenth year: Performance of a research drill with an estimated investment of US\$ 15,000,000.00 (fifteen million dollars of the United States of America), pursuant to what is provided for in no. 1, item g) of Annex IV to this Concession Contract.

- First year of extension:**
- Geology and geophysics' studies.
 - Reinterpretation based on the new data obtained with the research drill performed in the previous year.
 - Preparation of a research drill

Second year of extension: Performance of a research drill with an estimated investment of US\$ 15,000,000.00 (fifteen million dollars of the United States of America), pursuant to what is provided for in no. 1, item g) of Annex IV to this Concession Contract.”

1.2 The Contracting Parties further agree to modify nos. 1 and 2 of Article Three, which shall read as follows:

“ARTICLE THREE

(MANDATORY RELINQUISHMENT OF AREAS)

1. Without prejudice to the waiver right (“drill or drop”) provided for in article 63 of DL 109/94, the **Concession Holder** shall relinquish, at least, 50% (fifty percent) of the granted area, at the end of the 12th (twelfth) year of the initial term, as per item b), no. 2 of article 84 of DL 109/94 but it can, still, relinquish an inferior amount, as per item c) of no. 2 of that same article and as defined in no. 2 of Annex IV.

2. At the end of the 2nd (second) year of extension of the initial term, the **Concession Holder** shall relinquish, at least, 50 (fifty) percent of the contractual area in force at the time.

1.3 No. 1 of Article Eleven shall read as follows:

“ARTICLE ELEVEN

(CONCESSION TERMS)

1. The term of the initial period of concession is of 13 (thirteen) years, counting as from the date of entering into of this contract, pursuant to item b), no. 2 of article 84 of DL 109/94, being understood that it may be extended, twice, for periods of 1 (one) year, as per nos. 4 and 5 of article 35 of DL 109/94, without prejudice to the waiver right (“drill or drop”), of the **Concession Holder**, as per article 63 of that same statute.

(...)

1.4. Annex IV shall read as follows, having been deleted item h) of no.1:

“ANNEX IV

SPECIAL CONDITIONS APPLICABLE TO “CAMARÃO”, “AMEIJOA”, “OSTRA” AND “MEXILHÃO”

The 4 (four) concessions are considered as a global research project and, therefore, it is understood that:

1. Minimum required works:

(...)

d) the **Concession Holder** may exercise its waiver right (“drill or drop”), as from the end of the tenth year, included, as provided for in items a) and b) of no. 1 of article 63 of Decree-Law no. 109/94;

(...)

f) The performance of a research drill in the 11th (eleventh) year of the initial period, in the aggregate of the four concession areas, having the **Concession Holder** the right to choose its location;

g) The performance of research drills, as provided for the thirteenth and second year of extension of the concessions’ initial period, as per Article Two of this contract, as well as in the Concessions Contracts for the areas “Amêijoa”, “Ostra” and “Mexilhão”, of a drill for each Concession Area, can be reduced up to one research drill for the whole group of Areas of the Peniche Bay, in each one of the referred years, if technical and economical reasons determine

/s/ Thore Ernst Kristiansen

/s/ Roland Max Muggli

/s/ Alfredo Coelho Ferreira dos Santos

Public Officer

/s/ Isabel Maria Amaro Nico



MINISTRY OF THE ECONOMY AND OF INNOVATION

CONTRACT BY AND BETWEEN THE PORTUGUESE STATE AND PETROBRAS INTERNATIONAL BRASPETRO BV, PETRÓLEOS DE PORTUGAL — PETROGAL, S.A., AND PARTEX OIL AND GAS (HOLDINGS) CORPORATION, IN A CONSORTIUM, FOR THE GRANTING OF RIGHTS OF EXPLORATION (PROSPECTION AND RESEARCH), DEVELOPMENT AND PRODUCTION OF OIL IN THE AREA KNOWN AS “MEXILHÃO”

On the 18th day of the month of May 2007, at eleven thirty in the morning, at Torre de Belém, in Lisboa, with the Minister of the Economy and of Innovation present, Mr. Manuel António Gomes de Almeida de Pinho, as the first grantor and representative of the Portuguese State (hereinafter the “State”), and, as the second grantors, Mr. Nestor Cuñat Cerveró, married, Brazilian, residing at Rua Garcia d’Ávila, 25 — apartment 1202, Ipanema, Rio de Janeiro, Brazil, representing **PETROBRAS INTERNATIONAL BRASPETRO BV**, a corporation formed and existing pursuant to the laws of the Netherlands, with its main offices at Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands, with Corporate Identification Number 24339383, and with corporate capital of 5,000,000 euros, with permanent representation in Portugal at Avenida Eng. Duarte Pacheco, Torre 2, 16 Andar, 1070-274, Lisboa, and corporate identification number 980367263 (hereinafter “**Petrobras**”), Mr. Manuel Ferreira de Oliveira, married, Portuguese, residing in Aldoar, Porto, and Mr. Fernando Manuel dos Santos Gomes, divorced, Portuguese, residing in Lordelo do Ouro,

Porto, representing **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, a corporation with its main offices at Rua Tomás da Fonseca, Torre C, 1600-209, Lisboa, registered in the Commercial Registry of Lisbon under number 00523 — 4th Section, with corporate capital of 516,750,000 euros, and corporate identification number 500697370 (hereinafter “**Galp**”), and Mr. António José da Costa Silva, married, Portuguese, residing at Rua Passos Manuel, 24 — 2.º andar, 1150-260 Lisboa, representing **PARTEX OIL AND GAS (HOLDINGS) CORPORATION**, a corporation (wholly owned by Fundação Calouste Gulbenkian), formed and existing under the laws of the Cayman Islands, with its main offices at Walker House, P.O. Box 265 GT, in George Town, Grand Cayman, and an office at Pflugstrasse 20, Postfach 473, FL 9490 Vaduz, Lichtenstein, recorded in the Commercial Registry of the Cayman Islands under number WK80617, with corporate capital of US\$ 50,000 and corporate identification number 980272173, represented in Portugal through its subsidiary **HIDREXPAND, S.A.** located at Rua Ivone Silva, no. 6, 1º andar, 1050-124, Lisboa, and corporate identification number 507839188 (hereinafter “**Partex.**”).

I have verified the identities, capacities and powers of representation, respectively, through presentation of Passport No. CO 822896 issued on September 14, 2004, by SR/DPF/RJ — Immigration Police Division — NUPAS Passport Center, Rio de Janeiro; from Identification Card No. 957625-8, issued on June 23, 2000, by Civil Identification Services of Porto; from Identification Card No. 1935266-2, issued on June 6, 2006, by Civil Identification Services of Porto; and by Identification Card No. 9692380 issued on June 22, 2004, by the Identification Division of Lisbon, and by presentation of the affidavits and certificates, which documents are archived in the Division for Oil Research and Exploration, in the General Division of Energy and Geology (hereinafter “**DGEG**”).

This contract was prepared before me, Maria Cristina Vieira Lourenço, an attorney acting as a public official, which contract will be governed by the following articles:

CHAPTER I

ACTIVITY PROVIDED IN CONCESSION

ARTICLE ONE

(CONCESSION)

1. Pursuant to the terms of Decree Law No. 109/94 of April 26 (hereinafter **DL 109/94**), the companies Petrobras, Galp and Partex, in a consortium (hereinafter designated as "**Petrobras Consortium / Galp / Partex**" or the "**Concession Holder**"), are awarded a concession to carry out the activities of prospection, research, development and production of oil on the Portuguese continental shelf, beyond the 200-meter deep water polygon in Area No. 237 — known as "**Mexilhão**", whose implantation is shown on the attached map (Annex I), including 1 (one) block of 42 (forty two) lots, whose description is also attached hereto (Annex II).
 2. The members of the consortium are jointly and severally liable for complying with the obligations arising under this Contract ("Concession Contract"), except in the cases in which, according to the terms of Portuguese tax legislation in force, that liability is individual.
 3. **Petrobras** is the operator for the **Concession Holder** ("Operator"). The appointment of a new Operator for all or any portion of the area, and at all times subject to this Concession Contract, must be authorized in advance by **DGEG**, which will assess the competence and technical capacity of the new Operator.
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4. The **Concession Holder** appoints the Operator to lead and carry out all operations and activities to be developed within the scope of this Concession Contract, to submit all work plans, projects, proposals and other communications to **DGEG**, and to receive all responses, requests, solicitations, proposals and any other communications from **DGEG**.
5. The work to be performed within the scope of this Contract in areas subject to administrative rights-of-way, restrictions on public works, or any other limitations that are administrative in nature lack legal authorizations, licenses, approvals or favorable opinions from entities with jurisdiction in those areas, to the extent that the exercise of rights conferred by this Concession Contract is or might be prohibited, limited or even conditioned by the respective special legislation.
6. The authorizations, licenses, approvals or favorable opinions mentioned in the previous number must be obtained by the **Concession Holder**.

ARTICLE TWO

(PROSPECTION AND RESEARCH)

1. Without prejudice to what is established in Annex IV of this Contract, and the waiver right (“drill or drop”) to which refers article 63 of DL 109/94, during the initial period the **Concession Holder** will perform a minimum of the following prospection and research work:

- First year:**
- Purchase of 1500 km of speculative seismic, gravimetric data, information on wells and geochemistry, with an estimated investment of US\$ 750,000.00 (seven hundred and fifty thousand United States dollars).
 - Initiate nearly 500 km of seismic 2D, with an estimated investment of US\$ 125,000.00 (one hundred and twenty-five thousand United States dollars).
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- Seismic mapping and data integration.
 - Regional analysis and modeling of the basin.
 - Market prospection for seismic acquisition campaign.
 - Second year:**
 - Conclusion of reprocessing and geological and geophysical reintegration as a function of reprocessing data.
 - Start of preparation of seismic acquisition campaign.
 - Third year:**
 - Start of market prospection regarding the availability of drilling / ships / equipment for wells to be drilled as agreed for the fourth year.
 - Realization of 2D seismic campaign (1000 km) or 3D equivalent (250 km²), with an estimated investment of US\$ 1,000,000.00 (one million United States dollars).
 - Initiate processing and interpretation of data collected.
 - Fourth year:**
 - Conclusion of processing new seismic data collected and its interpretation.
 - Preparation and realization of a research drill, with an estimated investment of US\$ 15,000,000.00 (fifteen million United States dollars).
 - Fifth year:**
 - Geological and geophysical studies.
 - Reinterpretation of seismic lines based on new data obtained in the research drill done during the previous year.
 - Sixth year:**
 - Realization of research drill, with an estimated investment of US\$ 15,000,000.00 (fifteen million United States dollars).
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- Seventh year:**
- Geological and geophysical studies.
 - Reinterpretation of seismic lines based on new data obtained in the research drill done during the prior year.
 - Preparation of third research drill.

- Eighth year:**
- Realization of research drill with an estimated investment of US\$ 15,000,000.00 (fifteen million United States dollars).

2. Prospection and research work will be included in annual plans, duly broken down and budgeted, to be submitted for approval by **DGEG**, according to the terms of Articles 31 and 32 of DL 109/94.
3. The field work projects to which Articles 33 and 34 of DL 109/94 refer, which foresee the realization of drilling, must include the conditions of their eventual closure.
4. Any research work done in a certain year beyond the work projected as being mandatory for that year will be deducted from the work that must be done in following years.

ARTICLE THREE

(MANDATORY RELINQUISHMENT OF AREAS)

1. Without prejudice to the waiver right (“drill or drop”) to which refers Article 63 of DL 109/94, the **Concession Holder** must relinquish at least 50% (fifty percent) of the area of the concession at the end of the 5th (fifth) year of the initial period, under Article 84(2)(b) of DL 109/94.
 2. At the end of the 8th (eighth) year of the initial period, and in the event of a request for the extension mentioned in Article 35(4) of DL 109/94, the **Concession Holder** must relinquish at least 50% (fifty percent) of the area in force at that time.
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3. Relinquishment of areas must comply with numbers 3 to 6 of Article 36 of DL 109/94, taking into consideration subsections (b) and (c) of Article 84(2) of that same Decree Law and of Annex IV.

ARTICLE FOUR

(DEVELOPMENT AND PRODUCTION)

1. Within the scope of exploration (prospection and research activities), whenever the **Concession Holder** establishes the existence of an economically viable oil field, it must develop the respective preliminary demarcation and the general working plan for development and production, which must include the closing plan and the return of the area to its original or equivalent status, and the respective schedule for execution, submitting them to **DGEG** for discussion, according to the terms of Articles 37 to 39 of DL 109/94.
 2. The development and/or production work established for each year will be in the annual plans, duly broken down and budgeted for, to be submitted for discussion by **DGEG**, according to Articles 31, 32 and 40 of DL 109/94.
 3. Within the period of 5 (five) years from the approval date of each general development and production plan, according to the terms of Article 41 of DL 109/94, the **Concession Holder** must definitively demarcate the boundaries of the oil blocks in which the acknowledged oil fields are located.
 4. The period to which the previous number refers may be extended when it is shown to be technically justified, pursuant to Article 41(2) of DL 109/94.
 5. The commercial production of an oil field may only be initiated as of the date of approval of the respective general development and production plan.
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6. The **Concession Holder** must perform the work in a regular and continuous manner, employing good oil industry techniques and practices and rigorously observing the technical rules that might be established in the future.
7. Except in the special situations established in Article 72 of DL 109/94, the **Concession Holder** may freely make use of the oil it produces.
8. The conditions regarding oil development and production activities will be established in the general development and production plan to be agreed to by and between **DGEG and the Concession Holder** according to the terms of Articles 38 and 39 of DL 109/94.

ARTICLE FIVE

(REPORTS)

1. Every quarter the **Concession Holder** will send **DGEG** a report in triplicate summarizing the activities performed.
 2. Every year, the **Concession Holder** will send **DGEG** a technical report in triplicate on its activities, attaching a copy of all technical information produced during the period.
 3. At the end of the 3rd (third) year in the **initial period, and even up to 90** (ninety) days after exercising the waiver right (“drill or drop”) mentioned in Article 63 of DL 109/94, if applicable, the **Concession Holder** will present a complete report on assessment of the concession area.
 4. Whenever geophysical or drilling campaigns are done, the **Concession Holder** will provide **DGEG** with additional specialized reports, attaching all of the information produced in accordance with guidance to be provided in a timely manner by **DGEG**.
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ARTICLE SIX

(SAFETY AND HYGIENE OF PERSONNEL AND FACILITIES)

1. In the exercise of the activities awarded in concession, the **Concession Holder** must observe the general rules regarding the conditions of work-related safety, hygiene and health, as well as Community provisions in relation to protecting workers in extraction industries.
2. The **Concession Holder** must also present **DGEG** with the plans referred to in Article 70(2) of DL 109/94.

ARTICLE SEVEN

(PROTECTION OF THE ENVIRONMENT AND RECOVERY OF THE LANDSCAPE)

1. In the exercise of the activities awarded in concession, the **Concession Holder** must adopt, pursuant to the terms of Article 71 of DL 109/94, adequate measures to minimize the environmental impact, ensuring protection of the surrounding ecosystem and safeguarding cultural patrimony, in compliance with the legal norms in force in that regard, whatever their source.
2. Return, on any grounds whatsoever, in whole or in part, of the concession area will mean for the **Concession Holder**, the obligation to return the abandoned area, when applicable, to its original or equivalent status.

ARTICLE EIGHT

(INSURANCE)

1. The **Concession Holder** is obligated to purchase insurance policies and to keep them updated, which contracts are entered into with any renowned international insurance company, against the risks inherent to its activity, namely assuring coverage of damage arising from the **Concession Holder's** civil liability.
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2. Every year when the annual work plans are presented, the **Concession Holder** must prove the existence of insurance to **DGEG** by presenting a copy of the respective policy.
3. According to the criteria of reasonability, **DGEG** has the authority to notify the **Concession Holder** regarding update of the contractual conditions of the insurance policy within a reasonable period of time.
4. Failure to comply with what is stated in numbers 1 and 2 of this article, as well as failure to comply with the obligation imposed by **DGEG** according to the terms of notification referred to in the previous number of this article, are serious violations of the **Concession Holder's** contractual duties, which justify termination of the Concession Contract.

ARTICLE NINE

(THE CONCESSION HOLDER'S CIVIL LIABILITY)

1. Pursuant to general legal terms, the **Concession Holder** is liable for negligence or risk for any damage caused to the State or to third parties that result from its activity.
2. The **Concession Holder** will also be liable for damage caused by the entities it has contracted, regardless of the terms under which the party causing the damage was contracted.

ARTICLE TEN

(RISK)

The **Concession Holder** assumes full liability for losses and damage and for other risks associated with the activity granted in concession, and the State will not have any liability or right or recourse against the **Concession Holder** by virtue of events that occur during the exercise of that same activity or in relation to that activity.

CHAPTER II

DURATION AND TERMINATION OF THE CONCESSION

ARTICLE ELEVEN

(PERIODS OF THE CONCESSION)

1. The period of the initial period of the concession is 8 (eight) years from the date this Contract is signed, which period may be extended twice for periods of 1 (one) year, pursuant to numbers 4 and 5 of Article 35 of DL 109/94, without prejudice to the waiver right ("drill or drop") by the **Concession Holder** as provided in Article 63 of the same legal document.
2. The period of production is 30 (thirty) years from the date of approval of the corresponding general development and production plan, pursuant to numbers 3 and 4 of Article 22, and Article 84(2)(b) of DL 109/94, which may be extended one or more times, up to a maximum of 15 (fifteen) years.
3. The production period may be extended under numbers 5 and 6 of Article 22 of DL 109/94, as long as the **Concession Holder** requests this up to 1 (one) year prior to the end of the period and as long as the considerations and other conditions offered as compensation for the requested extension are accepted by the State.

ARTICLE TWELVE

(TERMINATION OF THE CONTRACT)

This Contract may be terminated for any of the reasons listed in Article 59 of DL 109/94 and according to the terms of Articles 60 to 64 of that same document, without prejudice to what is stated in the following article.

ARTICLE THIRTEEN

(REVERSAL TO THE STATE)

1. With termination of the Contract for any of the reasons stated in Article 59 of DL 109/94, and according to the State's option, the equipment, instruments, work done, facilities and any other assets directly and permanently affected by the concession will revert at no charge to the State, in which case the State will assume the liability for eventual transfer, or those assets will remain the property of the **Concession Holder**, in which case their possible transfer will be the responsibility of the **Concession Holder**.
 2. In the event that the **Concession Holder** does not request an extension pursuant to the terms of Article 11 of this Contract, or if it is not possible to reach an agreement as established in number 3 of that same Article 11, then the State must exercise the option referred to in the previous number, up to 6 (six) months prior to termination of the Contract, without prejudice to what is provided in the following numbers.
 3. If the cause for termination of the Contract is rescission, the State must exercise the option mentioned in the previous number regarding the notification of rescission to the **Concession Holder**.
 4. In the event of the end of the contract by agreement between the State and the **Concession Holder**, the **Concession Holder** must verify establishment of the option referred to in number 1 of this article.
 5. If the State does not exercise the option referred to in the previous numbers within the time periods established therein, this will mean that it chose not to receive those assets.
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CHAPTER III

SPECIAL OBLIGATIONS OF THE CONCESSION HOLDER

ARTICLE FOURTEEN

(FEES)

1. The **Concession Holder** will pay **DGEG** a fee for entering into the contract in the amount of 45,000 € (forty-five thousand euros).
 2. In the event of transfer of the contractual position to unaffiliated parties, when authorized, the **Concession Holder** will pay **DGEG** a fee in the amount of:
 - a. 15,000 € (fifteen thousand euros) if the transfer occurs in the first 3 (three) years of the initial period;
 - b. 30,000 € (thirty thousand euros) if the transfer occurs during the remaining years of the initial period, considering possible extensions to be covered;
 - c. 45,000 € (forty-five thousand euros) if the transfer occurs during the production period.
 3. For the purposes of this Concession Contract, “Affiliate” means any company or individual that:
 - a. Directly or indirectly controls a Party, or;
 - b. Is directly or indirectly controlled by that Party, or;
 - c. Is directly or indirectly controlled by a company or individual who directly or indirectly controls that Party.

“To control” means to exercise the right to 50% (fifty percent) or more of the votes in the appointment of members of the Administration — or members of a similar body, as applicable — of that company or individual.
 4. The rates referred to in this article will be paid and collected as provided for in Article 55 of DL 109/94.
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ARTICLE FIFTEEN

(YIELD FROM AREA)

1. During the valid period of this Contract, the **Concession Holder** will pay the state an annual surface yield per square kilometer of the area held, to be determined as follows:
 - a. During the first 3 (three) years of the initial period, 15 € (fifteen euros) /km²;
 - b. During the remaining years in the initial period: 30 € (thirty euros) / km²;
 - c. During the 1st (first) year of extension of the initial period: 60 € (sixty euros / km²;
 - d. During the 2nd (second) year of extension of the initial period: 80 € (eighty euros) /km²;
 - e. During the production period: 240 € (two hundred and forty euros / km²).
2. The amount of surface yield corresponding to the year of signature of this Contract will be calculated in proportion to the number of months remaining until the end of the same year.
3. In the payment and collection of surface yields, Article 53 of DL 109/94 will be observed.

ARTICLE SIXTEEN

(CONFIDENTIALITY)

1. The **Concession Holder**, as well as the entities with which it cooperates, will keep all data or informational elements obtained throughout the course of their activities confidential, for the entire valid period of this Contract, and they cannot transfer them to third parties unless expressly authorized in advance by **DGEG**.
 2. All information and data sent to **DGEG** by the **Concession Holder** will be kept confidential for the period of 5 (five) years after it has been received, or until extinction of the Concession Contract, if this should occur first.
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ARTICLE SEVENTEEN

(PAYMENTS TO THE STATE)

1. During the valid period of the Concession Contract, the **Concession Holder** agrees to make available to **DGEG**, annually, during the initial period of the concession (eight years, which may be extended twice for periods of one year), annual financing equal to 50,000 € (fifty thousand euros) in the first five years, and 75,000 € (seventy-five thousand euros) in the remaining years in the initial period of the concession, for:
 - a. Technology transfer programs, updates/training and promotional activities;
 - b. Acquisition and/or contracting of equipment / specialized technical means;
 - c. Preservation and treatment of technical data and information.
 2. During the valid period of the Concession Contract, the **Concession Holder** must transfer, every year for the period of five years, with priority given to the University of Lisbon and the University of Coimbra, the amount of 25,000 € (twenty-five thousand euros), for technology transfer programs, special studies and training.
 3. In the event of discovery, and once production is initiated, the **Concession Holder**, after recovering the costs for research and development of the oil field(s), and after discounting the operating costs for production, that is, when it attains a positive net result, must also pay the following to **DGEG** in a continuous manner:
 - 2% (two percent) of the value of the first 5 (five) million barrels of oil equivalent produced and effectively commercialized;
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- 5% (five percent) of the amount of production and commercialization of oil equivalent between 5 (five) and 10 (ten) million barrels;
 - 7% (seven percent) of the amount of the remaining barrels of oil equivalent produced and commercialized.
4. Within 30 (thirty) days after the end of each quarter, the **Concession Holder** will present all relevant information for calculating the amount it owes to **DGEG**, in accordance with what is established in number 2 above. This information must include production values, plus the costs of research, development, production and operation, the amounts obtained from sales of oil, and the taxes charged or to be charged. The **Concession Holder** will provide its estimate of what it should pay to **DGEG** in relation to the quarter in question. The **DGEG** will then issue an invoice of amounts owed, and it will notify the **Concession Holder** of this invoice. This amount must be paid within 30 (thirty) days following the date that invoice is received. Failure to pay this amount is a serious violation of the **Concession Holder's** contractual duties, assuming that if the **Concession Holder** does not agree with the amount of the invoice, after payment of the amount that is not contested it will have the right to submit the difference in dispute to an Arbitration Court, as per Article 22.
 5. The verification and collection of the amount stated in the previous number will have as reference the conversions internationally accepted by the oil industry, which are 1 boe (barrel of oil equivalent) = 6000 cubic feet of gas = 1 barrel of liquid oil.
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CHAPTER IV

INSPECTION AND GUARANTEES

ARTICLE EIGHTEEN

(INSPECTION)

1. The activities that comprise the concession are subject to inspection by the **DGEG**, without prejudice to inspections by other competent entities, namely those that comprise the Maritime Authority System.
2. The **Concession Holder** may not impede or make access to the concession area difficult for the purposes established in the previous number, and it must place adequate means at the disposal of the inspection entities so that they can perform their functions.
3. The **Concession Holder** must provide all books and registries with respect to the establishment and the activities allowed in the concession that **DGEG** considers necessary for inspections, and it must provide clarifications that are requested of it.
4. If the **Concession Holder** has not followed instructions issued by the **DGEG** within the scope of its inspection powers, then the **Concession Holder** must correct the situation, directly or through third parties, and all corresponding costs will be paid by the **Concession Holder**.

ARTICLE NINETEEN

(INSPECTIONS)

All expenses resulting from extraordinary inspections are to be paid by the **Concession Holder**, namely those due to complaints from third parties, as long as the existence of irregularities is found that can be attributed to it.

ARTICLE TWENTY

(BONDS)

1. As a guarantee of good and complete compliance with the obligations arising from the Concession Contract, including the payment of fines and indemnity for losses caused to the State or to third parties within the scope of those obligations, the **Concession Holder** will provide a bond in favor of **DGEG**, according to the terms established in the following numbers. During the production period, no bonds whatsoever will be provided.
 2. Bonds will be provided by means of a bank deposit to the order of **DGEG**, of an autonomous bank guarantee payable upon the first request or of an insurance bond with a clause regarding payment upon the first request, whatever the case understanding that the payment, to which there can be no exceptions, must be made as soon as requested in writing by **DGEG**, and without the need for documental or any other type of justification.
 3. Pursuant to the terms of Article 74 of DL 109/94, the bonds will be provided annually, simultaneously with presentation of the annual work plans for prospection and research, during the initial period, and its amount will be equal to 50% (fifty percent) of the value of the budgeted work included in the respective annual plans, to which Article 31 of DL 109/94 refers.
 4. The bonds end once the respective valid period has passed, except those that must be renewed or replaced, which will remain in force as long as the corresponding renewal or substitution with a new bond has not been issued.
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ARTICLE TWENTY-ONE

(FORCE MAJEURE)

1. Breach or delay in compliance with any obligation by the **Concession Holder**, in whole or in part, will be considered justifiable if, and only to the extent that such breach or delay is caused, due to reasons of *Force Majeure*. The period of time of that breach or delay, together with the period necessary for repair of any damage caused during such delay, must be added to the period established in this Concession Contract for compliance with such obligations and for the execution of any obligation dependent upon it and, consequently, added to the period of this Concession Contract.
 2. For the purposes of this Concession Contract, "*Force Majeure*" means any event or circumstance considered, according to criteria of reasonability, outside of the control of any of the parties, which impedes or delays compliance with the obligations established in this Concession Contract and which, despite taking adequate measures, such party is not able to avoid, including but not limited to, acts of war, acts of terrorism, uprisings, rebellions or civil disturbances, earthquakes, storms or other natural disasters, explosions, fires or expropriations, nationalizations, requisitions or other interference from governmental authorities, and even national or regional strikes or labor conflicts (whether official or not).
 3. The party that invokes *Force Majeure* must communicate this with the other party within a reasonable period of time after the occurrence of the facts on which it is based, and it must keep the other party informed regarding all significant developments. This communication must be reasonably detailed regarding all reasons of *Force Majeure* and it must include a projection of the time that will probably be necessary for that party to be able to overcome the causes of *Force Majeure*.
 4. If the causes of *Force Majeure* continue for more than fifteen (15) consecutive days, the Parties will meet immediately to go over the situation and to agree to the measures to be
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taken for removal of the cause of *Force Majeure*, and to re-establish compliance with the obligations established in this Concession Contract in accordance with legal provisions.

5. If the case of *Force Majeure* were to occur during the initial period of prospection and research, or during any of its extensions, and its impacts continue for a period of six (6) consecutive months, the **Concession Holder** may, within the scope of what is stated in Article 60(e) of DL 109/94, request **DGEG** ninety (90) days in advance of the expiration of this Concession Contract, for a founded demonstration of the impossibility of complying with its obligations. **DGEG** will assess the claim of the **Concession Holder** and will provide its opinion, submitting the process to the decision of the Minister, who will determine the expiration of the Concession Contract or its review, with the agreement of the **Concession Holder**, in order to ensure the conditions of fulfillment of the work.

CHAPTER V

TRANSFER OF RIGHTS AND RESPONSIBILITIES OF THE CONCESSION HOLDER

ARTICLE TWENTY-TWO

(ASSOCIATION WITH THIRD PARTIES AND TRANSFER OF POSITION)

1. The **Concession Holder** may not associate with third parties in a system of non-corporate participation of interests, nor may it transfer its position as **Concession Holder** to third parties without prior authorization from the responsible Minister, pursuant to the terms established in Article 77 of DL 109/94. While an Affiliate cannot be considered a third party, any transfer of position in favor of an Affiliate will be subject to the same procedures, therefore approval cannot be denied if there are no reasons that do not comply with reasonability criteria.
-

If the **DGEG** does not issue a statement within 30 days, transfer to the Affiliate will be considered as having been approved.

2. For the purposes of the previous number, transfer of the position of **Concession Holder** is equivalent to transfer to third parties of the respective quotas or shares that represent more than 50% (fifty percent) of the corporate capital.

CHAPTER VI

CONTRACTUAL DISPUTES, NOTIFICATIONS

ARTICLE TWENTY-THREE

FORUM

Differences will be resolved according to Portuguese law, by an arbitration court, in accordance with Article 80 of DL 109/94, which will function according to the terms of Law No. 31/86 of August 29, 1986, and of the Arbitration Clause, now also entered into and whose terms are established in Annex III of this Contract.

ARTICLE TWENTY-FOUR

(NOTIFICATIONS)

1. All notifications, communications and other correspondence related to performance of this Concession Contract will be sent to the **Petrobras / Galp / Partex Consortium** and to the permanent representative in Portugal of the Head of the Consortium, whose address is Avenida Eng. Duarte Pacheco, Torre 2, 16°, 1070-274, Lisbon, with copies to Petrobras International Braspetro B.V. and Petróleo Brasileiro S.A. — Petrobras, whose addresses are, respectively, Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands, and Avenida República do Chile, 500, 30° Piso, Centro, Rio de Janeiro, Brazil.
-

2. In the event of a change in address, the Head of the Consortium will communicate the new address to be used for these purposes to **DGEG** in writing 30 (thirty) days in advance.
3. Except what is provided in the previous paragraph, notifications related to modification of this Concession Contract, or its termination according to the terms of Articles 61 and 64 of DL 109/94, which will also be sent to the permanent representative in Portugal of the members who are not the Head of the Consortium and whose addresses are the following: **Petróleos de Portugal — Petrogal, S.A.**, Edifício Galp, Rua Tomás da Fonseca, Torre C, 1600-209 Lisbon, and **Partex Oil and Gas (Holdings) Corporation** — Rua Ivone Silva, No. 6, 1º andar, 1050-124, Lisbon. In the event of a change in address, that which is stated in the previous number will apply.
4. The **Concession Holder** is considered to have been notified on the third business day following the date of postal registration sent in accordance with the terms established in the previous numbers.
5. The assumption established in the previous number may be refuted by the notified party when the fact of receipt of the notification occurs on a date subsequent to the assumed date, for reasons not attributable to it.

Two true and correct copies of this Concession Contract are prepared, comprised of pages numbered from one to twenty-four, and by four Annexes, with Annexes I and II comprised of one sheet of paper with one page each, and Annexes III and IV of one sheet with two pages, all initialed by the participating parties — grantors, witnesses and public servant, with the exception of the page that contains the respective signatures, with one copy of the contract and its Annexes remaining in the files of the General Division of Energy and Geology.

All witnesses were present, Mr. Miguel Barreto Caldeira Antunes and Mr. Carlos Augusto Amaro Caxaria, respectively the Director General and Assistant Director General of Energy and Geology, who sign along with the granting parties, after having been read out loud by me, Maria Cristina Vieira Lourenço, which I also sign, and in the presence of all of the participating parties I attest to acceptance by the granting parties of this Concession Contract.

This Contract is stamped according to Law 150/99 of September 11, 1999.

First Granting Party:

/s/ Manuel António Gomes de Almeida de Pinho

Second Granting Parties:

/s/ Nestor Cunat Cerveró

/s/ Manuel Ferreira de Oliveira

/s/ Fernando Manuel dos Santos Gomes

/s/ António José da Costa Silva

Witnesses:

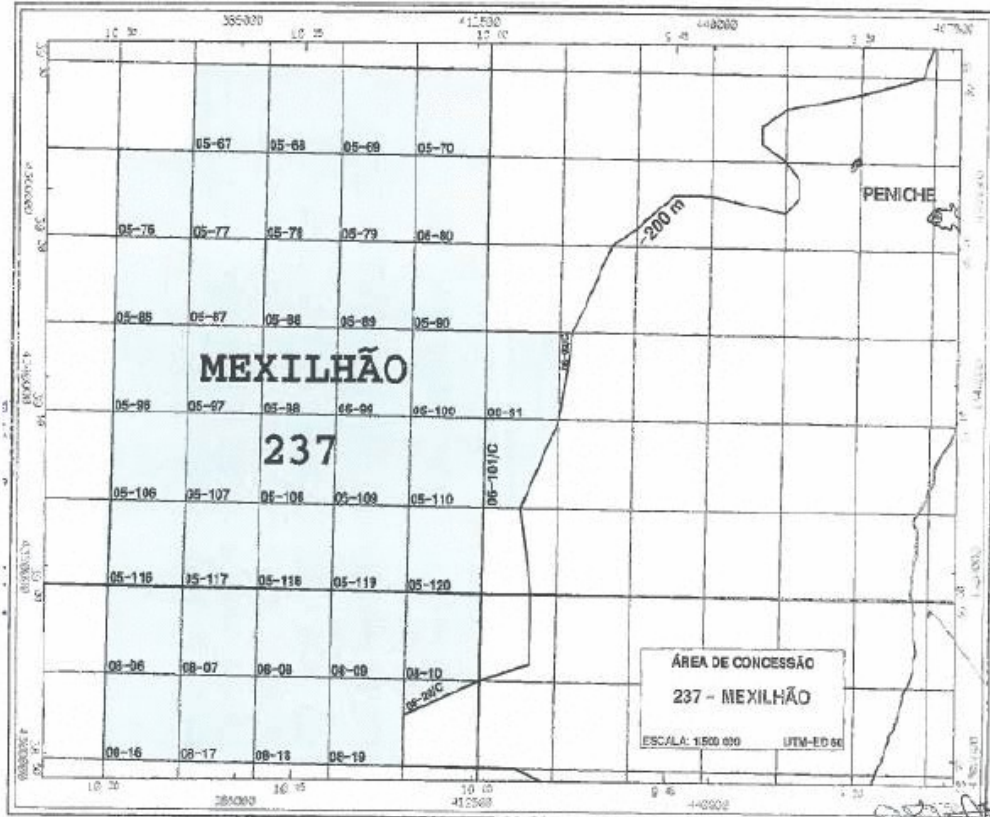
/s/ Miguel Barreto Caldeira Antunes

/s/ Carlos Augusto Amaro Caxaria

Public Official:

/s/ Maria Cristina Vieira Lourenço

MINISTRY OF THE ECONOMY AND OF INNOVATION
PETROBRAS / GALP / PARTEX CONSORTIUM



CONCESSION AREA
237 — “Mexilhão”
SCALE: 1/500,000 UTM-ED 50

MINISTRY OF THE ECONOMY AND OF INNOVATION
 PETROBRAS / GALP / PARTEX CONSORTIUM
 AREA OF CONCESSION NO. 237 — “MEXILHÃO”

LOTS Numbers	AREAS Km ²	LIMITS			
		N Deg. Min.	S Deg. Min.	E Deg. Min.	W Deg. Min.
05-67	79,6331	39 30	39 25	10 18	10 24
05-68	79,6331	39 30	39 25	10 12	10 18
05-69	79,6331	39 30	39 25	10 06	10 12
05-70	79,6331	39 30	39 25	10 00	10 06
05-76	79,7268	39 25	39 20	10 24	10 30
05-77	79,7268	39 25	39 20	10 18	10 24
05-78	79,7268	39 25	39 20	10 12	10 18
05-79	79,7268	39 25	39 20	10 06	10 12
05-80	79,7268	39 25	39 20	10 00	10 06
05-86	79,8204	39 20	39 15	10 24	10 30
05-87	79,8204	39 20	39 15	10 18	10 24
05-88	79,8204	39 20	39 15	10 12	10 18
05-89	79,8204	39 20	39 15	10 06	10 12
05-90	79,8204	39 20	39 15	10 00	10 06
05-96	79,9137	39 15	39 10	10 24	10 30
05-97	79,9137	39 15	39 10	10 18	10 24
05-98	79,9137	39 15	39 10	10 12	10 18
05-99	79,9137	39 15	39 10	10 06	10 12
05-100	79,9137	39 15	39 10	10 00	10 06
05-106	80,0069	39 10	39 05	10 24	10 30
05-107	80,0069	39 10	39 05	10 18	10 24
05-108	80,0069	39 10	39 05	10 12	10 18
05-109	80,0069	39 10	39 05	10 06	10 12
05-110	80,0069	39 10	39 05	10 00	10 06
05-116	80,1000	39 05	39 00	10 24	10 30
05-117	80,1000	39 05	39 00	10 18	10 24
05-118	80,1000	39 05	39 00	10 12	10 18
05-119	80,1000	39 05	39 00	10 06	10 12
05-120	80,1000	39 05	39 00	10 00	10 06
06-91	79,9137	39 15	39 10	9 54	10 00
06-92/C	6,6582	39 15	39 10	a)	9 54
06-101/C	60,0015	39 10	39 05	a)	10 00
08-06	80,1928	39 00	38 55	10 24	10 30
08-07	80,1928	39 00	38 55	10 18	10 24
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08-09	80,1928	39 00	38 55	10 06	10 12
08-10	80,1928	39 00	38 55	10 00	10 06
08-16	80,2855	38 55	38 50	10 24	10 30
08-17	80,2855	38 55	38 50	10 18	10 24
08-18	80,2855	38 55	38 50	10 12	10 18
08-19	80,2855	38 55	38 50	10 06	10 12
08-20/C	16,0504	38 55	a)	10 00	10 06
TOTAL	3201,1012				

(a) Polygon that defines the 200-meter deep water line in water, for the purposes of the single article of Decree Law No. 79/85 of March 26, 1985.

ANNEX III

ARBITRATION CLAUSE

The Arbitration Clause to which Article Twenty-Three of the Concession Contract for Rights to Prospection, Research, Development and Production of Oil refers, for an area known as “**MEXILHÃO**”, is governed by the following clauses:

ONE

The Arbitration Court will be comprised of 3 (three) arbitrators. Each party must appoint 1 (one) arbitrator, and the 3rd (third) arbitrator will perform the functions of President, and will be chosen by the arbitrators appointed by the parties within the period of 15 (fifteen) days. In the absence of an agreement, the 3rd (third) arbitrator will be indicated by the President of the Court of Appeals of Lisbon. For the purposes of this Arbitration Convention, the parties are understood to be the Portuguese State, on one side, and the Petrobras / Galp / Partex Consortium on the other.

TWO

The arbitrators must agree to the rules of the arbitration process, and also to the location of installation or the seat of the court, which will function in Lisbon, using the rules of the International Chamber of Commerce in force at that time for the arbitration proceeding.

THREE

The period for a decision from the Arbitration Court will be 6 (six) months from the date of appointment of the last arbitrator.

FOUR

The Arbitration Court will rule according to fairness and its decisions are final and enforceable, and no type of appeal to those decisions is allowed.

FIVE

The Arbitration Court may, if it so understands and is requested by any of the parties, to decree precautionary measures or measures to conserve rights, with respect to the adversary principle.

SIX

Filing a request for arbitration will have a suspensive effect, except in relation to payments of any type, by force of law or the Concession Contract.

SEVEN

Each party will pay all remuneration and fees of the arbitrator that they name.

EIGHT

The remuneration and fees of the 3rd (third) arbitrator will be paid in full by the losing party, or if both parties lose, that remuneration and those fees will be shared by them, with each party paying half.

ANNEX IV

SPECIAL CONDITIONS WITH RESPECT TO THE “CAMARÃO”, “AMÊLJOA”, “OSTRA” AND “MEXILHÃO” CONTRACTS

The 4 (four) concessions are considered to be a global research project, therefore allowing the following:

1. Minimal mandatory work:
 - a. The reprocessing of up to a maximum of 250 km of 2D seismic of the 500 km projected so that each concession area is eventually transferred from one to another or other areas, when technically justified;
 - b. The acquisition of up to a maximum of 500 km of 2D seismic lines (or 125 km² 3D seismic) of the 1000 km 2D (or 250 km² 3D) projected so that each concession area is eventually moved from one to another or other areas, when technically justified;
 - c. Delays in complying with the obligations for seismic acquisition and/or drilling in some of the concessions are allowed when duly justified by technical and/or logistical reasons (lack of availability of drills, ships and/or equipment), and the contracting process having the adequate means initiated in a timely manner by the **Concession Holder**. The process of contracting adequate means will be considered as having been initiated in a timely manner by the **Concession Holder** when it shows, by any means, that it began the preparation work for selection of drills, ships or adequate equipment, as per the program defined in Article 2(1) of this Contract;
 - d. If, due to the reasons listed in the previous point, once they are approved and accepted, there is a delay in finalization of execution of the seismic campaign during the third year, or in the realization of drilling in any concession, the **Concession Holder** may, as of the fourth year, exercise the waiver right (“drill or drop”) established in sections (a) and (b) of Article 63(1) of Decree Law No. 109/94.
 - e. Location of the mandatory drill corresponding to the 8th (eighth) year of effectiveness of the concession contracts may equally be transferred from one area to another concession area, if technically justified;
-

2. Relinquishment of areas:

Relinquishment at the end of the 5th (fifth) year of at least 50% (fifty percent) of the area of the concession may be distributed in an unequal manner among the 4 (four) concessions, to be proposed and subject to authorization, thus the relinquishment of at least 25% (twenty-five percent) of the concession area is therefore mandatory per concession.

ENVIRONMENT, TERRITORIAL PLANNING

AND ENERGY STATE DEPARTMENT

ADDENDUM TO THE CONTRACT ENTERED INTO BETWEEN THE PORTUGUESE STATE AND PETROBRAS INTERNATIONAL BRASPETRO BV, PETRÓLEOS DE PORTUGAL — PETROGAL, S.A. AND PARTEX OIL AND GAS (HOLDINGS) CORPORATION, IN CONSORTIUM, FOR THE GRANTING OF RIGHTS OF EXPLORATION (PROSPECTION AND RESEARCH), DEVELOPMENT AND PRODUCTION OF OIL, AT THE AREA DESIGNATED AS “MEXILHÃO”

On the 12th day of March 2015, at 3 p.m., at the Energy Secretariat of State, in Lisbon, the following persons were present, Mr. Artur Trindade, Energy Secretary of State, as first contracting party and in representation of the Portuguese State (hereinafter called to as “**State**”), through a delegation of signature granted, issued by ordinance, in February 20, 2015, by the Environment, Territorial Planning and Energy Minister and, as second contracting parties, Mr. Mikel Erquiaga Aguirre, a Spanish citizen, acting on behalf of **REPSOL EXPLORACIÓN, S.A.**, a company set up under and regulated by Spanish law, with registered seat at Calle Méndez Álvaro, 44, 28045 Madrid, España, registered with the Commercial Registry Office of Madrid, Tax Payer Number A-28/138873, having the share capital of 24,617,080.20 Euro, with a branch in Portugal, at Avenida José Malhoa, 16, 1099-091, Lisboa and holder of tax payer number 980378419 (hereinafter called to as “**Repsol**”), Mr. Paul Anthony Dailly, a British citizen, acting on behalf of **KOSMOS ENERGY PORTUGAL**, a

company set up under and regulated by the Cayman Islands' law, with registered seat at P.O. Box32322, 4th floor, Century, Cricket Square, Elgin Avenue, George Town, Grand Cayman, KY1-1209, Cayman Islands, registered with the General Registry of the Cayman Islands, with the registration number 00289103, having a branch in Portugal, at Av. Engenheiro Duarte Pacheco, 7, 1070-100, Lisboa, Portugal and holder of tax payer number 980525829, having the share capital of one dollar of the United States of America and which parent company is Kosmos Energy Ltd., having the share capital of 2,366,123,000 dollars of the United States of America, as at the date of December 31, 2013, (hereinafter called to as "**Kosmos**"), Mr. Thore Ernst Kristiansen, a Norwegian citizen and Mr. Roland Max Muggli, a Swiss citizen, acting on behalf of **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, a public limited company, with registered seat at Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa, having the share capital of 516,750,000 Euro and holder of tax payer number 500697370 (hereinafter called to as "**Galp**"), Mr. Alfredo Coelho Ferreira dos Santos, a Portuguese citizen, acting on behalf of **PARTEX (IBERIA) S.A.**, a public limited company, with registered seat at Rua Ivone Silva no. 6, 1º andar, Edifício Arcis, 1050-124, Lisboa, having the share capital of 23,450,000 Euro and holder of tax payer number 507839188 (hereinafter called to as "**Partex**").

I did attest the identities, capacities and powers of representation, through the presentation of, respectively, Passport no. AAJ189596, issued in Spain, in May 21, 2014, Passport no. 707543868, issued in the United Kingdom, in May 25, 2010, Passport no. 29895932, issued in Norway, in June 28, 2013, Passport no. X2486490, issued in Switzerland, in December 27, 2012, Citizen Card no. 00975208, valid up to July 21, 2018, as well as the production of the proxies and certificates, which documents are filed with the Division for the Research and Exploitation of Oil, located at the Energy and Geology General Agency ("Direção Geral de Energia e Geologia") (hereinafter called to as "DGEG").

Before me, Isabel Maria Amaro Nico, Assistant General Secretary to the Environment, Territorial Planning and Energy State Department, acting as public officer, it was drafted this Addendum to the Concession Contract “Mexilhão”, which was entered into, in May 18, 2007, between the Portuguese State and Petrobras International Braspetro BV, Petróleos de Portugal — Petrogal, S.A. and Partex Oil and Gas (Holdings) Corporation (which contractual rights and obligations were transferred to its subsidiary Partex (Ibéria), S.A., effective as from November 9, 2009), in Consortium, which modifies the drafting of no. 1 of Article One, regarding the composition of the Concession Holder, Article Twenty Two, by introducing the definition of “Affiliate”, no. 1 and no. 3 of Article Twenty Four, regarding Notifications, communications and other correspondence related to the performance of this Contract as well as of Clause One of Annex III, regarding the parties to the Arbitration Convention.

SOLE ARTICLE

1. The Contracting Parties hereto agree, through this Addendum, following the partial assignment of the contractual rights and obligations of Repsol Exploración S.A. to Kosmos Energy Portugal, that corresponds to the assignment of a participating interest of thirty one per cent (31%), that Article One, no. 1, Article Twenty Two, Article Twenty Four, no. 1 and no. 3 and Annex III, Clause One, of the Concession Contract of Oil Exploration (Prospection and Research), Development and Production Rights, at area no. 237 — called to as “Mexilhão”, as modified by the Addendums dated of February 18, 2010, April 22, 2010, September 13, 2012 and July 17, 2013, be amended, which is made pursuant to the following terms:

1.1 The Concession Holder’s composition is modified and no. 1 of Article One shall read as follows:

“ARTICLE ONE

(CONCESSION)

1. Pursuant to Decree-Law no. 109/94 of April 26 (hereinafter called to as DL 109/94), it is granted to the companies Repsol, Kosmos, Galp and Partex, in consortium (hereinafter called to as “**Repsol/Kosmos/Galp/Partex Consortium**” or “**Concession Holder**”), a concession for the performance of the activities of exploration (prospection and research), development and production of oil at the Portuguese continental shelf, beyond the polygonal of 200 m in depth of water, at the area no. 237, called to as “**Mexilhão**”, which deployment is described in the attached map (Annex I), composed of 1 (one) block of 42 (forty two) lots, which description is also included in an annex (Annex II).”

(...)

1.2 It is added a number to Article Twenty Two, as agreed between the parties:

ARTICLE TWENTY TWO

(ASSOCIATION WITH THIRD PARTIES AND ASSIGNMENT OF CONTRACTUAL RIGHTS AND OBLIGATIONS)

(...)

3. For the purposes of this Concession Contract, “Affiliated” or “Affiliated Company” shall mean, in relation to any entity forming part of the **Concession Holder**, any parent company that controls, directly or indirectly, that entity or any company which is directly controlled by that entity or any company which is directly or indirectly controlled by the parent company. For the purposes of clarification:

- a company is directly controlled by other company or companies when this(these) holds (hold) shares or other form of participating interests bearing a right, in total, to more than fifty per cent (50%) of the votes in general meetings;
- a company is indirectly controlled by other company or companies (“company or parent companies) when, within a series of companies ordered by size, starting by the company or parent companies and finishing in the company at stake, each company, with the exception of the parent company, is directly controlled by one or more companies occupying a prior position in that series.

1.2 No. 1 and no. 3 of Article Twenty Four shall read as follows, as agreed between the Contracting Parties:

“ARTICLE TWENTY FOUR

(NOTIFICATIONS)

1. All notifications, communications and further correspondence related to the performance of this Concession Contract shall be addressed to the **Repsol/Kosmos/Galp/Partex Consortium** and sent to the permanent representation office, in Portugal, of the Consortium Chief, whose address is the following:

Repsol Exploración, S.A. — Sucursal em Portugal

Avenida José Malhoa, 16

1099-091, Lisbon, Portugal

To the attention of: Country Manager

(...)

3. Those notifications related to the modification of this Concession Contract are exempted from the provision contained in the former paragraph, as well as those related to its termination under articles 61 and 64 of DL 109/94, which shall also be sent to the permanent representation office of the members other than the consortium chief and which addresses are the following: **KOSMOS ENERGY PORTUGAL**, Av. Engenheiro Duarte Pacheco, 7, 1070-100, Lisboa, **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, Edifício Galp, Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa; and **PARTEX (IBERIA) S.A.**, Rua Ivone Silva n.º 6, 1.º andar, Edifício Arcis, 1050-124, Lisboa. In case of change of addresses, the provision contained in the former number herein shall apply.”

1.3. Clause One of Annex III, regarding the parties to the Arbitration Clause, shall read as follows:

“ANNEX III

ARBITRATION CLAUSE

FIRST

The Arbitration Tribunal shall be composed of 3 (three) arbitrators, being agreed that each party shall appoint 1 (one) arbitrator and the 3rd (third) one shall be the President, who shall be appointed by the arbitrators elected by the parties, within the term of 15 (fifteen) days. In case no agreement is reached regarding the 3rd (third) arbitrator, this one shall be appointed by the president of the Lisbon Second Instance Court (“Tribunal da Relação de Lisboa”). For the purposes of this Arbitration Clause, “parties” mean the Portuguese State, on one side and Repsol/Kosmos/Galp/Partex Consortium, on the other.”

(...)

This Addendum is drafted in two duplicates, is composed of pages numbered from 1 to 8, all pages being initialized by the participants — contracting parties and public officer, except the two last pages of the Addendum, since they bear the respective signatures, being one of the duplicates filed with the Energy and Geology General Agency (“Direção Geral de Energia e Geologia”).

After having been read aloud by myself, Isabel Maria Amaro Nico, I shall appose my signature to this Addendum, acting in the capacity of Public Officer and, therefore, in the presence of all participants, I attest the acceptance of this Addendum by all the contracting parties.

First Contracting Party

/s/ Artur Trindade

Second Contracting Parties

/s/ Mikel Erquiaga Aguirre

/s/ Paul Anthony Dailly

/s/ Thore Ernst Kristiansen

/s/ Roland Max Muggli

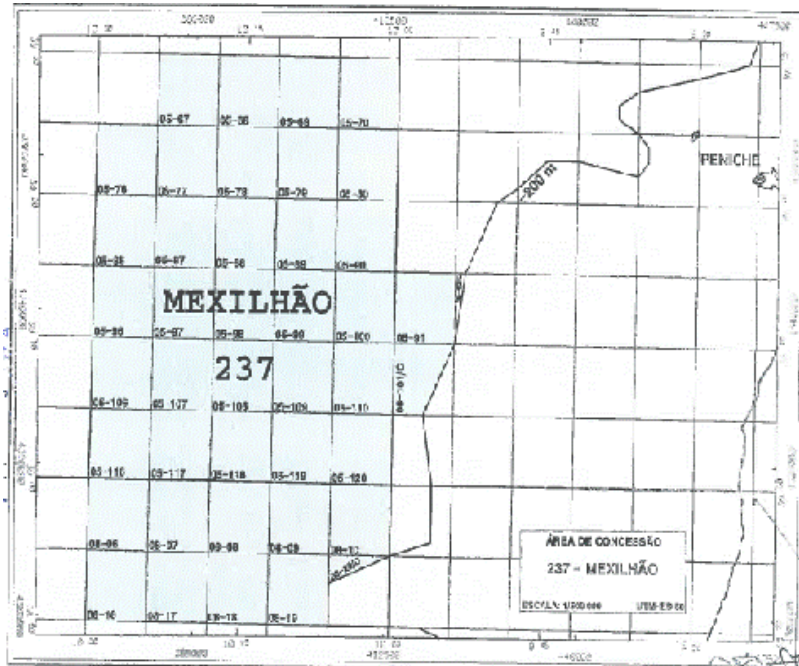
/s/ Alfredo Coelho Ferreira dos Santos

Public Officer

/s/ Isabel Maria Amaro Nico



ENVIRONMENT, TERRITORIAL PLANNING
AND ENERGY STATE DEPARTMENT
REPSOL / KOSMOS/ GALP / PARTEX CONSORTIUM



ENVIRONMENT, TERRITORIAL PLANNING
AND ENERGY STATE DEPARTMENT

DEEP OFFSHORE AREA

REPSOL / KOSMOS/ GALP / PARTEX CONSORTIUM
AREA OF CONCESSION NO. 237 — MEXILHÃO

LOTS Numbers	AREAS Km ²	LIMITS			
		N Deg. Min.	S Deg. Min.	E Deg. Min.	W Deg. Min.
05-67	79,6331	39 30	39 25	10 18	10 24
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05-77	79,7268	39 25	39 20	10 18	10 24
05-78	79,7268	39 25	39 20	10 12	10 18
05-79	79,7268	39 25	39 20	10 06	10 12
05-80	79,7268	39 25	39 20	10 00	10 06
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08-09	80,1928	39 00	38 55	10 06	10 12
08-10	80,1928	39 00	38 55	10 00	10 06
08-16	80,2855	38 55	38 50	10 24	10 30
08-17	80,2855	38 55	38 50	10 18	10 24
08-18	80,2855	38 55	38 50	10 12	10 18
08-19	80,2855	38 55	38 50	10 06	10 12
08-20/C	18,0504	38 55	a)	10 00	10 06
TOTAL	3201,1012				

a) Polygon that defines the 200-meter deep water line in water, for the purposes of the single article of Decree Law No. 79/85 of March 26, 1985

ENVIRONMENT, TERRITORIAL PLANNING

AND ENERGY STATE DEPARTMENT

ADDENDUM TO THE CONTRACT ENTERED INTO BETWEEN THE PORTUGUESE STATE AND PETROBRAS INTERNATIONAL BRASPETRO BV, PETRÓLEOS DE PORTUGAL — PETROGAL, S.A. AND PARTEX OIL AND GAS (HOLDINGS) CORPORATION, IN CONSORTIUM, FOR THE GRANTING OF RIGHTS OF EXPLORATION (PROSPECTION AND RESEARCH), DEVELOPMENT AND PRODUCTION OF OIL, AT THE AREA DESIGNATED AS “MEXILHÃO”

On the 12th day of March 2015, at 3.30 p.m., at the Energy Secretariat of State, in Lisbon, the following persons were present, Mr. Artur Trindade, Energy Secretary of State, as first contracting party and in representation of the Portuguese State (hereinafter called to as “**State**”), through a delegation of signature granted, issued by ordinance, in February 20, 2015, by the Environment, Territorial Planning and Energy Minister and, as second contracting parties, Mr. Mikel Erquiaga Aguirre, a Spanish citizen, acting on behalf of **REPSOL EXPLORACIÓN, S.A.**, a company set up under and regulated by Spanish law, with registered seat at Calle Méndez Álvaro, 44, 28045 Madrid, España, registered with the Commercial Registry Office of Madrid, Tax Payer Number A-28/138873, having the share capital of 24,617,080.20 Euro, with a branch in Portugal, at Avenida José Malhoa, 16, 1099-091, Lisboa and holder of tax payer number 980378419 (hereinafter called to as “**Repsol**”), Mr. Paul

Anthony Dailly, a British citizen, acting on behalf of **KOSMOS ENERGY PORTUGAL** (hereinafter called to as “**Kosmos**”), a company set up under and regulated by the Cayman Islands’ law, with registered seat at P.O. Box32322, 4th floor, Century, Cricket Square, Elgin Avenue, George Town, Grand Cayman, KY1-1209, Cayman Islands, registered with the General Registry of the Cayman Islands, with the registration number 00289103, having a branch in Portugal, at Av. Engenheiro Duarte Pacheco, 7, 1070-100, Lisboa, Portugal and holder of tax payer number 980525829, having the share capital of one dollar of the United States of America and which parent company is Kosmos Energy Ltd., having the share capital of 2,366,123,000 dollars of the United States of America, as at the date of December 31, 2013, Mr. Thore Ernst Kristiansen, a Norwegian citizen and Mr. Roland Max Mugli, a Swiss citizen, acting on behalf of **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, a public limited company, with registered seat at Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa, having the share capital of 516,750,000 Euro and holder of tax payer number 500697370 (hereinafter called to as “**Galp**”), Mr. Alfredo Coelho Ferreira dos Santos, a Portuguese citizen, acting on behalf of **PARTEX (IBERIA) S.A.**, a public limited company, with registered seat at Rua Ivone Silva n.º 6, 1.º andar, Edifício Arcis, 1050-124, Lisboa, having the share capital of 23,450,000 Euro and holder of tax payer number 507839188 (hereinafter called to as “**Partex**”).

I did attest the identities, capacities and powers of representation, through the presentation of, respectively, Passport no. AAJ189596, issued in Spain, in May 21, 2014, Passport no. 707543868, issued in the United Kingdom, in May 25, 2010, Passport no. 29895932, issued in Norway, in June 28, 2013, Passport no. X2486490, issued in Switzerland, in December 27, 2012, Citizen Card no. 00975208, valid up to July 21, 2018, as well as the production of the proxies and certificates, which documents are filed with the Division for the Research and

Exploitation of Oil, located at the Energy and Geology General Agency (“Direção Geral de Energia e Geologia”) (hereinafter called to as “DGEG”).

Before me, Isabel Maria Amaro Nico, Assistant General Secretary to the Environment, Territorial Planning and Energy State Department, acting as public officer, it was drafted this Addendum to the Concession Contract “Mexilhão”, which was entered into, in May 18, 2007, between the Portuguese State and Petrobras International Braspetro BV, (which contractual rights and obligations were transferred to Repsol, effective as from May 18, 2013, having Repsol transferred 31% of its contractual rights and obligations to Kosmos, through an Addendum to the Contract, signed in March 12, 2015), Petróleos de Portugal — Petrogal, S.A. and Partex Oil and Gas (Holdings) Corporation (which contractual rights and obligations were transferred to its subsidiary Partex (Ibéria), S.A., effective as from November 9, 2009), in Consortium, which modifies the drafting of no. 1 of Article Two, nos. 1 and 2 of Article Three, no. 1 of Article Eleven, as well as nos. 1 and 2 of Annex IV.

SOLE ARTICLE

1. The Contracting Parties hereto agree, through this Addendum, that it shall be amended Article Two, no. 1, regarding the minimum required works of exploration (prospection and research), Article Three, nos. 1 and 2, regarding the terms applicable to the mandatory relinquishment of areas, Article Eleven, no.1, regarding the duration of the initial term and Annex IV to the Concession Contract of Oil Exploration (Prospection and Research), Development and Production Rights, at area no. 237 — called to as “Mexilhão”, as modified by the Addendums dated of February 18, 2010, April 22, 2010, September 13, 2012, July 17, 2013 and March 12, 2015, which is made pursuant to the following terms:

Eleventh year: • Performance of a research drill if, pursuant to no. 1. f) of Annex IV to the concession contract, the site chosen is located at this concession area, with an estimated investment of US\$ 15,000,000.00 (fifteen million dollars of the United States of America).

- Twelfth year:**
- Geology and geophysics' studies.
 - Reinterpretation based on the new data obtained with the research drill performed in the previous year.
 - Preparation of a research drill

Thirteenth year: Performance of a research drill with an estimated investment of US\$ 15,000,000.00 (fifteen million dollars of the United States of America), pursuant to what is provided for in no. 1, item g) of Annex IV to this Concession Contract.

- First year of extension:**
- Geology and geophysics' studies.
 - Reinterpretation based on the new data obtained with the research drill performed in the previous year.
 - Preparation of a research drill

Second year of extension: Performance of a research drill with an estimated investment of US\$ 15,000,000.00 (fifteen million dollars of the United States of America), pursuant to what is provided for in no. 1, item g) of Annex IV to this Concession Contract.”

1.2 The Contracting Parties further agree to modify nos. 1 and 2 of Article Three, which shall read as follows:

“ARTICLE THREE

(MANDATORY RELINQUISHMENT OF AREAS)

1. Without prejudice to the waiver right (“drill or drop”) provided for in article 63 of DL 109/94, the **Concession Holder** shall relinquish, at least, 50% (fifty percent) of the granted area, at the end of the 12th (twelfth) year of the initial term, as per item b), no. 2 of article 84 of DL 109/94 but it can, still, relinquish an inferior amount, as per item c) of no. 2 of that same article and as defined in no. 2 of Annex IV.

2. At the end of the 2nd (second) year of extension of the initial term, the **Concession Holder** shall relinquish, at least, 50 (fifty) percent of the contractual area in force at the time.

1.3 No. 1 of Article Eleven shall read as follows:

“ARTICLE ELEVEN

(CONCESSION TERMS)

1. The term of the initial period of concession is of 13 (thirteen) years, counting as from the date of entering into of this contract, pursuant to item b), no. 2 of article 84 of DL 109/94, being understood that it may be extended, twice, for periods of 1 (one) year, as per nos. 4 and 5 of article 35 of DL 109/94, without prejudice to the waiver right (“drill or drop”), of the **Concession Holder**, as per article 63 of that same statute.

(...)

1.4. Annex IV shall read as follows, having been deleted item h) of no.1:

“ANNEX IV

SPECIAL CONDITIONS APPLICABLE TO “CAMARÃO”, “AMEIJOA”, “OSTRA” AND “MEXILHÃO”

The 4 (four) concessions are considered as a global research project and, therefore, it is understood that:

1. Minimum required works:

(...)

d) the **Concession Holder** may exercise its waiver right (“drill or drop”), as from the end of the tenth year, included, as provided for in items a) and b) of no. 1 of article 63 of Decree-Law no. 109/94;

(...)

f) The performance of a research drill in the 11th (eleventh) year of the initial period, in the aggregate of the four concession areas, having the **Concession Holder** the right to choose its location;

g) The performance of research drills, as provided for the thirteenth and second year of extension of the concessions’ initial period, as per Article Two of this contract, as well as in the Concessions Contracts for the areas “Camarão”, “Amêijoa” and “Ostra”, of a drill for each Concession Area, can be reduced up to one research drill for the whole group of Areas of the Peniche Bay, in each one of the referred years, if technical and economical reasons determine

/s/ Thore Ernst Kristiansen

/s/ Roland Max Muggli

/s/ Alfredo Coelho Ferreira dos Santos

Public Officer

/s/ Isabel Maria Amaro Nico



MINISTRY OF THE ECONOMY AND OF INNOVATION

CONTRACT BY AND BETWEEN THE PORTUGUESE STATE AND PETROBRAS INTERNATIONAL BRASPETRO BV, PETRÓLEOS DE PORTUGAL — PETROGAL, S.A., AND PARTEX OIL AND GAS (HOLDINGS) CORPORATION, IN A CONSORTIUM, FOR THE GRANTING OF RIGHTS OF EXPLORATION (PROSPECTION AND RESEARCH), DEVELOPMENT AND PRODUCTION OF OIL IN THE AREA KNOWN AS “OSTRA”

On the 18th day of the month of May 2007, at eleven thirty in the morning, at Torre de Belém, in Lisboa, with the Minister of the Economy and of Innovation present, Mr. Manuel António Gomes de Almeida de Pinho, as the first grantor and representative of the Portuguese State (hereinafter the “State”), and, as the second grantors, Mr. Nestor Cuñat Cerveró, married, Brazilian, residing at Rua Garcia d’Ávila, 25 — apartment 1202, Ipanema, Rio de Janeiro, Brazil, representing **PETROBRAS INTERNATIONAL BRASPETRO BV**, a corporation formed and existing pursuant to the laws of the Netherlands, with its main offices at Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands, with Corporate Identification Number 24339383, and with corporate capital of 5,000,000 euros, with permanent representation in Portugal at Avenida Eng. Duarte Pacheco, Torre 2, 16 Andar, 1070-274, Lisboa, and corporate identification number 980367263 (hereinafter “**Petrobras**”), Mr. Manuel Ferreira de Oliveira, married, Portuguese, residing in Aldoar, Porto, and Mr. Fernando Manuel dos Santos Gomes, divorced, Portuguese, residing in Lordelo do Ouro,

Porto, representing **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, a corporation with its main offices at Rua Tomás da Fonseca, Torre C, 1600-209, Lisboa, registered in the Commercial Registry of Lisbon under number 00523 — 4th Section, with corporate capital of 516,750,000 euros, and corporate identification number 500697370 (hereinafter “**Galp**”), and Mr. António José da Costa Silva, married, Portuguese, residing at Rua Passos Manuel, 24 — 2.º andar, 1150-260 Lisboa, representing **PARTEX OIL AND GAS (HOLDINGS) CORPORATION**, a corporation (wholly owned by Fundação Calouste Gulbenkian), formed and existing under the laws of the Cayman Islands, with its main offices at Walker House, P.O. Box 265 GT, in George Town, Grand Cayman, and an office at Pflugstrasse 20, Postfach 473, FL 9490 Vaduz, Lichtenstein, recorded in the Commercial Registry of the Cayman Islands under number WK80617, with corporate capital of US\$ 50,000 and corporate identification number 980272173, represented in Portugal through its subsidiary **HIDREXPAND, S.A.** located at Rua Ivone Silva, no. 6, 1º andar, 1050-124, Lisboa, and corporate identification number 507839188 (hereinafter “**Partex.**”).

I have verified the identities, capacities and powers of representation, respectively, through presentation of Passport No. CO 822896 issued on September 14, 2004, by SR/DPF/RJ — Immigration Police Division — NUPAS Passport Center, Rio de Janeiro; from Identification Card No. 957625-8, issued on June 23, 2000, by Civil Identification Services of Porto; from Identification Card No. 1935266-2, issued on June 6, 2006, by Civil Identification Services of Porto; and by Identification Card No. 9692380 issued on June 22, 2004, by the Identification Division of Lisbon, and by presentation of the affidavits and certificates, which documents are archived in the Division for Oil Research and Exploration, in the General Division of Energy and Geology (hereinafter “**DGEG**”).

This contract was prepared before me, Maria Cristina Vieira Lourenço, an attorney acting as a public official, which contract will be governed by the following articles:

CHAPTER I

ACTIVITY PROVIDED IN CONCESSION

ARTICLE ONE

(CONCESSION)

1. Pursuant to the terms of Decree Law No. 109/94 of April 26 (hereinafter **DL 109/94**), the companies Petrobras, Galp and Partex, in a consortium (hereinafter designated as "**Petrobras Consortium / Galp / Partex**" or the "**Concession Holder**"), are awarded a concession to carry out the activities of prospection, research, development and production of oil on the Portuguese continental shelf, beyond the 200-meter deep water polygon in Area No. 238 — known as "**Ostra**", whose implantation is shown on the attached map (Annex I), including 1 (one) block of 39 (thirty nine) lots, whose description is also attached hereto (Annex II).
 2. The members of the consortium are jointly and severally liable for complying with the obligations arising under this Contract ("Concession Contract"), except in the cases in which, according to the terms of Portuguese tax legislation in force, that liability is individual.
 3. **Petrobras** is the operator for the **Concession Holder** ("Operator"). The appointment of a new Operator for all or any portion of the area, and at all times subject to this Concession Contract, must be authorized in advance by **DGEG**, which will assess the competence and technical capacity of the new Operator.
 4. The **Concession Holder** appoints the Operator to lead and carry out all operations and activities to be developed within the scope of this Concession Contract, to submit all work plans, projects, proposals and other communications to **DGEG**, and to receive all responses, requests, solicitations, proposals and any other communications from **DGEG**.
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5. The work to be performed within the scope of this Contract in areas subject to administrative rights-of-way, restrictions on public works, or any other limitations that are administrative in nature lack legal authorizations, licenses, approvals or favorable opinions from entities with jurisdiction in those areas, to the extent that the exercise of rights conferred by this Concession Contract is or might be prohibited, limited or even conditioned by the respective special legislation.
6. The authorizations, licenses, approvals or favorable opinions mentioned in the previous number must be obtained by the **Concession Holder**.

ARTICLE TWO

(PROSPECTION AND RESEARCH)

1. Without prejudice to what is established in Annex IV of this Contract, and the waiver right (“drill or drop”) to which refers article 63 of DL 109/94, during the initial period the **Concession Holder** will perform a minimum of the following prospection and research work:

- First year:**
- Purchase of 1500 km of speculative seismic, gravimetric data, information on wells and geochemistry, with an estimated investment of US\$ 750,000.00 (seven hundred and fifty thousand United States dollars).
 - Initiate nearly 500 km of seismic 2D, with an estimated investment of US\$ 125,00.00 (one hundred and twenty-five thousand United States dollars).
 - Seismic mapping and data integration.
 - Regional analysis and modeling of the basin.
 - Market prospection for seismic acquisition campaign.
- Second year:**
- Conclusion of reprocessing and geological and geophysical reintegration as a function of reprocessing data.
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- Start of preparation of seismic acquisition campaign.
 - Third year:**
 - Start of market prospection regarding the availability of drilling / ships / equipment for wells to be drilled as agreed for the fourth year.
 - Realization of 2D seismic campaign (1000 km) or 3D equivalent (250 km²), with an estimated investment of US\$ 1,000,000.00 (one million United States dollars).
 - Initiate processing and interpretation of data collected.
 - Fourth year:**
 - Conclusion of processing new seismic data collected and its interpretation.
 - Preparation and realization of a research drill, with an estimated investment of US\$ 15,000,000.00 (fifteen million United States dollars).
 - Fifth year:**
 - Geological and geophysical studies.
 - Reinterpretation of seismic lines based on new data obtained in the research drill done during the previous year.
 - Sixth year:**
 - Realization of research drill, with an estimated investment of US\$ 15,000,000.00 (fifteen million United States dollars).
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- Seventh year:**
- Geological and geophysical studies.
 - Reinterpretation of seismic lines based on new data obtained in the research drill done during the prior year.
 - Preparation of third research drill.

- Eighth year:**
- Realization of research drill with an estimated investment of US\$ 15,000,000.00 (fifteen million United States dollars).

2. Prospection and research work will be included in annual plans, duly broken down and budgeted, to be submitted for approval by **DGEG**, according to the terms of Articles 31 and 32 of DL 109/94.
3. The field work projects to which Articles 33 and 34 of DL 109/94 refer, which foresee the realization of drilling, must include the conditions of their eventual closure.
4. Any research work done in a certain year beyond the work projected as being mandatory for that year will be deducted from the work that must be done in following years.

ARTICLE THREE

(MANDATORY RELINQUISHMENT OF AREAS)

1. Without prejudice to the waiver right (“drill or drop”) to which refers Article 63 of DL 109/94, the **Concession Holder** must relinquish at least 50% (fifty percent) of the area of the concession at the end of the 5th (fifth) year of the initial period, under Article 84(2)(b) of DL 109/94.
 2. At the end of the 8th (eighth) year of the initial period, and in the event of a request for the extension mentioned in Article 35(4) of DL 109/94, the **Concession Holder** must relinquish at least 50% (fifty percent) of the area in force at that time.
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3. Relinquishment of areas must comply with numbers 3 to 6 of Article 36 of DL 109/94, taking into consideration subsections (b) and (c) of Article 84(2) of that same Decree Law and of Annex IV.

ARTICLE FOUR

(DEVELOPMENT AND PRODUCTION)

1. Within the scope of exploration (prospection and research activities), whenever the **Concession Holder** establishes the existence of an economically viable oil field, it must develop the respective preliminary demarcation and the general working plan for development and production, which must include the closing plan and the return of the area to its original or equivalent status, and the respective schedule for execution, submitting them to **DGEG** for discussion, according to the terms of Articles 37 to 39 of DL 109/94.
 2. The development and/or production work established for each year will be in the annual plans, duly broken down and budgeted for, to be submitted for discussion by **DGEG**, according to Articles 31, 32 and 40 of DL 109/94.
 3. Within the period of 5 (five) years from the approval date of each general development and production plan, according to the terms of Article 41 of DL 109/94, the **Concession Holder** must definitively demarcate the boundaries of the oil blocks in which the acknowledged oil fields are located.
 4. The period to which the previous number refers may be extended when it is shown to be technically justified, pursuant to Article 41(2) of DL 109/94.
 5. The commercial production of an oil field may only be initiated as of the date of approval of the respective general development and production plan.
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6. The **Concession Holder** must perform the work in a regular and continuous manner, employing good oil industry techniques and practices and rigorously observing the technical rules that might be established in the future.
7. Except in the special situations established in Article 72 of DL 109/94, the **Concession Holder** may freely make use of the oil it produces.
8. The conditions regarding oil development and production activities will be established in the general development and production plan to be agreed to by and between **DGEG and the Concession Holder** according to the terms of Articles 38 and 39 of DL 109/94.

ARTICLE FIVE

(REPORTS)

1. Every quarter the **Concession Holder** will send **DGEG** a report in triplicate summarizing the activities performed.
 2. Every year, the **Concession Holder** will send **DGEG** a technical report in triplicate on its activities, attaching a copy of all technical information produced during the period.
 3. At the end of the 3rd (third) year in the **initial period, and even up to 90** (ninety) days after exercising the waiver right (“drill or drop”) mentioned in Article 63 of DL 109/94, if applicable, the **Concession Holder** will present a complete report on assessment of the concession area.
 4. Whenever geophysical or drilling campaigns are done, the **Concession Holder** will provide **DGEG** with additional specialized reports, attaching all of the information produced in accordance with guidance to be provided in a timely manner by **DGEG**.
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ARTICLE SIX

(SAFETY AND HYGIENE OF PERSONNEL AND FACILITIES)

1. In the exercise of the activities awarded in concession, the **Concession Holder** must observe the general rules regarding the conditions of work-related safety, hygiene and health, as well as Community provisions in relation to protecting workers in extraction industries.
2. The **Concession Holder** must also present **DGEG** with the plans referred to in Article 70(2) of DL 109/94.

ARTICLE SEVEN

(PROTECTION OF THE ENVIRONMENT AND RECOVERY OF THE LANDSCAPE)

1. In the exercise of the activities awarded in concession, the **Concession Holder** must adopt, pursuant to the terms of Article 71 of DL 109/94, adequate measures to minimize the environmental impact, ensuring protection of the surrounding ecosystem and safeguarding cultural patrimony, in compliance with the legal norms in force in that regard, whatever their source.
2. Return, on any grounds whatsoever, in whole or in part, of the concession area will mean for the **Concession Holder**, the obligation to return the abandoned area, when applicable, to its original or equivalent status.

ARTICLE EIGHT

(INSURANCE)

1. The **Concession Holder** is obligated to purchase insurance policies and to keep them updated, which contracts are entered into with any renowned international insurance company, against the risks inherent to its activity, namely assuring coverage of damage arising from the **Concession Holder's** civil liability.
 2. Every year when the annual work plans are presented, the **Concession Holder** must prove the existence of insurance to **DGEG** by presenting a copy of the respective policy.
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3. According to the criteria of reasonability, **DGEG** has the authority to notify the **Concession Holder** regarding update of the contractual conditions of the insurance policy within a reasonable period of time.
4. Failure to comply with what is stated in numbers 1 and 2 of this article, as well as failure to comply with the obligation imposed by **DGEG** according to the terms of notification referred to in the previous number of this article, are serious violations of the **Concession Holder's** contractual duties, which justify termination of the Concession Contract.

ARTICLE NINE

(THE CONCESSION HOLDER'S CIVIL LIABILITY)

1. Pursuant to general legal terms, the **Concession Holder** is liable for negligence or risk for any damage caused to the State or to third parties that result from its activity.
2. The **Concession Holder** will also be liable for damage caused by the entities it has contracted, regardless of the terms under which the party causing the damage was contracted.

ARTICLE TEN

(RISK)

The **Concession Holder** assumes full liability for losses and damage and for other risks associated with the activity granted in concession, and the State will not have any liability or right or recourse against the **Concession Holder** by virtue of events that occur during the exercise of that same activity or in relation to that activity.

CHAPTER II

DURATION AND TERMINATION OF THE CONCESSION

ARTICLE ELEVEN

(PERIODS OF THE CONCESSION)

1. The period of the initial period of the concession is 8 (eight) years from the date this Contract is signed, which period may be extended twice for periods of 1 (one) year, pursuant to numbers 4 and 5 of Article 35 of DL 109/94, without prejudice to the waiver right ("drill or drop") by the **Concession Holder** as provided in Article 63 of the same legal document.
2. The period of production is 30 (thirty) years from the date of approval of the corresponding general development and production plan, pursuant to numbers 3 and 4 of Article 22, and Article 84(2)(b) of DL 109/94, which may be extended one or more times, up to a maximum of 15 (fifteen) years.
3. The production period may be extended under numbers 5 and 6 of Article 22 of DL 109/94, as long as the **Concession Holder** requests this up to 1 (one) year prior to the end of the period and as long as the considerations and other conditions offered as compensation for the requested extension are accepted by the State.

ARTICLE TWELVE

(TERMINATION OF THE CONTRACT)

This Contract may be terminated for any of the reasons listed in Article 59 of DL 109/94 and according to the terms of Articles 60 to 64 of that same document, without prejudice to what is stated in the following article.

ARTICLE THIRTEEN

(REVERSAL TO THE STATE)

1. With termination of the Contract for any of the reasons stated in Article 59 of DL 109/94, and according to the State's option, the equipment, instruments, work done, facilities and any other assets directly and permanently affected by the concession will revert at no charge to the State, in which case the State will assume the liability for eventual transfer,
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or those assets will remain the property of the **Concession Holder**, in which case their possible transfer will be the responsibility of the **Concession Holder**.

2. In the event that the **Concession Holder** does not request an extension pursuant to the terms of Article 11 of this Contract, or if it is not possible to reach an agreement as established in number 3 of that same Article 11, then the State must exercise the option referred to in the previous number, up to 6 (six) months prior to termination of the Contract, without prejudice to what is provided in the following numbers.
3. If the cause for termination of the Contract is rescission, the State must exercise the option mentioned in the previous number regarding the notification of rescission to the **Concession Holder**.
4. In the event of the end of the contract by agreement between the State and the **Concession Holder**, the **Concession Holder** must verify establishment of the option referred to in number 1 of this article.
5. If the State does not exercise the option referred to in the previous numbers within the time periods established therein, this will mean that it chose not to receive those assets.

CHAPTER III

SPECIAL OBLIGATIONS OF THE CONCESSION HOLDER

ARTICLE FOURTEEN

(FEES)

1. The **Concession Holder** will pay **DGEG** a fee for entering into the contract in the amount of 45,000 € (forty-five thousand euros).
 2. In the event of transfer of the contractual position to unaffiliated parties, when authorized, the **Concession Holder** will pay **DGEG** a fee in the amount of:
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- a. 15,000 € (fifteen thousand euros) if the transfer occurs in the first 3 (three) years of the initial period;
 - b. 30,000 € (thirty thousand euros) if the transfer occurs during the remaining years of the initial period, considering possible extensions to be covered;
 - c. 45,000 € (forty-five thousand euros) if the transfer occurs during the production period.
3. For the purposes of this Concession Contract, “Affiliate” means any company or individual that:
- a. Directly or indirectly controls a Party, or;
 - b. Is directly or indirectly controlled by that Party, or;
 - c. Is directly or indirectly controlled by a company or individual who directly or indirectly controls that Party.
- “To control” means to exercise the right to 50% (fifty percent) or more of the votes in the appointment of members of the Administration — or members of a similar body, as applicable — of that company or individual.
4. The rates referred to in this article will be paid and collected as provided for in Article 55 of DL 109/94.

ARTICLE FIFTEEN

(YIELD FROM AREA)

1. During the valid period of this Contract, the **Concession Holder** will pay the state an annual surface yield per square kilometer of the area held, to be determined as follows:
 - a. During the first 3 (three) years of the initial period, 15 € (fifteen euros) /km²;
 - b. During the remaining years in the initial period: 30 € (thirty euros) / km²;
 - c. During the 1st (first) year of extension of the initial period: 60 € (sixty euros) / km²;
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- d. During the 2nd (second) year of extension of the initial period: 80 € (eighty euros) /km²;
 - e. During the production period: 240 € (two hundred and forty euros / km²).
2. The amount of surface yield corresponding to the year of signature of this Contract will be calculated in proportion to the number of months remaining until the end of the same year.
 3. In the payment and collection of surface yields, Article 53 of DL 109/94 will be observed.

ARTICLE SIXTEEN

(CONFIDENTIALITY)

1. The **Concession Holder**, as well as the entities with which it cooperates, will keep all data or informational elements obtained throughout the course of their activities confidential, for the entire valid period of this Contract, and they cannot transfer them to third parties unless expressly authorized in advance by **DGEG**.
 2. All information and data sent to **DGEG** by the **Concession Holder** will be kept confidential for the period of 5 (five) years after it has been received, or until extinction of the Concession Contract, if this should occur first.
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ARTICLE SEVENTEEN

(PAYMENTS TO THE STATE)

1. During the valid period of the Concession Contract, the **Concession Holder** agrees to make available to **DGEG**, annually, during the initial period of the concession (eight years, which may be extended twice for periods of one year), annual financing equal to 50,000 € (fifty thousand euros) in the first five years, and 75,000 € (seventy-five thousand euros) in the remaining years in the initial period of the concession, for:
 - a. Technology transfer programs, updates/training and promotional activities;
 - b. Acquisition and/or contracting of equipment / specialized technical means;
 - c. Preservation and treatment of technical data and information.
 2. During the valid period of the Concession Contract, the **Concession Holder** must transfer, every year for the period of five years, with priority given to the University of Lisbon and the University of Coimbra, the amount of 25,000 € (twenty-five thousand euros), for technology transfer programs, special studies and training.
 3. In the event of discovery, and once production is initiated, the **Concession Holder**, after recovering the costs for research and development of the oil field(s), and after discounting the operating costs for production, that is, when it attains a positive net result, must also pay the following to **DGEG** in a continuous manner:
 - 2% (two percent) of the value of the first 5 (five) million barrels of oil equivalent produced and effectively commercialized;
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- 5% (five percent) of the amount of production and commercialization of oil equivalent between 5 (five) and 10 (ten) million barrels;
 - 7% (seven percent) of the amount of the remaining barrels of oil equivalent produced and commercialized.
4. Within 30 (thirty) days after the end of each quarter, the **Concession Holder** will present all relevant information for calculating the amount it owes to **DGEG**, in accordance with what is established in number 2 above. This information must include production values, plus the costs of research, development, production and operation, the amounts obtained from sales of oil, and the taxes charged or to be charged. The **Concession Holder** will provide its estimate of what it should pay to **DGEG** in relation to the quarter in question. The **DGEG** will then issue an invoice of amounts owed, and it will notify the **Concession Holder** of this invoice. This amount must be paid within 30 (thirty) days following the date that invoice is received. Failure to pay this amount is a serious violation of the **Concession Holder's** contractual duties, assuming that if the **Concession Holder** does not agree with the amount of the invoice, after payment of the amount that is not contested it will have the right to submit the difference in dispute to an Arbitration Court, as per Article 22.
 5. The verification and collection of the amount stated in the previous number will have as reference the conversions internationally accepted by the oil industry, which are 1 boe (barrel of oil equivalent) = 6000 cubic feet of gas = 1 barrel of liquid oil.
-

CHAPTER IV

INSPECTION AND GUARANTEES

ARTICLE EIGHTEEN

(INSPECTION)

1. The activities that comprise the concession are subject to inspection by the **DGEG**, without prejudice to inspections by other competent entities, namely those that comprise the Maritime Authority System.
2. The **Concession Holder** may not impede or make access to the concession area difficult for the purposes established in the previous number, and it must place adequate means at the disposal of the inspection entities so that they can perform their functions.
3. The **Concession Holder** must provide all books and registries with respect to the establishment and the activities allowed in the concession that **DGEG** considers necessary for inspections, and it must provide clarifications that are requested of it.
4. If the **Concession Holder** has not followed instructions issued by the **DGEG** within the scope of its inspection powers, then the **Concession Holder** must correct the situation, directly or through third parties, and all corresponding costs will be paid by the **Concession Holder**.

ARTICLE NINETEEN

(INSPECTIONS)

All expenses resulting from extraordinary inspections are to be paid by the **Concession Holder**, namely those due to complaints from third parties, as long as the existence of irregularities is found that can be attributed to it.

ARTICLE TWENTY

(BONDS)

1. As a guarantee of good and complete compliance with the obligations arising from the Concession Contract, including the payment of fines and indemnity for losses caused to the State or to third parties within the scope of those obligations, the **Concession Holder** will provide a bond in favor of **DGEG**, according to the terms established in the following numbers. During the production period, no bonds whatsoever will be provided.
2. Bonds will be provided by means of a bank deposit to the order of **DGEG**, of an autonomous bank guarantee payable upon the first request or of an insurance bond with a clause regarding payment upon the first request, whatever the case understanding that the payment, to which there can be no exceptions, must be made as soon as requested in writing by **DGEG**, and without the need for documental or any other type of justification.
3. Pursuant to the terms of Article 74 of DL 109/94, the bonds will be provided annually, simultaneously with presentation of the annual work plans for prospection and research, during the initial period, and its amount will be equal to 50% (fifty percent) of the value of the budgeted work included in the respective annual plans, to which Article 31 of DL 109/94 refers.
4. The bonds end once the respective valid period has passed, except those that must be renewed or replaced, which will remain in force as long as the corresponding renewal or substitution with a new bond has not been issued.

ARTICLE TWENTY-ONE

(FORCE MAJEURE)

1. Breach or delay in compliance with any obligation by the **Concession Holder**, in whole or in part, will be considered justifiable if, and only to the extent that such breach or delay is
-

caused, due to reasons of *Force Majeure*. The period of time of that breach or delay, together with the period necessary for repair of any damage caused during such delay, must be added to the period established in this Concession Contract for compliance with such obligations and for the execution of any obligation dependent upon it and, consequently, added to the period of this Concession Contract.

2. For the purposes of this Concession Contract, "*Force Majeure*" means any event or circumstance considered, according to criteria of reasonability, outside of the control of any of the parties, which impedes or delays compliance with the obligations established in this Concession Contract and which, despite taking adequate measures, such party is not able to avoid, including but not limited to, acts of war, acts of terrorism, uprisings, rebellions or civil disturbances, earthquakes, storms or other natural disasters, explosions, fires or expropriations, nationalizations, requisitions or other interference from governmental authorities, and even national or regional strikes or labor conflicts (whether official or not).
 3. The party that invokes *Force Majeure* must communicate this with the other party within a reasonable period of time after the occurrence of the facts on which it is based, and it must keep the other party informed regarding all significant developments. This communication must be reasonably detailed regarding all reasons of *Force Majeure* and it must include a projection of the time that will probably be necessary for that party to be able to overcome the causes of *Force Majeure*.
 4. If the causes of *Force Majeure* continue for more than fifteen (15) consecutive days, the Parties will meet immediately to go over the situation and to agree to the measures to be taken for removal of the cause of *Force Majeure*, and to re-establish compliance with the obligations established in this Concession Contract in accordance with legal provisions.
-

5. If the case of *Force Majeure* were to occur during the initial period of prospection and research, or during any of its extensions, and its impacts continue for a period of six (6) consecutive months, the **Concession Holder** may, within the scope of what is stated in Article 60(e) of DL 109/94, request **DGEG** ninety (90) days in advance of the expiration of this Concession Contract, for a founded demonstration of the impossibility of complying with its obligations. **DGEG** will assess the claim of the **Concession Holder** and will provide its opinion, submitting the process to the decision of the Minister, who will determine the expiration of the Concession Contract or its review, with the agreement of the **Concession Holder**, in order to ensure the conditions of fulfillment of the work.

CHAPTER V

TRANSFER OF RIGHTS AND RESPONSIBILITIES OF THE CONCESSION HOLDER

ARTICLE TWENTY-TWO

(ASSOCIATION WITH THIRD PARTIES AND TRANSFER OF POSITION)

1. The **Concession Holder** may not associate with third parties in a system of non-corporate participation of interests, nor may it transfer its position as **Concession Holder** to third parties without prior authorization from the responsible Minister, pursuant to the terms established in Article 77 of DL 109/94. While an Affiliate cannot be considered a third party, any transfer of position in favor of an Affiliate will be subject to the same procedures, therefore approval cannot be denied if there are no reasons that do not comply with reasonability criteria.

If the **DGEG** does not issue a statement within 30 days, transfer to the Affiliate will be considered as having been approved.

2. For the purposes of the previous number, transfer of the position of **Concession Holder** is equivalent to transfer to third parties of the respective quotas or shares that represent more than 50% (fifty percent) of the corporate capital.

CHAPTER VI

CONTRACTUAL DISPUTES, NOTIFICATIONS

ARTICLE TWENTY-THREE

FORUM

Differences will be resolved according to Portuguese law, by an arbitration court, in accordance with Article 80 of DL 109/94, which will function according to the terms of Law No. 31/86 of August 29, 1986, and of the Arbitration Clause, now also entered into and whose terms are established in Annex III of this Contract.

ARTICLE TWENTY-FOUR

(NOTIFICATIONS)

1. All notifications, communications and other correspondence related to performance of this Concession Contract will be sent to the **Petrobras / Galp / Partex Consortium** and to the permanent representative in Portugal of the Head of the Consortium, whose address is Avenida Eng. Duarte Pacheco, Torre 2, 16°, 1070-274, Lisbon, with copies to Petrobras International Braspetro B.V. and Petróleo Brasileiro S.A. — Petrobras, whose addresses are, respectively, Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands, and Avenida República do Chile, 500, 30° Piso, Centro, Rio de Janeiro, Brazil.
-

2. In the event of a change in address, the Head of the Consortium will communicate the new address to be used for these purposes to **DGEG** in writing 30 (thirty) days in advance.
3. Except what is provided in the previous paragraph, notifications related to modification of this Concession Contract, or its termination according to the terms of Articles 61 and 64 of DL 109/94, which will also be sent to the permanent representative in Portugal of the members who are not the Head of the Consortium and whose addresses are the following: **Petróleos de Portugal — Petrogal, S.A.**, Edifício Galp, Rua Tomás da Fonseca, Torre C, 1600-209 Lisbon, and **Partex Oil and Gas (Holdings) Corporation** — Rua Ivone Silva, No. 6, 1º andar, 1050-124, Lisbon. In the event of a change in address, that which is stated in the previous number will apply.
4. The **Concession Holder** is considered to have been notified on the third business day following the date of postal registration sent in accordance with the terms established in the previous numbers.
5. The assumption established in the previous number may be refuted by the notified party when the fact of receipt of the notification occurs on a date subsequent to the assumed date, for reasons not attributable to it.

Two true and correct copies of this Concession Contract are prepared, comprised of pages numbered from one to twenty-four, and by four Annexes, with Annexes I and II comprised of one sheet of paper with one page each, and Annexes III and IV of one sheet with two pages, all initialed by the participating parties — grantors, witnesses and public servant, with the exception of the page that contains the respective signatures, with one copy of the contract and its Annexes remaining in the files of the General Division of Energy and Geology.

All witnesses were present, Mr. Miguel Barreto Caldeira Antunes and Mr. Carlos Augusto Amaro Caxaria, respectively the Director General and Assistant Director General of Energy and Geology,

who sign along with the granting parties, after having been read out loud by me, Maria Cristina Vieira Lourenço, which I also sign, and in the presence of all of the participating parties I attest to acceptance by the granting parties of this Concession Contract.

This Contract is stamped according to Law 150/99 of September 11, 1999.

First Granting Party:

/s/ Manuel António Gomes de Almeida de Pinho

Second Granting Parties:

/s/ Nestor Cunat Cerveró

/s/ Manuel Ferreira de Oliveira

/s/ Fernando Manuel dos Santos Gomes

/s/ António José da Costa Silva

Witnesses:

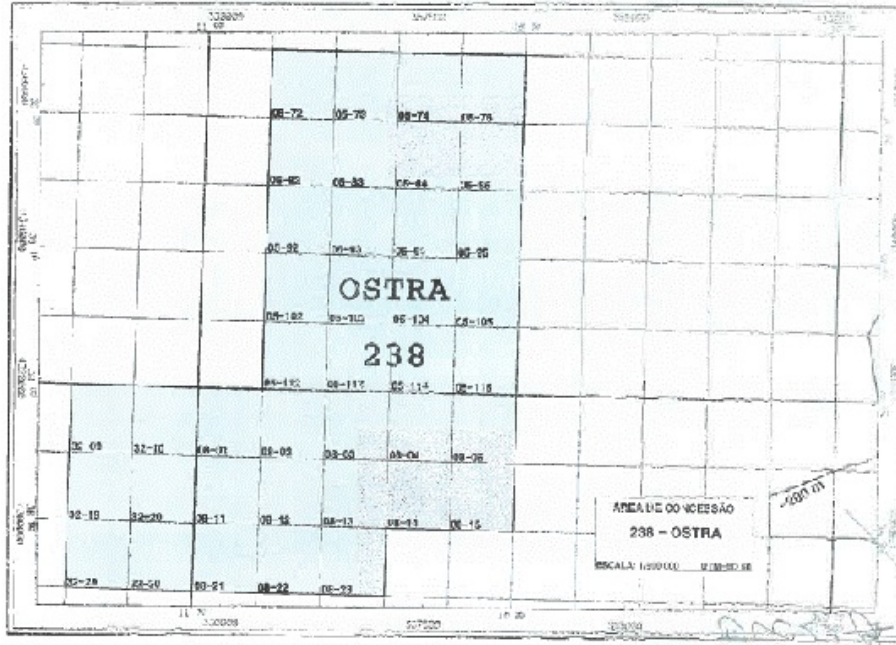
/s/ Miguel Barreto Caldeira Antunes

/s/ Carlos Augusto Amaro Caxaria

Public Official:

/s/ Maria Cristina Vieira Lourenço

MINISTRY OF THE ECONOMY AND OF INNOVATION
PETROBRAS / GALP / PARTEX CONSORTIUM



CONCESSION AREA
238 — “OSTRA”
SCALE: 1/500,000 UTM-ED 50

MINISTRY OF THE ECONOMY AND OF INNOVATION
 PETROBRAS / GALP / PARTEX CONSORTIUM
 AREA OF CONCESSION NO. 238 — "OSTRA"

LOTS Numbers	AREAS Km ²	LIMITS			
		N Deg. Min.	S Deg. Min.	E Deg. Min.	W Deg. Min.
LÔTES N ^o s.	AREAS Km ²	LIMITES			
		N gr. min.	S gr. min.	E gr. min.	W gr. min.
05-72	79,7268	39 25	39 20	10 48	10 54
05-73	79,7268	39 25	39 20	10 42	10 48
05-74	79,7268	39 25	39 20	10 36	10 42
05-75	79,7268	39 25	39 20	10 30	10 36
05-82	79,8204	39 20	39 15	10 48	10 54
05-83	79,8204	39 20	39 15	10 42	10 48
05-84	79,8204	39 20	39 15	10 36	10 42
05-85	79,8204	39 20	39 15	10 30	10 36
05-92	79,9137	39 15	39 10	10 48	10 54
05-93	79,9137	39 15	39 10	10 42	10 48
05-94	79,9137	39 15	39 10	10 36	10 42
05-95	79,9137	39 15	39 10	10 30	10 36
05-102	80,0069	39 10	39 05	10 48	10 54
05-103	80,0069	39 10	39 05	10 42	10 48
05-104	80,0069	39 10	39 05	10 36	10 42
05-105	80,0069	39 10	39 05	10 30	10 36
05-112	80,1000	39 05	39 00	10 48	10 54
05-113	80,1000	39 05	39 00	10 42	10 48
05-114	80,1000	39 05	39 00	10 36	10 42
05-115	80,1000	39 05	39 00	10 30	10 36
08-01	80,1928	39 00	38 55	10 54	11 00
08-02	80,1928	39 00	38 55	10 48	10 54
08-03	80,1928	39 00	38 55	10 42	10 48
08-04	80,1928	39 00	38 55	10 36	10 42
08-05	80,1928	39 00	38 55	10 30	10 36
08-11	80,2855	38 55	38 50	10 54	11 00
08-12	80,2855	38 55	38 50	10 48	10 54
08-13	80,2855	38 55	38 50	10 42	10 48
08-14	80,2855	38 55	38 50	10 36	10 42
08-15	80,2855	38 55	38 50	10 30	10 36
08-21	80,3780	38 50	38 45	10 54	11 00
08-22	80,3780	38 50	38 45	10 48	10 54
08-23	80,3780	38 50	38 45	10 42	10 48
32-09	80,1928	39 00	38 55	11 06	11 12
32-10	80,1928	39 00	38 55	11 00	11 06
32-19	80,2855	38 55	38 50	11 06	11 12
32-20	80,2855	38 55	38 50	11 00	11 06
32-29	80,3780	38 50	38 45	11 06	11 12
32-30	80,3780	38 50	38 45	11 00	11 06
TOTAL	3123,5093				

(a) Polygon that defines the 200-meter deep water line in water, for the purposes of the single article of Decree Law No. 79/85 of March 26, 1985.

ANNEX III

ARBITRATION CLAUSE

The Arbitration Clause to which Article Twenty-Three of the Concession Contract for Rights to Prospection, Research, Development and Production of Oil refers, for an area known as “**OSTRA**”, is governed by the following clauses:

ONE

The Arbitration Court will be comprised of 3 (three) arbitrators. Each party must appoint 1 (one) arbitrator, and the 3rd (third) arbitrator will perform the functions of President, and will be chosen by the arbitrators appointed by the parties within the period of 15 (fifteen) days. In the absence of an agreement, the 3rd (third) arbitrator will be indicated by the President of the Court of Appeals of Lisbon. For the purposes of this Arbitration Convention, the parties are understood to be the Portuguese State, on one side, and the Petrobras / Galp / Partex Consortium on the other.

TWO

The arbitrators must agree to the rules of the arbitration process, and also to the location of installation or the seat of the court, which will function in Lisbon, using the rules of the International Chamber of Commerce in force at that time for the arbitration proceeding .

THREE

The period for a decision from the Arbitration Court will be 6 (six) months from the date of appointment of the last arbitrator.

FOUR

The Arbitration Court will rule according to fairness and its decisions are final and enforceable, and no type of appeal to those decisions is allowed.

FIVE

The Arbitration Court may, if it so understands and is requested by any of the parties, to decree precautionary measures or measures to conserve rights, with respect to the adversary principle.

SIX

Filing a request for arbitration will have a suspensive effect, except in relation to payments of any type, by force of law or the Concession Contract.

SEVEN

Each party will pay all remuneration and fees of the arbitrator that they name.

EIGHT

The remuneration and fees of the 3rd (third) arbitrator will be paid in full by the losing party, or if both parties lose, that remuneration and those fees will be shared by them, with each party paying half.

ANNEX IV

SPECIAL CONDITIONS WITH RESPECT TO THE “CAMARÃO”, “AMÊLJOA”, “OSTRA” AND “MEXILHÃO” CONTRACTS

The 4 (four) concessions are considered to be a global research project, therefore allowing the following:

1. Minimal mandatory work:

- a. The reprocessing of up to a maximum of 250 km of 2D seismic of the 500 km projected so that each concession area is eventually transferred from one to another or other areas, when technically justified;
 - b. The acquisition of up to a maximum of 500 km of 2D seismic lines (or 125 km² 3D seismic) of the 1000 km 2D (or 250 km² 3D) projected so that each concession area is eventually moved from one to another or other areas, when technically justified;
 - c. Delays in complying with the obligations for seismic acquisition and/or drilling in some of the concessions are allowed when duly justified by technical and/or logistical reasons (lack of availability of drills, ships and/or equipment), and the contracting process having the adequate means initiated in a timely manner by the **Concession Holder**. The process of contracting adequate means will be considered as having been initiated in a timely manner by the **Concession Holder** when it shows, by any means, that it began the preparation work for selection of drills, ships or adequate equipment, as per the program defined in Article 2(1) of this Contract;
 - d. If, due to the reasons listed in the previous point, once they are approved and accepted, there is a delay in finalization of execution of the seismic campaign during the third year, or in the realization of drilling in any concession, the **Concession Holder** may, as of the fourth year, exercise the waiver right (“drill or drop”) established in sections (a) and (b) of Article 63(1) of Decree Law No. 109/94.
 - e. Location of the mandatory drill corresponding to the 8th (eighth) year of effectiveness of the concession contracts may equally be transferred from one area to another concession area, if technically justified;
-

2. Relinquishment of areas:

Relinquishment at the end of the 5th (fifth) year of at least 50% (fifty percent) of the area of the concession may be distributed in an unequal manner among the 4 (four) concessions, to be proposed and subject to authorization, thus the relinquishment of at least 25% (twenty-five percent) of the concession area is therefore mandatory per concession.

ENVIRONMENT, TERRITORIAL PLANNING

AND ENERGY STATE DEPARTMENT

ADDENDUM TO THE CONTRACT ENTERED INTO BETWEEN THE PORTUGUESE STATE AND PETROBRAS INTERNATIONAL BRASPETRO BV, PETRÓLEOS DE PORTUGAL — PETROGAL, S.A. AND PARTEX OIL AND GAS (HOLDINGS) CORPORATION, IN CONSORTIUM, FOR THE GRANTING OF RIGHTS OF EXPLORATION (PROSPECTION AND RESEARCH), DEVELOPMENT AND PRODUCTION OF OIL, AT THE AREA DESIGNATED AS “OSTRA”

On the 12th day of March 2015, at 3 p.m., at the Energy Secretariat of State, in Lisbon, the following persons were present, Mr. Artur Trindade, Energy Secretary of State, as first contracting party and in representation of the Portuguese State (hereinafter called to as “**State**”), through a delegation of signature granted, issued by ordinance, in February 20, 2015, by the Environment, Territorial Planning and Energy Minister and, as second contracting parties, Mr. Mikel Erquiaga Aguirre, a Spanish citizen, acting on behalf of **REPSOL EXPLORACIÓN, S.A.**, a company set up under and regulated by Spanish law, with registered seat at Calle Méndez Álvaro, 44, 28045 Madrid, España, registered with the Commercial Registry Office of Madrid, Tax Payer Number A-28/138873, having the share capital of 24,617,080.20 Euro, with a branch in Portugal, at Avenida José Malhoa, 16, 1099-091, Lisboa and holder of tax payer number 980378419 (hereinafter called to as “**Repsol**”), Mr. Paul Anthony Dailly, a British citizen, acting on behalf of **KOSMOS ENERGY PORTUGAL**, a

company set up under and regulated by the Cayman Islands' law, with registered seat at P.O. Box32322, 4th floor, Century, Cricket Square, Elgin Avenue, George Town, Grand Cayman, KY1-1209, Cayman Islands, registered with the General Registry of the Cayman Islands, with the registration number 00289103, having a branch in Portugal, at Av. Engenheiro Duarte Pacheco, 7, 1070-100, Lisboa, Portugal and holder of tax payer number 980525829, having the share capital of one dollar of the United States of America and which parent company is Kosmos Energy Ltd., having the share capital of 2,366,123,000 dollars of the United States of America, as at the date of December 31, 2013, (hereinafter called to as "**Kosmos**"), Mr. Thore Ernst Kristiansen, a Norwegian citizen and Mr. Roland Max Muggli, a Swiss citizen, acting on behalf of **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, a public limited company, with registered seat at Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa, having the share capital of 516,750,000 Euro and holder of tax payer number 500697370 (hereinafter called to as "**Galp**"), Mr. Alfredo Coelho Ferreira dos Santos, a Portuguese citizen, acting on behalf of **PARTEX (IBERIA) S.A.**, a public limited company, with registered seat at Rua Ivone Silva no. 6, 1º andar, Edifício Arcis, 1050-124, Lisboa, having the share capital of 23,450,000 Euro and holder of tax payer number 507839188 (hereinafter called to as "**Partex**").

I did attest the identities, capacities and powers of representation, through the presentation of, respectively, Passport no. AAJ189596, issued in Spain, in May 21, 2014, Passport no. 707543868, issued in the United Kingdom, in May 25, 2010, Passport no. 29895932, issued in Norway, in June 28, 2013, Passport no. X2486490, issued in Switzerland, in December 27, 2012, Citizen Card no. 00975208, valid up to July 21, 2018, as well as the production of the proxies and certificates, which documents are filed with the Division for the Research and Exploitation of Oil, located at the Energy and Geology General Agency ("Direção Geral de Energia e Geologia") (hereinafter called to as "DGEG").

Before me, Isabel Maria Amaro Nico, Assistant General Secretary to the Environment, Territorial Planning and Energy State Department, acting as public officer, it was drafted this Addendum to the Concession Contract “Ostra”, which was entered into, in May 18, 2007, between the Portuguese State and Petrobras International Braspetro BV, Petróleos de Portugal — Petrogal, S.A. and Partex Oil and Gas (Holdings) Corporation (which contractual rights and obligations were transferred to its subsidiary Partex (Ibéria), S.A., effective as from November 9, 2009), in Consortium, which modifies the drafting of no. 1 of Article One, regarding the composition of the Concession Holder, Article Twenty Two, by introducing the definition of “Affiliate”, no. 1 and no. 3 of Article Twenty Four, regarding Notifications, communications and other correspondence related to the performance of this Contract as well as of Clause One of Annex III, regarding the parties to the Arbitration Convention.

SOLE ARTICLE

1. The Contracting Parties hereto agree, through this Addendum, following the partial assignment of the contractual rights and obligations of Repsol Exploración S.A. to Kosmos Energy Portugal, that corresponds to the assignment of a participating interest of thirty one per cent (31%), that Article One, no. 1, Article Twenty Two, Article Twenty Four, no. 1 and no. 3 and Annex III, Clause One, of the Concession Contract of Oil Exploration (Prospection and Research), Development and Production Rights, at area no. 238 — called to as “Ostra”, as modified by the Addendums dated of February 18, 2010, April 22, 2010, September 13, 2012 and July 17, 2013, be amended, which is made pursuant to the following terms:

1.1 The Concession Holder’s composition is modified and no. 1 of Article One shall read as follows:

“ARTICLE ONE

(CONCESSION)

1. Pursuant to Decree-Law no. 109/94 of April 26 (hereinafter called to as DL 109/94), it is granted to the companies Repsol, Kosmos, Galp and Partex, in consortium (hereinafter called to as “**Repsol/Kosmos/Galp/Partex Consortium**” or “**Concession Holder**”), a concession for the performance of the activities of exploration (prospection and research), development and production of oil at the Portuguese continental shelf, beyond the polygonal of 200 m in depth of water, at the area no. 238, called to as “**Ostra**”, which deployment is described in the attached map (Annex I), composed of 1 (one) block of 39 (thirty nine) lots, which description is also included in an annex (Annex II).”

(...)

1.2 It is added a number to Article Twenty Two, as agreed between the parties:

ARTICLE TWENTY TWO

(ASSOCIATION WITH THIRD PARTIES AND ASSIGNMENT OF CONTRACTUAL RIGHTS AND OBLIGATIONS)

(...)

3. For the purposes of this Concession Contract, “Affiliated” or “Affiliated Company” shall mean, in relation to any entity forming part of the **Concession Holder**, any parent company that controls, directly or indirectly, that entity or any company which is directly controlled by that entity or any company which is directly or indirectly controlled by the parent company. For the purposes of clarification:

- a company is directly controlled by other company or companies when this(these) holds (hold) shares or other form of participating interests bearing a right, in total, to more than fifty per cent (50%) of the votes in general meetings;
- a company is indirectly controlled by other company or companies (“company or parent companies) when, within a series of companies ordered by size, starting by the company or parent companies and finishing in the company at stake, each company, with the exception of the parent company, is directly controlled by one or more companies occupying a prior position in that series.

1.2 No. 1 and no. 3 of Article Twenty Four shall read as follows, as agreed between the Contracting Parties:

“ARTICLE TWENTY FOUR

(NOTIFICATIONS)

1. All notifications, communications and further correspondence related to the performance of this Concession Contract shall be addressed to the **Repsol/Kosmos/Galp/Partex Consortium** and sent to the permanent representation office, in Portugal, of the Consortium Chief, whose address is the following:

Repsol Exploración, S.A. — Sucursal em Portugal

Avenida José Malhoa, 16

1099-091, Lisbon, Portugal

To the attention of: Country Manager

(...)

3. Those notifications related to the modification of this Concession Contract are exempted from the provision contained in the former paragraph, as well as those related to its termination under articles 61 and 64 of DL 109/94, which shall also be sent to the permanent representation office of the members other than the consortium chief and which addresses are the following: **KOSMOS ENERGY PORTUGAL**, Av. Engenheiro Duarte Pacheco, 7, 1070-100, Lisboa, **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, Edifício Galp, Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa; and **PARTEX (IBERIA) S.A.**, Rua Ivone Silva n.º 6, 1.º andar, Edifício Arcis, 1050-124, Lisboa. In case of change of addresses, the provision contained in the former number herein shall apply.”

1.3. Clause One of Annex III, regarding the parties to the Arbitration Clause, shall read as follows:

“ANNEX III

ARBITRATION CLAUSE

FIRST

The Arbitration Tribunal shall be composed of 3 (three) arbitrators, being agreed that each party shall appoint 1 (one) arbitrator and the 3rd (third) one shall be the President, who shall be appointed by the arbitrators elected by the parties, within the term of 15 (fifteen) days. In case no agreement is reached regarding the 3rd (third) arbitrator, this one shall be appointed by the president of the Lisbon Second Instance Court (“Tribunal da Relação de Lisboa”). For the purposes of this Arbitration Clause, “parties” mean the Portuguese State, on one side and Repsol/Kosmos/Galp/Partex Consortium, on the other.”

(...)

This Addendum is drafted in two duplicates, is composed of pages numbered from 1 to 8, all pages being initialized by the participants — contracting parties and public officer, except the two last pages of the Addendum, since they bear the respective signatures, being one of the duplicates filed with the Energy and Geology General Agency (“Direção Geral de Energia e Geologia”).

After having been read aloud by myself, Isabel Maria Amaro Nico, I shall appose my signature to this Addendum, acting in the capacity of Public Officer and, therefore, in the presence of all participants, I attest the acceptance of this Addendum by all the contracting parties.

First Contracting Party

/s/ Artur Trindade

Second Contracting Parties

/s/ Mikel Erquiaga Aguirre

/s/ Paul Anthony Dailly

/s/ Thore Ernst Kristiansen

/s/ Roland Max Muggli

/s/ Alfredo Coelho Ferreira dos Santos

Public Officer

/s/ Isabel Maria Amaro Nico



ENVIRONMENT, TERRITORIAL PLANNING
AND ENERGY STATE DEPARTMENT
REPSOL / KOSMOS/ GALP / PARTEX CONSORTIUM

DEEP OFFSHORE AREA

AREA OF CONCESSION NO. 238 — OSTRÁ

LOTS Numbers	AREAS Km ²	LIMITS			
		N Deg. Min.	S Deg. Min.	E Deg. Min.	W Deg. Min.
05-72	79,7268	39 25	39 20	10 48	10 54
05-73	79,7268	39 25	39 20	10 42	10 48
05-74	79,7268	39 25	39 20	10 36	10 42
05-75	79,7268	39 25	39 20	10 30	10 36
05-82	79,8204	39 20	39 15	10 48	10 54
05-83	79,8204	39 20	39 15	10 42	10 48
05-84	79,8204	39 20	39 15	10 36	10 42
05-85	79,8204	39 20	39 15	10 30	10 36
05-92	79,9137	39 15	39 10	10 48	10 54
05-93	79,9137	39 15	39 10	10 42	10 48
05-94	79,9137	39 15	39 10	10 36	10 42
05-95	79,9137	39 15	39 10	10 30	10 36
05-102	80,0069	39 10	39 05	10 48	10 54
05-103	80,0069	39 10	39 05	10 42	10 48
05-104	80,0069	39 10	39 05	10 36	10 42
05-105	80,0069	39 10	39 05	10 30	10 36
05-112	80,1000	39 05	39 00	10 48	10 54
05-113	80,1000	39 05	39 00	10 42	10 48
05-114	80,1000	39 05	39 00	10 36	10 42
05-115	80,1000	39 05	39 00	10 30	10 36
08-01	80,1928	39 00	38 55	10 54	11 00
08-02	80,1928	39 00	38 55	10 48	10 54
08-03	80,1928	39 00	38 55	10 42	10 48
08-04	80,1928	39 00	38 55	10 36	10 42
08-05	80,1928	39 00	38 55	10 30	10 36
08-11	80,2855	38 55	38 50	10 54	11 00
08-12	80,2855	38 55	38 50	10 48	10 54
08-13	80,2855	38 55	38 50	10 42	10 48
08-14	80,2855	38 55	38 50	10 36	10 42
08-15	80,2855	38 55	38 50	10 30	10 36
08-21	80,3780	38 50	38 45	10 54	11 00
08-22	80,3780	38 50	38 45	10 48	10 54
08-23	80,3780	38 50	38 45	10 42	10 48
32-09	80,1928	39 00	38 55	11 06	11 12
32-10	80,1928	39 00	38 55	11 00	11 06
32-19	80,2855	38 55	38 50	11 06	11 12
32-20	80,2855	38 55	38 50	11 00	11 06
32-29	80,3780	38 50	38 45	11 06	11 12
32-30	80,3780	38 50	38 45	11 00	11 06
TOTAL	3123,5093				

a) Polygon that defines the 200-meter deep water line in water, for the purposes of the single article of Decree Law No. 79/85 of March 26, 1985.

ENVIRONMENT, TERRITORIAL PLANNING

AND ENERGY STATE DEPARTMENT

ADDENDUM TO THE CONTRACT ENTERED INTO BETWEEN THE PORTUGUESE STATE AND PETROBRAS INTERNATIONAL BRASPETRO BV, PETRÓLEOS DE PORTUGAL — PETROGAL, S.A. AND PARTEX OIL AND GAS (HOLDINGS) CORPORATION, IN CONSORTIUM, FOR THE GRANTING OF RIGHTS OF EXPLORATION (PROSPECTION AND RESEARCH), DEVELOPMENT AND PRODUCTION OF OIL, AT THE AREA DESIGNATED AS “OSTRA”

On the 12th day of March 2015, at 3.30 p.m., at the Energy Secretariat of State, in Lisbon, the following persons were present, Mr. Artur Trindade, Energy Secretary of State, as first contracting party and in representation of the Portuguese State (hereinafter called to as “**State**”), through a delegation of signature granted, issued by ordinance, in February 20, 2015, by the Environment, Territorial Planning and Energy Minister and, as second contracting parties, Mr. Mikel Erquiaga Aguirre, a Spanish citizen, acting on behalf of **REPSOL EXPLORACIÓN, S.A.**, a company set up under and regulated by Spanish law, with registered seat at Calle Méndez Álvaro, 44, 28045 Madrid, España, registered with the Commercial Registry Office of Madrid, Tax Payer Number A-28/138873, having the share capital of 24,617,080.20 Euro, with a branch in Portugal, at Avenida José Malhoa, 16, 1099-091, Lisboa and holder of tax payer number 980378419 (hereinafter called to as “**Repsol**”), Mr. Paul

Anthony Dailly, a British citizen, acting on behalf of **KOSMOS ENERGY PORTUGAL** (hereinafter called to as “**Kosmos**”), a company set up under and regulated by the Cayman Islands’ law, with registered seat at P.O. Box32322, 4th floor, Century, Cricket Square, Elgin Avenue, George Town, Grand Cayman, KY1-1209, Cayman Islands, registered with the General Registry of the Cayman Islands, with the registration number 00289103, having a branch in Portugal, at Av. Engenheiro Duarte Pacheco, 7, 1070-100, Lisboa, Portugal and holder of tax payer number 980525829, having the share capital of one dollar of the United States of America and which parent company is Kosmos Energy Ltd., having the share capital of 2,366,123,000 dollars of the United States of America, as at the date of December 31, 2013, Mr. Thore Ernst Kristiansen, a Norwegian citizen and Mr. Roland Max Muggli, a Swiss citizen, acting on behalf of **PETRÓLEOS DE PORTUGAL — PETROGAL, S.A.**, a public limited company, with registered seat at Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa, having the share capital of 516,750,000 Euro and holder of tax payer number 500697370 (hereinafter called to as “**Galp**”), Mr. Alfredo Coelho Ferreira dos Santos, a Portuguese citizen, acting on behalf of **PARTEX (IBERIA) S.A.**, a public limited company, with registered seat at Rua Ivone Silva n.º 6, 1.º andar, Edifício Arcis, 1050-124, Lisboa, having the share capital of 23,450,000 Euro and holder of tax payer number 507839188 (hereinafter called to as “**Partex**”).

I did attest the identities, capacities and powers of representation, through the presentation of, respectively, Passport no. AAJ189596, issued in Spain, in May 21, 2014, Passport no. 707543868, issued in the United Kingdom, in May 25, 2010, Passport no. 29895932, issued in Norway, in June 28, 2013, Passport no. X2486490, issued in Switzerland, in December 27, 2012, Citizen Card no. 00975208, valid up to July 21, 2018, as well as the production of the proxies and certificates, which documents are filed with the Division for the Research and

Exploitation of Oil, located at the Energy and Geology General Agency (“Direção Geral de Energia e Geologia”) (hereinafter called to as “DGEG”).

Before me, Isabel Maria Amaro Nico, Assistant General Secretary to the Environment, Territorial Planning and Energy State Department, acting as public officer, it was drafted this Addendum to the Concession Contract “Ostra”, which was entered into, in May 18, 2007, between the Portuguese State and Petrobras International Braspetro BV, (which contractual rights and obligations were transferred to Repsol, effective as from May 18, 2013, having Repsol transferred 31% of its contractual rights and obligations to Kosmos, through an Addendum to the Contract, signed in March 12, 2015), Petróleos de Portugal — Petrogal, S.A. and Partex Oil and Gas (Holdings) Corporation (which contractual rights and obligations were transferred to its subsidiary Partex (Ibéria), S.A., effective as from November 9, 2009), in Consortium, which modifies the drafting of no. 1 of Article Two, nos. 1 and 2 of Article Three, no. 1 of Article Eleven, as well as nos. 1 and 2 of Annex IV.

SOLE ARTICLE

1. The Contracting Parties hereto agree, through this Addendum, that it shall be amended Article Two, no. 1, regarding the minimum required works of exploration (prospection and research), Article Three, nos. 1 and 2, regarding the terms applicable to the mandatory relinquishment of areas, Article Eleven, no.1, regarding the duration of the initial term and Annex IV to the Concession Contract of Oil Exploration (Prospection and Research), Development and Production Rights, at area no. 238 — called to as “Ostra”, as modified by the Addendums dated of February 18, 2010, April 22, 2010, September 13, 2012, July 17, 2013 and March 12, 2015, which is made pursuant to the following terms:

Eleventh year: • Performance of a research drill if, pursuant to no. 1. f) of Annex IV to the concession contract, the site chosen is located at this concession area, with an estimated investment of US\$ 15,000,000.00 (fifteen million dollars of the United States of America).

- Twelfth year:**
- Geology and geophysics' studies.
 - Reinterpretation based on the new data obtained with the research drill performed in the previous year.
 - Preparation of a research drill

Thirteenth year: Performance of a research drill with an estimated investment of US\$ 15,000,000.00 (fifteen million dollars of the United States of America), pursuant to what is provided for in no. 1, item g) of Annex IV to this Concession Contract.

- First year of extension:**
- Geology and geophysics' studies.
 - Reinterpretation based on the new data obtained with the research drill performed in the previous year.
 - Preparation of a research drill

Second year of extension: Performance of a research drill with an estimated investment of US\$ 15,000,000.00 (fifteen million dollars of the United States of America), pursuant to what is provided for in no. 1, item g) of Annex IV to this Concession Contract.”

1.2 The Contracting Parties further agree to modify nos. 1 and 2 of Article Three, which shall read as follows:

“ARTICLE THREE

(MANDATORY RELINQUISHMENT OF AREAS)

1. Without prejudice to the waiver right (“drill or drop”) provided for in article 63 of DL 109/94, the **Concession Holder** shall relinquish, at least, 50% (fifty percent) of the granted area, at the end of the 12th (twelfth) year of the initial term, as per item b), no. 2 of article 84 of DL 109/94 but it can, still, relinquish an inferior amount, as per item c) of no. 2 of that same article and as defined in no. 2 of Annex IV.

2. At the end of the 2nd (second) year of extension of the initial term, the **Concession Holder** shall relinquish, at least, 50 (fifty) percent of the contractual area in force at the time.

1.3 No. 1 of Article Eleven shall read as follows:

“ARTICLE ELEVEN

(CONCESSION TERMS)

1. The term of the initial period of concession is of 13 (thirteen) years, counting as from the date of entering into of this contract, pursuant to item b), no. 2 of article 84 of DL 109/94, being understood that it may be extended, twice, for periods of 1 (one) year, as per nos. 4 and 5 of article 35 of DL 109/94, without prejudice to the waiver right (“drill or drop”), of the **Concession Holder**, as per article 63 of that same statute.

(...)

1.4. Annex IV shall read as follows, having been deleted item h) of no.1:

“ANNEX IV

SPECIAL CONDITIONS APPLICABLE TO “CAMARÃO”, “AMEIJOA”, “OSTRA” AND “MEXILHÃO”

The 4 (four) concessions are considered as a global research project and, therefore, it is understood that:

1. Minimum required works:

(...)

d) the **Concession Holder** may exercise its waiver right (“drill or drop”), as from the end of the tenth year, included, as provided for in items a) and b) of no. 1 of article 63 of Decree-Law no. 109/94;

(...)

f) The performance of a research drill in the 11th (eleventh) year of the initial period, in the aggregate of the four concession areas, having the **Concession Holder** the right to choose its location;

g) The performance of research drills, as provided for the thirteenth and second year of extension of the concessions’ initial period, as per Article Two of this contract, as well as in the Concessions Contracts for the areas “Camarão”, “Amêijoa” and “Mexilhão”, of a drill for each Concession Area, can be reduced up to one research drill for the whole group of Areas of the Peniche Bay, in each one of the referred years, if technical and economical reasons determine

the Concession Holder to make such a decision, having this latter one the right to choose its location.

2. Mandatory relinquishment of areas:

The relinquishment, as at the end of the 12th (twelfth) year, of at least 50% (fifty percent) of the concession area may be distributed, in an unequal terms, among the 4 (four) concessions, to be proposed and subjected to consent, being understood, however, that it is mandatory the relinquishment of 25% (twenty five percent), per each concession, of the area of concession.”

This Addendum is drafted in two duplicates, is composed of pages numbered from 1 to 8, all pages being initialized by the participants — contracting parties and public officer, except the two last pages of the Addendum, since they bear the respective signatures, being one of the duplicates filed with the Energy and Geology General Agency (“Direção Geral de Energia e Geologia”).

After having been read aloud by myself, Isabel Maria Amaro Nico, I shall appose my signature to this Addendum, acting in the capacity of Public Officer and, therefore, in the presence of all participants, I attest the acceptance of this Addendum by all the contracting parties.

First Contracting Party

/s/ Artur Trindade

Second Contracting Parties

/s/ Mikel Erquiaga Aguirre

/s/ Paul Anthony Dailly

/s/ Thore Ernst Kristiansen

/s/ Roland Max Muggli

/s/ Alfredo Coelho Ferreira dos Santos

Public Officer

/s/ Isabel Maria Amaro Nico

**KOSMOS ENERGY LTD.
LONG TERM INCENTIVE PLAN**

RSU Award Agreement
[Performance Vesting]

You have been granted a restricted share unit award (this “**Award**”) on the following terms and subject to the provisions of Attachments A and B and the Kosmos Energy Ltd. Long Term Incentive Plan (the “**Plan**”). Unless defined in this Award agreement (including Attachments A and B, this “**Agreement**”), capitalized terms will have the meanings assigned to them in the Plan. In the event of a conflict among the provisions of the Plan, this Agreement and any descriptive materials provided to you, the provisions of the Plan will prevail.

Participant	[Full name] (the “ Participant ”)
Number of Restricted Share Units	[•] Restricted Share Units (the “ RSUs ” or “ Restricted Share Units ”), if 100% of the Performance Condition (as defined below) is satisfied (the “ Target RSUs ”)
Grant Date	[•] (the “ Grant Date ”)
Vesting	Subject to Section 3 of Attachment A, the RSUs shall vest to the extent that both the applicable “ Service Condition ” and the applicable “ Performance Condition ” (as such terms are defined below) with respect to such RSUs are satisfied.
Service Condition	Subject to Section 3 of Attachment A, the “ Service Condition ” shall be satisfied [insert applicable date(s)], in each case if the Participant does not experience a Termination of Service at any time prior to [such] [the applicable] date.
Performance Condition	Subject to Section 3 of Attachment A, the “ Performance Condition ” shall be deemed satisfied with respect to between 0% and 200% of the RSUs based on attainment of Relative TSR as of the End Date as detailed in Attachment B.

**RSU Award Agreement
Terms and Conditions**

Grant to: [Full name]

Section 1. *Grant of RSU Award.* Subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants this Award to the Participant on the Grant Date on the terms set forth on the cover page of this Agreement, as more fully described in this Attachment A and in Attachment B. This Award is granted under the Plan, which is incorporated herein by this reference and made a part of this Agreement.

Section 2. *Issuance of RSUs.*

(a) *Issuance.* Each RSU shall represent the right to receive up to 200% of a Share upon the vesting of such RSU as determined in accordance with this Agreement.

(b) *Voting Rights.* The Participant shall have no voting rights with respect to the RSUs unless and until the Participant becomes the record owner of the Shares, including Dividend Shares (as defined below) to the extent applicable, underlying such RSUs.

(c) *Dividend Equivalents.* If a dividend is paid on Shares during the period commencing on the Grant Date and ending on the date on which the Shares underlying RSUs are distributed to the Participant, the Participant shall be eligible to receive an amount equal to the amount of the dividend that the Participant would have received had the Shares underlying the RSUs been distributed to the Participant as of the time at which such dividend is paid; *it being understood* that no such amount shall be payable with respect to any RSUs that are forfeited. Such amount shall be paid to the Participant on the date on which the Shares underlying the RSUs are distributed to the Participant in the same form (cash, Shares or other property) in which such dividend is paid to holders of Shares generally. Any Shares that the Participant is eligible to receive pursuant to this Section 2 are referred to herein as “**Dividend Shares.**”

(d) *Transferability.* The RSUs shall not be assigned, sold, transferred or otherwise be subject to alienation by the Participant. Any assignment, sale, transfer or other alienation with respect to the Shares issuable upon the vesting of the RSUs shall be in accordance with applicable securities laws.

(e) *Withholding Requirements.* The Company may withhold any tax (or other governmental obligation) that becomes due with respect to the RSUs (or any dividend or distribution thereon), and the Participant shall make arrangements satisfactory to the Company to enable the Company to satisfy all such

withholding requirements. Notwithstanding the foregoing, the Committee, in its sole discretion, may permit the Participant to satisfy any such withholding requirement by transferring to the Company pursuant to such procedures as the Committee may require, effective as of the date on which such requirement arises, a number of vested Shares owned and designated by the Participant having an aggregate Fair Market Value as of such date that is equal to the minimum amount required to be withheld. If the Committee permits the Participant to satisfy any such withholding requirement pursuant to the preceding sentence, the Company shall remit to the Internal Revenue Service and appropriate state and local revenue agencies, for the credit of the Participant, an amount of cash withholding equal to the Fair Market Value of the Shares transferred to the Company as provided above.

Section 3. *Accelerated Vesting, Forfeiture and Distribution.*

(a) *Termination of Service.*

(i) *Death or Disability.* In the event of the Participant's Termination of Service at any time due to the Participant's death or Disability, the Service Condition shall be deemed fully satisfied as of such termination; *provided* that, if such termination occurs prior to the End Date, then, subject to Section 3(b), the RSUs shall remain subject to the Performance Condition.

(ii) *Without Cause or for Good Reason.* In the event of the Participant's Termination of Service by the Company or any Affiliate without Cause or by the Participant for Good Reason [[Option 1: the Service Condition shall be deemed fully satisfied as of such termination; *provided* that, if such termination occurs prior to the End Date, then, subject to Section 3(b), the RSUs shall remain subject to the Performance Condition] [Option 2: and other than as described in Section 3(b) below, (x) the RSUs, if any, for which the applicable Service Condition is satisfied as of such termination shall remain subject to the Performance Condition (if such termination occurs at any time prior to the End Date) and (y) the RSUs, if any, for which the applicable Service Condition is not satisfied as of such termination shall be forfeited in their entirety without any payment to the Participant or, in the Committee's sole discretion, if required pursuant to applicable law to effect such forfeiture, the Company may repurchase the RSUs at their par value]].

(iii) *Without Good Reason.* In the event of the Participant's Termination of Service by the Participant without Good Reason at any time prior to the End Date, (x) the RSUs, if any, for which the applicable Service Condition is satisfied as of such termination shall remain subject to the Performance Condition and (y) the RSUs, if any, for which the applicable Service Condition is not satisfied as of such termination shall be forfeited in their entirety without any payment to the Participant or, in the Committee's sole discretion, if required pursuant to applicable law to effect such forfeiture, the Company may repurchase the RSUs at their par value.

(iv) *For Cause.* In the event of the Participant's Termination of Service at any time by the Company or any Affiliate for Cause, the RSUs shall be forfeited in their entirety without any payment to the Participant or, in the Committee's sole discretion, if required pursuant to applicable law to effect such forfeiture, the Company may repurchase the RSUs at their par value.

(b) *[Replacement of Award on] Change in Control.*

(i) [Subject to Section 3(b)(ii) below, if] [If] a Change in Control occurs and the Participant does not experience a Termination of Service at any time prior to such Change in Control, the Performance Condition shall be deemed satisfied at [200%][100%] as of the date of such Change in Control and, following such Change in Control, (x) [insert applicable fraction] of the [Target] RSUs will vest in the event that any anniversary of [the Grant Date] [insert applicable vesting commencement date] occurs during the first year after such Change in Control, and (y) all of the remaining [Target] RSUs will fully vest on the earlier of (A) [insert applicable vesting date], if the Participant does not experience a Termination of Service at any time prior to such date, and (B) the Participant's Termination of Service due to the Participant's death or Disability[, by the Company or any Affiliate without Cause or by the Participant for Good Reason].]

[In the event of a Change in Control, [the Performance Condition shall be deemed satisfied at 200% as of the date of such Change in Control, and] this Award shall cease to represent the right to receive Shares and shall instead represent the right to receive Pubco Shares (as defined below) or cash, as follows:

(i) If, as of immediately following such Change in Control, the shares of the surviving or resulting entity (or the direct or indirect parent of such entity) in such Change in Control are quoted or traded on a stock market or exchange (“**Pubco Shares**”), this Award shall represent the right to receive, upon the vesting thereof, a number of Pubco Shares having an aggregate Fair Market Value as of immediately following such Change in Control that is equal to the aggregate Fair Market Value of the Shares underlying this Award as of immediately prior to such Change in Control.

(ii) If, as of immediately following such Change in Control, the shares of the surviving or resulting entity (or the direct or indirect parent of such entity) in such Change in Control are not quoted or traded on a stock market or exchange, this Award shall represent the right to receive, upon the vesting thereof, an amount in cash equal to the aggregate Fair Market Value of the Shares underlying this Award as of immediately prior to such Change in Control.]

[[ii]][iii] [Notwithstanding Section 3(b)(i), in] [In] the event of the Participant’s Termination of Service by the Company or any Affiliate without Cause or by the Participant for Good Reason during the period beginning three months prior to and ending one year after the date on which a Change in Control occurs, the RSUs that have not vested as of the date of such Termination of Service shall fully vest (i.e., the Service Condition shall be deemed fully satisfied, and the Performance Condition shall be deemed satisfied at 200%) as of the later of (x) the date of such Termination of Service and (y) the date on which such Change in Control occurs; *provided, however*, that if such Termination of Service occurs during the three-month period prior to the date on which such Change in Control occurs, such full vesting of the RSUs shall only apply if such Termination of Service was at the request of a third party that has taken steps reasonably calculated to effectuate such Change in Control or that otherwise arose in connection with or anticipation of such Change in Control. For the avoidance of doubt, if such Termination of Service occurs during the three-month period prior to the date on which such Change in Control occurs and such Termination of Service was not at the request of a third party that has taken steps reasonably calculated to effectuate such Change in Control or did not otherwise arise in connection with or anticipation of such Change in Control, the RSUs that have not vested as of the date of such Termination of Service shall be treated in accordance with Section 3(a)(ii).]

[[iii] In the event that, upon such Change in Control or within [insert applicable date] thereafter, the Participant experiences a

Termination of Service by the Company or any Affiliate without Cause or by the Participant for Good Reason, this Award shall fully vest.]

(iv) Following such Change in Control, this Award shall remain subject to the terms set forth in this Agreement (including the vesting, forfeiture and distribution provisions herein), as modified by this Section 3(b).]

(c) *Distribution on Vesting.* Subject to the provisions of this Agreement, upon the vesting of any of the RSUs, the Company shall distribute to the Participant, on or within 30 days after the date of such vesting, a number of Shares for each such RSU determined in accordance with Attachment B and, to the extent applicable, the number of Dividend Shares determined in accordance with Section 2(c) of this Attachment A [(such Shares and, if applicable, such Dividend Shares, collectively, the “**Maximum Shares**”). Notwithstanding the foregoing, if the Maximum Shares exceeds the number of Shares underlying the Target RSUs (the number of Shares equal to such excess, the “**Above Target Shares**”), in lieu of distributing to the Participant the entire amount of the Maximum Shares, the Committee, in its sole discretion, may determine to pay or distribute, as applicable, to the Participant, on or within 30 days after the date of such vesting, (i) an amount in cash equal to the aggregate Fair Market Value, as of the date of such vesting, of all or any number of the Above Target Shares, as determined by the Committee, and (ii) a number of Shares equal to the Maximum Shares less the number of the Above Target Shares in lieu of which the Participant received a cash payment pursuant to clause (i).]⁽¹⁾ Subject to any applicable Lock Up Agreement, on such distribution, any Shares (including Dividend Shares) delivered to the Participant pursuant to this Section 3(c) shall be fully assignable, saleable and transferable by the Participant, and the Company shall deliver such Shares to the Participant by transfer or issuance to the Depository Trust Company for the benefit of the Participant or by delivery of a share certificate registered in the Participant’s name and such transfer or issuance shall be evidenced in the register of members of the Company.

(d) *Effect of Failure to Obtain Shareholder Approval of the Plan.* Notwithstanding anything in this Agreement to the contrary, if, as of the date on which any of the RSUs vest, the Company’s shareholders have not approved the Plan, as amended by the Board on January 23, 2015, the Company shall pay to the Participant, in lieu of the Shares (including any Dividend Shares) that would otherwise have been distributed to the Participant pursuant to Section 3(c) (assuming for such purpose that the Committee did not exercise its discretion pursuant to Section 3(c)(i) to pay the Participant cash in lieu of any Above Target

(1) Include if applicable.

Shares), on or within 30 days after such vesting date, an amount in cash equal to the aggregate Fair Market Value, as of such vesting date, of such Shares.]⁽²⁾

(e) *Effect of Failure to Achieve Performance Condition.* On the End Date, any of the RSUs for which the Performance Condition is not satisfied as of such date shall be forfeited without any payment to the Participant or, in the Committee's sole discretion, if required pursuant to applicable law to effect such forfeiture, the Company may repurchase the RSUs at their par value.

Section 4. *Miscellaneous Provisions.*

(a) *Notices.* All notices, requests and other communications under this Agreement shall be in writing and shall be delivered in person (by courier or otherwise), mailed by certified or registered mail, return receipt requested, or sent by facsimile transmission, as follows:

if to the Company, to:

Kosmos Energy Ltd.
c/o Kosmos Energy, LLC
8176 Park Lane, Suite 500
Dallas, Texas 75231
Attention: [•]

if to the Participant, to the address that the Participant most recently provided to the Company,

or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed received on the next succeeding business day in the place of receipt.

(b) *Entire Agreement.* This Agreement, the Plan and any other agreements, schedules, exhibits and other documents referred to herein or therein constitute the entire agreement and understanding between the parties in respect of the subject matter hereof and supersede all prior and contemporaneous arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, between the parties with respect to the subject matter hereof.

(2) Include if applicable.

(c) *Amendment; Waiver.* No amendment or modification of any provision of this Agreement shall be effective unless signed in writing by or on behalf of the Company and the Participant, except that the Company may amend or modify this Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Agreement. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. Any amendment or modification of or to any provision of this Agreement, or any waiver of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

(d) *Assignment.* Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Participant.

(e) *Successors and Assigns; No Third Party Beneficiaries.* This Agreement shall inure to the benefit of and be binding upon the Company and the Participant and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(f) *Counterparts.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(g) *Participant Undertaking.* The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or give effect to any of the obligations or restrictions imposed on either the Participant or the RSUs pursuant to the provisions of this Agreement.

(h) *Plan.* The Participant acknowledges and understands that material definitions and provisions concerning the RSUs and the Participant's rights and obligations with respect thereto are set forth in the Plan. The Participant has read carefully, and understands, the provisions of the Plan.

(i) *Dispute Resolution.* If any dispute arising out of or relating to this Agreement or the Plan, or the breach thereof, cannot be settled through negotiation, the parties agree first to try in good faith to settle such dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules. If the parties fail to settle such dispute within 30 days after the commencement of such mediation, such dispute shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the arbitral award rendered may be entered in any court having jurisdiction thereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

KOSMOS ENERGY LTD.

By: _____

Name:

Title:

[Name of Participant]

Performance Condition

Section 1. *Definitions.* As used in this Attachment B, the following terms shall have the meanings set forth below:

- (a) “**End Date**” means [•].
- (b) “**End Price**” with respect to a Share or a Peer Share means the average of the closing price of such Share or Peer Share on each of the [•] trading days ending with the End Date on the applicable Principal Exchange; *provided* that, if such Principal Exchange is a non-U.S. stock market or exchange, each such closing price shall be converted to U.S. dollars at the applicable spot exchange rate as of such trading day; *provided further* that the Committee shall adjust equitably the End Price with respect to such Share or Peer Share, as calculated in accordance with the preceding clause, to reflect any corporate transaction or event set forth in Section 5(c) of the Plan that affects such Share or Peer Share if such adjustment is appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Award.
- (c) “**Grant Year**” means the year in which the Grant Date occurs.
- (d) “**Peer**” means any of the following companies whose shares are quoted or traded on the End Date on a Principal Exchange: [Africa Oil Corp.,] Anadarko Petroleum Corporation, [Apache Corporation,] BG Group plc, Caim Energy plc, Cobalt International Energy, Inc., [Genel Energy plc,] [HRT Participacoes em Petroleo SA,] Lundin Petroleum AB, Noble Energy, Inc., [Ophir Energy plc,] Premier Oil plc [and] Tullow Oil plc [and] [insert additional peer companies, if applicable].
- (e) “**Peer Share**” means the share of a Peer that is quoted or traded on a national securities exchange.
- (f) “**Principal Exchange**” means the principal U.S. securities exchange or non-U.S. stock market or exchange on which a Share or Peer Share is quoted or traded as of an applicable date. For the avoidance of doubt, a Share or Peer Share that is quoted or traded only over the counter shall not be deemed to be quoted or traded on a Principal Exchange.
- (g) “**Relative TSR**” means the percentile ranking of the TSR of a Share in relation to the TSR of each of the Peers’ Shares, as calculated by the Committee in good faith applying a reasonable statistical method.
- (h) “**Start Date**” means [•].

(i) “**Start Price**” with respect to a Share or a Peer Share means the average of the closing price of such Share or Peer Share on each of the [•] trading days ending with the Start Date on the applicable Principal Exchange; *provided* that, if such Principal Exchange is a non-U.S. stock market or exchange, such closing price shall be converted to U.S. dollars at the applicable spot exchange rate on such date; *provided further* that the Committee shall adjust equitably the Start Price with respect to such Share or Peer Share, as calculated in accordance with the preceding clause, to reflect any corporate transaction or event set forth in Section 5(c) of the Plan that affects such Share or Peer Share if such adjustment is appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Award.

(j) “**TSR**” with respect to a Share or Peer Share means (i) the sum of (x) the End Price of such Share or Peer Share minus the Start Price of such Share or Peer Share and (y) the aggregate amount of the dividends, if any, paid on such Share or Peer Share for any dividend record dates that occur during the period beginning on the Start Date and ending on the End Date, divided by (ii) such Start Price.

Section 2. *Performance Condition Attainment.*

[Insert table setting forth the percentage (between 0% and 200%) of an RSU for which the Performance Condition shall be deemed satisfied based on the percentile attainment of Relative TSR (between 0 and 100) indicated in the corresponding row of the table]

For the avoidance of doubt, to the extent that the total number of Shares (including Dividend Shares, to the extent applicable) eligible to be distributed to the Participant upon vesting of the RSUs pursuant to this Award would otherwise result in the issuance of a fractional Share, such fractional Share shall be cancelled in exchange for a cash payment therefor.

Certification of Chief Executive Officer

I, Andrew G. Inglis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kosmos Energy Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2015

/s/ ANDREW G. INGLIS

Andrew G. Inglis
Chairman of the Board of Directors and Chief Executive Officer
(Principal Executive Officer)

Certification of Chief Financial Officer

I, Thomas P. Chambers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kosmos Energy Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2015

/s/ THOMAS P. CHAMBERS

Thomas P. Chambers

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the accompanying quarterly report of Kosmos Energy Ltd. (the "Company") on Form 10-Q for the quarter ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew G. Inglis, Chairman of the Board of Directors and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2015

/s/ ANDREW G. INGLIS

Andrew G. Inglis
Chairman of the Board of Directors and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the accompanying quarterly report of Kosmos Energy Ltd. (the "Company") on Form 10-Q for the quarter ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas P. Chambers, Senior Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2015

/s/ THOMAS P. CHAMBERS

Thomas P. Chambers

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
