

## Tullow farms into Kenyan block

Thursday, 2 June 2011

**TULLOW OIL will gain a 10% interest in the L8 prospect, offshore Kenya after signing an agreement with Pancontinental Oil and Gas to farm into its 25% interest.**

Under the terms of the deal signed on Tuesday, Pancontinental will be paid \$US1 million (\$A930,000) for past expenditure and be carried through to the next part of the work program to the tune of \$9 million.

Tullow's interest will be taken from Pancontinental subsidiary Afrex, which reduces its exposure to 5%.

The British oil explorer will also have the right to earn another 5% interest by putting \$6 million toward a second well.

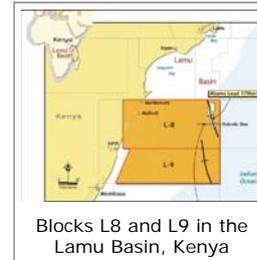
Meanwhile, the operation of the block will revert to Apache after a farm-out deal with Origin Energy Kenya.

Back in March Origin Energy said based on early data there could be a combined in-place resource of 5.2 billion barrels of oil and 809 billion cubic feet of gas in the L8 Mbawa prospect in Kenya.

The first stage technical report data was based on the interpretation of 3D seismic data acquired back in 2009.

Origin Energy was keen to stress the interpretation was based on pre-stack time migration processing only and did not include interpretation results from subsequent data carried out because of the structural complexity revealed by the pre-stack depth migration data.

After the first stage of Tullow's farm-in, Apache will hold a 50% operating stake, Origin will hold a 25% interest, Pancontinental will have a 10% stake, while Afrex will drop down to 5% and Tullow's interest will be 10%.



Blocks L8 and L9 in the Lamu Basin, Kenya

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