

A leading independent oil and gas company

Tullow has a large portfolio of exploration and production assets with a focus on balanced long-term growth. In the near term, Tullow is concentrating on executing major projects in Ghana and Uganda and continuing to build a powerful presence in Africa.

Exploration and Appraisal

2008 was another outstanding year for exploration success at Tullow. The Group's overall success rate was 77% with 17 discoveries from 22 wells, and a 100% success rate in Ghana and Uganda.

In Ghana, major resource potential was confirmed at the Jubilee field, with most likely reserves of 1.2 billion barrels of oil.

In Uganda, a series of significant discoveries means the Lake Albert Rift Basin has passed the commercial volume threshold required for development and is now being fast-tracked.

2009 Challenges

Tullow's focus in 2009 is on selective high-impact Exploration and Appraisal (E&A) campaigns. These include:

- Appraising the extent of the Jubilee field to prove reserves and mature resources, which will support long-term funding and infrastructure development for this new industry offshore Ghana;
- Increasing the resource inventory of the Lake Albert Rift Basin, with a focus on delivering further material discoveries;
- Following up on the successful Tweneboa-1 well with a campaign of E&A wells; and
- Planning core play campaigns for 2010 onwards, in particular, material stratigraphic traps in the Equatorial Atlantic margins of West Africa and South America.

Key risks

Geological chances of success generally range from 15% for a wildcat exploration well to 80% for a calibrated appraisal well. Exploration risk is mitigated through the use of appropriate technologies and technical excellence in exploration methodologies, enabling Tullow to identify the best opportunities for drilling and portfolio high-grading.

Outlook

There is a very positive outlook for continued organic growth through a strong exploration programme that identifies and offers exposure to material upside.



Tullow's business model is based on highly integrated decision-making between E&A, P&D, Finance and Legal. Read more about how we run our business on pages 15 to 17.

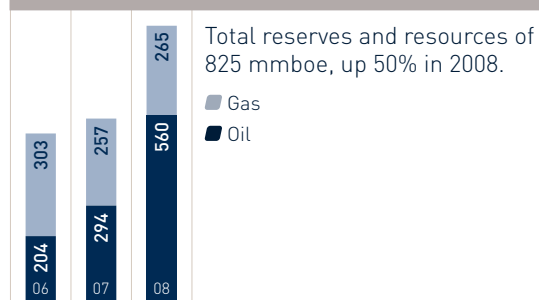


Operations on Ngassa-1 well, Uganda.

77%

Exploration success rate in 2008, with 17 discoveries from a 22-well exploration programme during the year.

Total reserves and resources by oil and gas (mmboe)



Total reserves and resources by region (mmboe)



Production and Development

2008 saw a very strong performance from Tullow's Production and Development (P&D) assets and team, including the best Environment, Health and Safety (EHS) performance in the Group's history. Average working interest production was 66,600 boepd, with good output from key producing assets in Africa.

Operating capability continued to be enhanced, specifically in Ghana where deepwater operating skills and an in-country organisation were put in place to initiate Phase 1 development of the Jubilee field.

2009 Challenges

The two main P&D priorities are:

- To remain on track for Jubilee first oil in the second half of 2010 and to evaluate further phases of development. Deepwater development drilling is already under way and achieving excellent results; and
- To deliver a phased basin development and export plan to fast-track the commercialisation of the significant discovered, and yet to be discovered, resources in the Lake Albert Rift Basin.

Beyond these two key developments, P&D will be ensuring that existing oil and gas production is delivered safely and efficiently with forecast average working interest production of 60,000 boepd for 2009. This is a planned reduction from 2008 as a result of the focused allocation of capital and resources to Ghana and Uganda in 2009, leading to the deferral of investment until 2010 in other areas of the Group's portfolio.

Key risks

The key operational risks Tullow is managing are: execution risk on the Jubilee development; adequate resourcing for the increased scale of the business; effective management of mature assets; and maintaining EHS performance.

Outlook

This is a very exciting time for the P&D team with responsibility for fast-tracking two world-class basins. In 2009, P&D will also position the Group to benefit from the easing of supply constraints and costs expected during the year.

Read more in the operations reviews starting on page 20

Go online at: www.tullowoil.com/our-business, live summer 2009

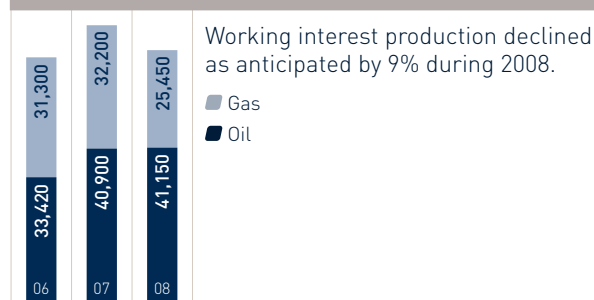


Okume Complex production platform, offshore Equatorial Guinea.

66,600 boepd

2008 average working interest production.

Working interest production by oil and gas (boepd)



Working interest production by region (boepd)

