Risk Factors Comparison 2024-02-26 to 2023-02-28 Form: 10-K

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Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, and prospects. These risks are discussed more fully below and include, but are not limited to, risks related to: Our Oil and Natural Gas Operations • We have limited proved reserves; • We face substantial uncertainties in estimating the characteristics of our discoveries and our prospects; • Drilling wells is speculative and may not result in any discoveries; • Development wells may not result in commercially productive quantities of oil and gas reserves; • Our identified drilling and infrastructure locations are scheduled out over time, making them susceptible to uncertainties; • We are contractually obligated to drill wells and declare any discoveries in order to retain exploration and production rights; • Inability of third parties who contract with us to meet their obligations may adversely affect our financial results; • The unit partners' respective interests in the Jubilee Unit and Greater Tortue Ahmeyim Unit are subject to redetermination; • We are not the operator on all of our license areas and facilities and do not hold all of the working interests in certain of our license areas; • Our estimated proved reserves are based on many assumptions that may turn out to be inaccurate; • The present value of future net revenues from our proved reserves will not necessarily be the same as the current market value of our estimated oil and natural gas reserves; • We may not be able to commercialize our interests in any natural gas produced from our license areas; • Our inability to access appropriate equipment and infrastructure in a timely manner may hinder our access to oil and natural gas markets or delay our oil and natural gas production; • We are subject to numerous risks inherent to the exploration and production of oil and natural gas; • We are subject to drilling and other operational and environmental risks and hazards; • Our operations may be materially adversely affected by weather- related events, including, but not limited to, tropical storms and hurricanes, and the physical effects of climate change; • The development schedule of oil and natural gas projects is subject to delays and cost overruns; • Our offshore and deepwater operations involve special risks that could adversely affect our results of operations; • We had, and continue to have, disagreements with certain host governments and contractual counterparties regarding certain of our rights and responsibilities and may have future disagreements with our host governments and / or contractual counterparties; • The geographic locations of our licenses in Africa and the U. S. Gulf of Mexico subject us to a risk of loss of revenue or curtailment of production from factors specifically affecting those areas; Our Business and Financial Condition • A substantial or extended decline in oil and natural gas prices may adversely affect our business, financial condition and results of operations; • Our business plan requires substantial additional capital; • We may be required to take write - downs of the carrying values of our oil and natural gas assets due to decreases in the estimated future net cash flows from our operations, which may occur as a result of decreases in oil and natural gas prices, poor field performance, increased expenditures or changes in **the** timing **or amount** of investment, among other things, and such decreases could result in reduced availability under our corporate revolver ~~,~~ **and** commercial debt facility ~~, and GoM Term Loan~~ ; • We face various risks associated with increased activism against, or change in public sentiment for, oil and gas exploration, development, and production activities and ESG considerations including climate change and the transition to a lower carbon economy; • ~~The continued effects of the COVID- 19 pandemic and outbreaks~~ **Outbreaks** of ~~other diseases~~ - **disease** may adversely affect our business operations and financial condition; • Deterioration in the credit or equity markets could adversely affect us; • We may incur substantial losses and become subject to liability claims as a result of future oil and natural gas operations, for which we may not have adequate insurance coverage; • Slower global economic growth rates may materially adversely impact our operating results and financial position; • Increased costs and availability of capital could adversely affect our business; • Our derivative activities could result in financial losses or could reduce our income; • Our commercial debt facility, revolving credit facility ~~,~~ **and** indentures governing our Senior Notes ~~and GoM Term Loan~~ contain certain covenants that may inhibit our ability to make certain investments, incur additional indebtedness and engage in certain other transactions; • Provisions of our Senior Notes could discourage an acquisition of us by a third- party; • Our level of indebtedness may increase and thereby reduce our financial flexibility; • We are a holding company and our ability to make payments on our outstanding indebtedness is dependent upon the receipt of funds from our subsidiaries; • We may be subject to risks in connection with acquisitions and the integration of ~~significant~~ acquisitions may be difficult; • If we fail to realize the anticipated benefits of ~~a significant acquisition~~ **acquisitions** , our results of operations may be adversely affected; • A cyber incident, including a breach of digital security, could result in information theft, data corruption, operational disruption, and / or financial loss; • Our ability to utilize net operating loss carryforwards may be subject to certain limitations ~~; • Changes in the method of determining LIBOR, or the replacement of LIBOR with an alternative reference rate, may adversely affect interest expense related to outstanding debt~~ ; Regulation • Our business, operations and financial condition may be directly and indirectly adversely affected by political, economic, and environmental circumstances; • More comprehensive and stringent regulation in the U. S. Gulf of Mexico has materially increased costs and delays in offshore oil and natural gas exploration and production operations; • The oil and gas industry is intensely competitive and many of our competitors possess and employ substantially greater resources than us; • Participants in the oil and gas industry are subject to numerous laws, regulations, and other legislative instruments that can affect the cost, manner or feasibility of doing business; • We are subject to numerous health, safety and environmental laws and regulations which may result in material liabilities and costs; • We may be exposed to assertions concerning or liabilities under anti - corruption laws; • Federal regulatory law could have an adverse effect on our ability to use derivative instruments; General Matters • We are dependent on certain members of our management and technical team; • We operate in a litigious environment; • We face various risks associated with global populism; • Our share price may be volatile, and purchasers of our common stock could incur substantial losses; ~~• A substantial portion of our total issued and outstanding common stock may be sold into the market at any time;~~ and • Holders of our common stock will be diluted if additional shares are issued. Risks Relating to our Oil and Natural Gas Operations We have limited proved reserves and areas that we decide to drill may not yield oil and natural gas in commercial quantities or quality, or at all. We have limited proved reserves. A portion of our oil and natural gas assets consists of discoveries without approved PoDs and with limited well penetrations, as well as identified yet unproven prospects based on available seismic and geological information that indicates the potential presence of hydrocarbons. However, the areas we decide to drill may not yield oil or natural gas in commercial quantities or quality, or at all. Many of our current discoveries and all of our prospects are in various stages of evaluation that will require substantial additional analysis and interpretation. Even when properly used and interpreted, 2D and 3D seismic data and visualization techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators and do not enable the interpreter to know whether hydrocarbons are, in fact, present in those structures. Accordingly, we do not know if any of our discoveries or prospects will contain oil or natural gas in sufficient quantities or quality to recover drilling and completion costs or to be economically viable. Even if oil or natural gas is found on our discoveries or prospects in commercial quantities, construction costs of gathering lines, subsea infrastructure, other production facilities and floating production systems and transportation costs may prevent such discoveries or prospects from being economically viable, and approval of PoDs by various regulatory authorities, a necessary step in order to develop a commercial discovery, may not be forthcoming. Additionally, the analogies drawn by us using available data from other wells, more fully explored discoveries or producing fields may not prove valid with respect to our drilling prospects. We may terminate our drilling program for a discovery or prospect if data, information, studies and previous reports indicate that the possible development of a discovery or prospect is not commercially viable and, therefore, does not merit further investment. If a significant number of our discoveries or prospects do not prove to be successful, our business, financial condition and results of operations will be materially adversely affected. The deepwater offshore Mauritania and Senegal, an area in which we currently focus a substantial amount of our development efforts, has only recently been considered economically viable for hydrocarbon production due to the costs and difficulties involved in drilling and development at such depths and the relatively recent discovery of commercial quantities of hydrocarbons in the region. Likewise, our deepwater offshore Sao Tome and Principe license has not yet proved to be an economically viable production area. We have limited proved reserves, and we may not be successful in developing additional commercially viable production from our other discoveries and prospects. We face substantial uncertainties in estimating the characteristics of our discoveries and our prospects. **We** ~~In this~~ report ~~we provide~~ numerical and other measures of the characteristics of our discoveries and prospects. These measures may be incorrect, as the accuracy of these measures is a function of available data, geological interpretation and judgment. To date, a limited number of our prospects have been drilled. Any analogies drawn by us from other wells, discoveries or producing fields may not prove to be accurate indicators of the success of developing proved reserves from our discoveries and prospects. Furthermore, we have no way of evaluating the accuracy of the data from analog wells or prospects produced by other parties which we may use. It is possible that few or none of our wells to be drilled will find accumulations of hydrocarbons in commercial quality or quantity. Any significant variance between actual results and our assumptions could materially affect the quantities of hydrocarbons attributable to any particular prospect. Drilling wells is speculative, often involving significant costs that may be more than we estimate, and may not result in any discoveries or additions to our future production or reserves. Any material inaccuracies in drilling costs, estimates or underlying assumptions will materially affect our business. Exploring for and developing hydrocarbon reserves involves a high degree of technical, operational and financial risk, which precludes definitive statements as to the time required and costs involved in reaching certain objectives. The budgeted costs of planning, drilling, completing and operating wells are often exceeded and can increase significantly when drilling costs rise due to rising inflationary pressure ~~or~~ **,** a tightening in the supply of various types of oilfield equipment and related services or unanticipated geologic conditions **or operational challenges** . Before a well is spud, we incur significant geological and geophysical (seismic) costs, which are incurred whether or not a well eventually produces commercial quantities of hydrocarbons or is drilled at all. Drilling may be unsuccessful for many reasons, including geologic conditions, weather, cost overruns, equipment shortages and mechanical difficulties or force majeure events. Exploratory wells bear a much greater risk of failure than development wells. In the past we have experienced unsuccessful drilling efforts, having drilled dry holes. Furthermore, the successful drilling of a well does not necessarily result in the commercially viable development of a field or be indicative of the potential for the development of a commercially viable field. A variety of factors, including geologic and market - related, can cause a field to become uneconomic or only marginally economic. A lack of drilling opportunities or projects that cease production may cause us to incur significant costs associated with an idle rig and / or related services, particularly if we cannot contract out rig slots to other parties. Many of our prospects that may be developed require significant additional exploration, appraisal and development, regulatory approval and commitments of resources prior to commercial development. In addition, a successful discovery would require significant capital expenditure in order to appraise, develop and produce oil and natural gas, even if we deemed such discovery to be commercially viable. See " — Our business plan requires substantial additional capital, which we may be unable to raise on acceptable terms or at all in the future, which may in turn limit our ability to develop our exploration, appraisal, development and production activities. " In the international areas in which we operate, we face higher above - ground risks necessitating higher expected returns, the requirement for increased capital expenditures due to a general lack of infrastructure and underdeveloped oil and gas industries, and increased transportation expenses due to geographic remoteness, which either require a single well to be exceptionally productive, or the existence of multiple successful wells, to allow for the development of a commercially viable field. See " — Our **business,** operations **and financial condition** may be **directly and indirectly** adversely affected by political ~~and~~ **,** economic **, and environmental** circumstances **, and changes in laws and regulations,** in the countries **and regions** in which we operate. " Furthermore, if our actual drilling and development costs are significantly more than our estimated costs, we may not be able to continue our business operations as proposed and could be forced to modify our plan of operation. Development drilling may not result in commercially productive quantities of oil and gas reserves. Our exploration success has provided us with major development and appraisal projects on which we are moving forward, and any future exploration discoveries will also require significant development efforts to bring to production. We must successfully execute our development projects, including development drilling, in order to generate future production and cash flow. However, development drilling is not always successful and the profitability of development projects may change over time. For example, in new development projects available data may not allow us to completely know the extent of the reservoir or choose the best locations for drilling development wells. A development well we drill may be a dry hole or result in noncommercial quantities of hydrocarbons. All costs of development drilling and other development activities are capitalized, even if the activities do not result in commercially productive quantities of hydrocarbon reserves. This puts a property at higher risk for future impairment if commodity prices significantly decrease ~~or~~ **,** operating or development costs significantly increase **or reservoir performance is below expectations** . Our identified drilling and infrastructure locations are scheduled out over time, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling or infrastructure installation or modification. Our management team has identified and scheduled drilling locations and possible infrastructure locations on our license and lease areas over a multi - year period. Our ability to drill and develop these locations depends on a number of factors, including the availability of equipment and capital, approval by block or lease partners and national and state regulators, seasonal conditions, oil prices, assessment of risks, costs and drilling results. For example, a shutdown of the U. S. federal government could delay the regulatory review and approval process associated with drilling or developmental activities within our license areas in the U. S. Gulf of Mexico. The final determination on whether to drill or develop any of these locations will be dependent upon the factors described elsewhere in this report as well as, to some degree, the results of our drilling and production activities with respect to our established wells and drilling locations. Because of these uncertainties, we do not know if the drilling locations we have identified will be drilled or infrastructure installed or modified within our expected timeframe or at all or if we will be able to economically produce hydrocarbons from these or any other potential drilling locations. As such, our actual drilling and development activities may be materially different from our current expectations, which could adversely affect our results of operations and financial condition. Under the terms of certain of our petroleum contracts, we are contractually obligated to drill wells and declare any discoveries in order to retain exploration and production rights. In the competitive market for our license areas, failure to drill these wells or declare any discoveries may result in substantial license renewal costs or loss of our interests in the undeveloped parts of our license areas, which may include certain of our prospects or undeveloped discoveries. In order to protect our exploration and production rights in our license areas, we may be required to meet various drilling and declaration requirements. In general, unless we make and declare discoveries within certain time periods specified in certain of our petroleum contracts and licenses, our interests in the undeveloped parts of our license areas may lapse. Should the prospects yield discoveries, we cannot assure you that we will not face delays in the appraisal and development of these prospects or otherwise have to relinquish these prospects. The costs to maintain petroleum contracts over such areas may fluctuate and may increase significantly since the original term, and we may not be able to renew or extend such petroleum contracts on commercially reasonable terms or at all. Our actual drilling activities may therefore materially differ from our current expectations, which could adversely affect our business. Under certain petroleum contracts, we have work commitments to perform exploration and other related activities. Failure to do so may result in our loss of the licenses. As of December 31, ~~2022~~ **2023** , we have unfulfilled drilling obligations for three development wells and one exploration well in Equatorial Guinea. In certain other petroleum contracts, we are in the initial exploration phases, some of which have certain obligations that have yet to be fulfilled. Over the course of the next several years, we may choose to enter into the next phase of those petroleum contracts which will likely include firm obligations to drill wells. Failure to execute our obligations may result in our loss of the licenses. The ~~Exploration~~ **exploration** ~~Period~~ **period** of some of our petroleum contracts has expired **or may expire in the near future** . For each of our petroleum contracts, we cannot assure you that any renewals or extensions will be granted or whether any new agreements will be available on commercially reasonable terms, or, in some cases, at all. For additional detail regarding the status of our operations with respect to our various petroleum contracts, please see “ Item 1. Business — Operations by Geographic Area. ” The inability of one or more third parties who contract with us to meet their obligations to us may adversely affect our financial results. We may be liable for certain costs if third parties who contract with us **or with the operators of our license and lease areas** are unable to meet their commitments under such agreements. We are currently exposed to credit risk through joint interest receivables from our block and / or unit partners. If any of our partners in the blocks or unit in which we hold interests are unable to fund their share of the exploration, development and decommissioning expenses, we may be liable for such costs. In the past, certain of our partners have not paid their share of block costs in the time frame required by the **relevant** ~~joint operating~~ agreements for these blocks. This has resulted in such party being in default, which in return requires Kosmos and its non - defaulting block partners to pay their proportionate share of the defaulting party’ s costs during the default period. Should a default not be cured, Kosmos could be required to pay its share of the defaulting party’ s costs going forward. In addition, we **and the operators of our license and lease areas** contract with third parties to conduct drilling and related services on our development projects and exploration prospects. Such third parties may not perform the services they provide us on schedule or within budget. Furthermore, the drilling equipment, facilities and infrastructure owned and operated by ~~the~~ **such** third parties ~~we contract with~~ is highly complex and subject to malfunction and breakdown. Any malfunctions or breakdowns may be outside our control and result in delays, which could be substantial. Any delays in our drilling campaign caused by equipment, facility or equipment malfunction or breakdown could materially increase our costs of drilling and cause an adverse effect on our business, financial position and results of operations. Our principal exposure to credit risk will be through receivables resulting from the sale of our oil and ~~to cover~~ **natural gas as well as** our commodity derivatives contracts. The inability or failure of our significant customers or counterparties to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results. In addition, our oil and natural gas derivative arrangements expose us to credit risk in the event of nonperformance by counterparties. Joint interest receivables arise from our block partners. The inability or failure of third parties we contract with to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results. We are unable to predict sudden changes in creditworthiness or ability to perform. Even if we do accurately predict sudden changes, our ability to negate the risk may be limited and we could incur significant financial losses. The unit partners' respective interests in the Jubilee Unit and Greater Tortue Ahmeyim Unit are subject to redetermination and our interests in each such unit may decrease as a result. The interests in and development of the Jubilee Field are governed by the terms of the Jubilee UUOA. The parties to the Jubilee UUOA, the collective interest holders in each of the WCTP and DT Blocks, initially agreed that interests in the Jubilee Unit will be shared equally, with each block deemed to contribute 50 % of the area of such unit. The respective interests in the Jubilee Unit were therefore initially determined by the respective interests in such contributed block interests. Pursuant to the terms of the Jubilee UUOA, the percentage of such contributed interests is subject to a process of redetermination once sufficient development work has been completed in the unit. The initial redetermination process was completed on October 14, 2011. As a result of the initial redetermination process, the tract participation was determined to be 54. 4 % for the WCTP Block and 45. 6 % for the DT Block. Consequently, our Unit Interest (participating interest in the Jubilee Unit) was increased from 23. 5 % to 24. 1 % upon completion of the initial redetermination process. Following the acquisition of Anadarko WCTP Company, which owned a participating interest in the WCTP Block and DT Block, our Unit Interest (participating interest in the Jubilee Unit) increased from 24. 1 % to 42. 1 %. Following the completion of the pre- emption by Tullow in March of 2022, Kosmos' interest in the Jubilee Unit Area decreased from 42. 1 % to 38. 6 %. An additional redetermination could occur sometime if requested by a party that holds greater than a 10 % interest in the Jubilee Unit. We cannot assure you that any redetermination pursuant to the terms of the Jubilee UUOA will not negatively affect our interests in the Jubilee Unit or that such redetermination will be satisfactorily resolved. The interests in and development of the Greater Tortue Ahmeyim Field are governed by the terms of the GTA UUOA. The parties to the GTA UUOA, the collective interest holders in each of the Mauritania Block C8 and Senegal Saint Louis Offshore Profond blocks, initially agreed that interests in the Greater Tortue Ahmeyim Unit will be shared equally, with each block deemed to contribute 50 % of the area of such unit. The respective interests in the Greater Tortue Ahmeyim Unit were therefore initially determined by the respective interests in such contributed block interests. Pursuant to the terms of the GTA UUOA, the percentage of such contributed interests is subject to a process of redetermination once sufficient development work has been completed in the unit. We cannot assure you that any redetermination pursuant to the terms of the GTA UUOA will not negatively affect our interests in the Greater Tortue Ahmeyim Unit or that such redetermination will be satisfactorily resolved. We are not, and may not be in the future, the operator on all of our license areas and facilities and do not, and may not in the future, hold all of the working interests in certain of our license areas. Therefore, we have reduced control over the timing of exploration or development efforts, associated costs, and the rate of production of any non - operated and to an extent, any non - wholly- owned, assets. As we carry out our exploration and development programs, we have arrangements with respect to existing license areas and may have agreements with respect to future license areas that result in a greater proportion of our license areas being operated by others. Currently, we are not the operator of the Jubilee Unit, the TEN ~~fields~~ **Fields** , **the** Ceiba **Field** and Okume **Complex** , the Greater Tortue Ahmeyim Unit or certain producing fields in the U. S. Gulf of Mexico and do not hold operatorship in certain other offshore blocks. As a result, we may have limited ability to exercise influence over the operations of the discoveries or prospects operated by our block or unit partners, or which are not wholly- owned by us, as the case may be. Dependence on block or unit partners could prevent us from realizing our target returns for those discoveries or prospects. Further, because we do not have majority ownership in all of our properties, we may not be able to control the timing, or the scope, of exploration or development activities or the amount of capital expenditures and, therefore, may not be able to carry out one of our key business strategies of minimizing the cycle time between discovery and initial production. The success and timing of exploration and development activities will depend on a number of factors that will be largely outside of our control, including: • the timing and amount of capital expenditures; • if the activity is operated by one of our block partners, the operator' s expertise and financial resources; • approval of other block partners in drilling wells; • the scheduling, pre - design, planning, design and approvals of activities and processes; • selection of technology; • the available capacity of processing facilities and related pipelines; and • the rate of production of reserves, if any. This limited ability to exercise control over the operations on our license areas may cause a material adverse effect on our financial condition and results of operations. Our estimated proved reserves are based on many assumptions that may turn out to be inaccurate. Any significant inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves. The process of estimating oil and natural gas reserves is technically complex. It requires interpretations of available technical data and many assumptions, including those relating to current and future economic conditions and commodity prices. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves shown in this report. See " Item 1. Business — Our Reserves " for information about our estimated oil and natural gas reserves and the present value of our net revenues at a 10 % discount rate (" PV - 10 ") and Standardized Measure of discounted future net revenues (as defined herein) as of December 31, ~~2022~~ **2023** . In order to prepare our estimates, we must project production rates and the timing of development expenditures. We must also analyze available geological, geophysical, production and engineering data. The process also requires economic assumptions about matters such as oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves will vary from our estimates. Any significant variance could materially affect the estimated quantities and present value of reserves shown in this report. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development, prevailing oil and natural gas prices and other factors, many of which are beyond our control. The present value of future net revenues from our proved reserves will not necessarily be the same as the current market value of our estimated oil and natural gas reserves. You should not assume that the present value of future net revenues from our proved reserves is the current market value of our estimated oil and natural gas reserves. In accordance with the SEC requirements, we have based the estimated discounted future net revenues from our proved reserves on the 12 - month unweighted arithmetic average of the first - day - of - the - month price for the preceding twelve months, adjusted for an anticipated market premium, without giving effect to derivative transactions. Actual future net revenues from our oil and natural gas assets will be affected by factors such as: • actual prices we receive for oil and natural gas; • actual cost of development and production expenditures; • derivative transactions; • the amount and timing of actual production; and • changes in governmental regulations or taxation. The timing of both our production and our incurrence of expenses in connection with the development and production of oil and natural gas assets will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual present value. In addition, the 10 % discount factor we use when calculating discounted future net revenues may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and gas industry in general. Actual future prices and costs may differ materially from those used in the present value estimates included in this report. Oil prices have recently experienced significant volatility. See " Item 1. Business — Our Reserves. " We may not be able to commercialize our interests in any natural gas produced from our license areas. The development of the market for natural gas in certain of our international license areas is still in its early stages. Currently the infrastructure to transport and process natural gas on commercial terms is limited and the expenses associated with constructing such infrastructure ourselves may not be commercially viable given local prices currently paid for natural gas. Accordingly, there may be limited or no value derived from any natural gas produced from some of our international license areas. In Ghana, we currently produce associated gas from the Jubilee and TEN ~~fields~~ **Fields** . A gas pipeline from the Jubilee Field has been constructed to transport such natural gas for processing and sale. We granted the Government of Ghana the first 200 Bcf of natural gas exported from the Jubilee Field to shore at zero cost. As of January 1, 2023, the Jubilee partners ~~have~~ **had** fulfilled this commitment **. During 2023** , ~~providing 200 Bcf of zero cost natural~~ **the Jubilee partners reached an interim agreement to sell Jubilee Field** gas to the Government of Ghana ~~. The Ghana~~ **through May 2024 while the** partners ~~are currently in~~ **continue on- going** discussions with the Government of Ghana regarding a **long- term** future gas sales agreement ~~covering both the Jubilee and TEN fields~~ . **If** ~~We do not currently book proved gas reserves associated with natural gas sales from~~ the **interim** ~~Jubilee Field in Ghana. However, we expect to book gas reserves upon finalization and execution of a~~ gas sales agreement **is not extended** ~~for~~ - **or** ~~such Jubilee Field~~ **a long- term gas sales agreement in Ghana is not approved, we may not be able to commercialize our** natural gas **resources** ~~that will have a price associated with it. A gas pipeline from the TEN fields to the Jubilee Field was completed~~ in **Ghana** ~~2017 to transport associated natural gas as well as non- associated natural gas for processing and sale~~ . **Our inability to continuously export** ~~We finalized the TAG GSA, and as a result, we booked proved gas reserves for the~~ associated natural gas from the **Jubilee and** TEN ~~fields~~ **Fields** ~~in Ghana. If~~ **could eventually impact our oil production** and ~~when a~~ **could cause us to re- inject or flare any natural** gas **we cannot export** ~~sales agreement and the related infrastructure are in place for the TEN fields non- associated gas, a portion of the remaining gas may be recognized as reserves~~ . In Mauritania and Senegal, we plan to export the majority of our gas resource to the LNG market. However, that plan is contingent on making additional final investment decisions on our gas discoveries and constructing the necessary infrastructure to produce, liquefy and transport the gas to the market. Additionally, such plans are contingent upon receipt of required partner and government approvals. Our inability to access appropriate equipment and infrastructure in a timely manner may hinder our access to oil and natural gas markets or delay our oil and natural gas production. Our ability to market our oil and natural gas production will depend substantially on the availability and capacity of processing facilities, oil and LNG tankers and other infrastructure, including FPSOs, owned and operated by third parties. Our failure to obtain such facilities on acceptable terms could materially harm our business. We also rely on continuing access to drilling rigs and construction vessels suitable for the environment in which we operate. The delivery of drilling rigs or construction vessels may be delayed or cancelled, and we may not be able to gain continued access to suitable rigs or vessels in the future. We may be required to shut in oil and natural gas wells because of the absence of a market or because access to processing facilities may be limited or unavailable. If that were to occur, then we would be unable to realize revenue from those wells until arrangements were made to deliver the production to market, which could cause a material adverse effect on our financial condition and results of operations. In addition, the shutting in of wells can lead to mechanical problems upon bringing the production back online, potentially resulting in decreased production and increased remediation costs. Additionally, the future exploitation and sale of associated and non - associated natural gas and liquids and LNG will be subject to timely commercial processing and marketing of these products, which depends on the contracting, financing, building and operating of infrastructure by third parties. For example, we transport and process natural gas from the Jubilee and TEN ~~fields~~ **Fields** to mainland Ghana through a pipeline and processing facilities that are controlled by the Government of Ghana. We cannot provide any assurance about uptime and availability of the pipeline and processing facilities. In addition, ~~we are party to~~ **during 2023, the Jubilee partners reached** an interim **agreement to sell Jubilee Field** gas ~~sale agreement~~ **to the Government of Ghana through May 2024 while the partners continue on- going discussions** with the ~~government~~ **Government** of Ghana **regarding a long** ~~relating to the natural gas we produce from the Jubilee field that we expect to conclude by mid~~ - **term future** ~~2023. In the event we cannot put in place a new~~ gas sales agreement ~~on commercially reasonable~~ **. If the interim gas sales agreement is not extended or a long-** ~~terms~~ - **term gas sales agreement in Ghana is not approved** , our ability to continuously extract and process natural gas may be harmed and we may be required to **re-** ~~reinject~~ - **inject** or flare such natural gas in order to maintain crude oil production and or reduce our overall crude oil production, which may adversely impact our results of operations, financial condition and prospects. We are subject to numerous risks inherent to the exploration and production of oil and natural gas. Oil and natural gas exploration and production activities involve many risks that a combination of experience, knowledge and interpretation may not be able to overcome. Our future will depend on the success of our exploration and production activities and on the development of ~~an~~ infrastructure that will allow us to take advantage of our discoveries. Additionally, many of our license areas are located in deepwater, which generally increases the capital and operating costs, chances of delay, planning time, technical challenges and risks associated with oil and natural gas exploration and production activities. See " — Our offshore and deepwater operations involve special risks that could adversely affect our results of operation. " As a result, our oil and natural gas exploration and production activities are subject to numerous risks, including the risk that drilling will not result in commercially viable oil and natural gas production. Our decisions to purchase, explore or develop discoveries, prospects or licenses will depend in part on the evaluation of seismic data through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. Furthermore, the marketability of expected oil and natural gas production from our discoveries and prospects will also be affected by numerous factors. These factors include, but are not limited to, market fluctuations of prices (such as recent significant variations in oil and natural gas prices), proximity, capacity and availability of drilling rigs and related equipment, qualified personnel and support vessels, processing facilities, transportation vehicles and pipelines, equipment availability, access to markets and government regulations (including, without limitation, regulations relating to prices, taxes, royalties, allowable production, domestic supply requirements, importing and exporting of oil and natural gas, the ability to flare or vent natural gas, health and safety matters, environmental protection and climate change). The effect of these factors, individually or jointly, may result in us not receiving an adequate return on invested capital. In the event that our currently undeveloped discoveries and prospects are developed and become operational, they may not produce oil and natural gas in commercial quantities or at the costs anticipated, and our projects may cease production, in part or entirely, in certain circumstances. Discoveries may become uneconomic as a result of an increase in operating costs to produce oil and natural gas, among other factors. Our actual operating costs and rates of production may differ materially from our current estimates. Moreover, it is possible that other developments, such as increasingly strict environmental, climate change, and health and safety laws, regulations and executive orders and enforcement policies thereunder and claims for damages to property or persons resulting from our operations, could result in substantial costs and liabilities, delays, an inability to complete the development of our discoveries or the abandonment of such discoveries, which could cause a material adverse effect on our financial condition and results of operations. We are subject to drilling and other operational and environmental risks and hazards. The oil and natural gas business involves a variety of risks, including, but not limited to: • fires, blowouts, spills, cratering and explosions; • mechanical and equipment problems, including unforeseen engineering complications; • uncontrolled flows or leaks of oil, well fluids, natural gas, brine, toxic gas or other pollutants or hazardous materials; • gas flaring operations; • marine hazards with respect to offshore operations; • formations with abnormal pressures; • pollution, environmental risks, and geological problems; and • weather conditions and natural or man - made disasters. These risks are particularly acute in deepwater drilling, exploration, and development. Any of these events could result in loss of human life, significant damage to property, environmental or natural resource damage, impairment, delay or cessation of our operations, lower production rates, adverse publicity, substantial losses and civil or criminal liability. We expect to maintain insurance against some, but not all, of these risks and losses. The occurrence of any of these events, whether or not covered by insurance, could have a material adverse effect on our financial position and results of operations. Our operations may be materially adversely affected by weather-related events, including, but not limited to, tropical storms and hurricanes, and the physical effects of climate change. Tropical storms, hurricanes and the threat of tropical storms and hurricanes often result in the shutdown of operations, particularly in the U. S. Gulf of Mexico, as well as operations within the path and the projected path of the tropical storms or hurricanes. In addition, the physical impacts of climate change in the areas in which our assets are located or in which we otherwise operate, including any corresponding increases to the severity and frequency of storms, floods and other weather events, could adversely impact our operations or disrupt transportation or other process - related services provided by our third - party contractors. Weather events have caused significant disruption to the operations of offshore and coastal facilities in the U. S. Gulf of Mexico region. In the future, during a shutdown period, we may be unable to access well sites and our services may be shut down. Additionally, tropical storms or hurricanes may cause evacuation of personnel and damage to our platforms and other equipment, which may result in suspension of our operations. The shutdowns, related evacuations and damage can create unpredictability in activity and utilization rates, as well as delays and cost overruns, which could have a material adverse effect on our business, financial condition and results of operations. The development schedule of oil and natural gas projects, including the availability and cost of drilling rigs, equipment, supplies, personnel and oilfield services, is subject to delays and cost overruns. Historically, some oil and natural gas development projects have experienced delays and capital cost increases and overruns due to, among other factors, the unavailability or high cost of drilling rigs and other essential equipment, supplies, personnel and oilfield services, mechanical and technical issues, as well as weather- related delays. The cost to develop our projects has not been fixed and remains dependent upon a number of factors, including the completion of detailed cost estimates and final engineering, contracting and procurement costs. Our construction and operation schedules may not proceed as planned and may experience delays or cost overruns. Any delays may increase the costs of the projects, requiring additional capital, and such capital may not be available in a timely and cost - effective fashion. Our offshore and deepwater operations involve ~~specific~~ **special** risks that could adversely affect our results of operations. Offshore operations are subject to a variety of **special** operating risks specific to the marine environment, such as capsizing, sinking, collisions and damage or loss to pipeline, subsea or other facilities or from weather conditions. We could incur substantial expenses that could reduce or eliminate the funds available for exploration, development or license acquisitions, or result in loss of equipment and license interests. Deepwater exploration generally involves greater operational and financial risks than exploration in shallower waters. Deepwater drilling generally requires more time and more advanced drilling technologies, involving a higher risk of equipment failure and usually higher drilling costs. In addition, there may be production risks of which we are currently unaware. If we participate in the development of new subsea infrastructure and use floating production systems to transport oil from producing wells, these operations may require substantial time for installation or encounter mechanical difficulties and equipment failures that could result in loss of production, significant liabilities, cost overruns or delays. For example, we have previously experienced mechanical issues at certain of our offshore production facilities, such as the turret bearing issue on the Jubilee FPSO. The equipment downtime caused by these mechanical issues negatively impacted oil production. Furthermore, deepwater operations generally, and operations in Africa, in particular, lack the physical and oilfield service infrastructure present in other regions. As a result, a significant amount of time may elapse between a deepwater discovery and the marketing of the associated oil and natural gas, increasing both the financial and operational risks involved with these operations. Because of the lack and high cost of this infrastructure, further discoveries we may make in Africa may never be economically producible. In addition, in the event of a well control incident, containment and, potentially, cleanup activities for offshore drilling are costly. The resulting regulatory costs or penalties, and the results of third- party lawsuits, as well as associated legal and support expenses, including costs to address negative publicity, could well exceed the actual costs of containment and cleanup. As a result, a well control incident could result in substantial liabilities, and have a significant negative impact on our earnings, cash flows, liquidity, financial position, and stock price. We had, and continue to have, disagreements with certain host governments and contractual counterparties regarding certain of our rights and responsibilities and may have future disagreements with our host governments and / or contractual counterparties. There can be no assurance that future disagreements will not arise with any host government, national oil companies, and / or contractual counterparties that may have a material adverse effect on our exploration, development or production activities, our ability to operate, our rights under our licenses and local laws or our rights to monetize our interests, but if such disagreements do arise we intend to vigorously dispute them if necessary. As an example, multiple discovered fields and a significant portion of our proved reserves are located offshore Ghana. The WCTP petroleum contract, the DT petroleum contract and the Jubilee UUOA cover the two blocks and the Jubilee and TEN ~~fields~~ **Fields** that form the basis of our current operations in Ghana. Pursuant to these petroleum contracts, most significant decisions, including our plans for development and annual work programs, must be approved by GNPC, the Petroleum Commission and / or Ghana' s Ministry of Energy. We have previously had disagreements with the Ministry of Energy, GNPC, and the Ghana Revenue Authority (the " GRA ") regarding certain of our rights and responsibilities under these petroleum contracts, the 1984 Ghanaian Petroleum Law and the Internal Revenue Act, 2000 (Act 592) (the " Ghanaian Tax Law "). For example, these included disagreements over sharing information with prospective purchasers of our interests, pledging our interests to finance our development activities, potential liabilities arising from discharges of small quantities of drilling fluids into Ghanaian territorial waters, the failure to approve the proposed sale of our Ghanaian assets, assertions that could be read to give rise to taxes or other payments payable under the Ghanaian Tax Law, failure to approve PoDs relating to certain discoveries offshore Ghana and the relinquishment of certain exploration areas on our licensed blocks offshore Ghana. The resolution of certain of these disagreements required us to pay agreed settlement costs to GNPC and / or the ~~government~~ **Government** of Ghana. In Ghana, as part of its normal course audit process the GRA has asserted that we have underpaid certain tax and other contractual fiscal obligations. We believe that these claims are without merit and we intend to vigorously dispute them if necessary, but there can be no assurance regarding the resolution of these or future disagreements. Additionally, to optimize the commercial value of sales for the gas production from ~~the first phase~~ **Phase 1** of Greater Tortue Ahmeyim, Kosmos has commenced a process with prospective buyers to utilize existing contractual rights under our existing Tortue Phase 1 SPA to potentially sell cargos in order to benefit from the robust gas price outlook, while meeting our contractual obligations to BPGM. BPGM has disagreed with our position, and the parties have agreed to pursue international arbitration to interpret the relevant terms of the SPA. The geographic locations of our licenses in Africa and the U. S. Gulf of Mexico subject us to a risk of loss of revenue or curtailment of production from factors specifically affecting those areas. A large portion of our current exploration licenses are located in Africa and, following our acquisition of Anadarko WCTP, a significant proportion of our total production comes from the Jubilee Unit Area and TEN ~~fields~~ **Fields** offshore Ghana. Some or all of these licenses could be affected should any region experience any of the following factors (among others): • severe weather, natural or man - made disasters or acts of God; • delays or decreases in production, the availability of equipment, facilities, personnel or services; • delays or decreases in the availability of capacity to transport, gather or process production; • military conflicts, civil unrest or political strife; and / or • international border disputes. For example, oil and natural gas operations in our license areas in Africa may be subject to higher political and security risks than those operations under the sovereignty of the United States. We plan to maintain insurance coverage for only a portion of the risks we face from doing business in these regions. There also may be certain risks covered by insurance where the policy does not reimburse us for all of the costs related to a loss. Further, as many of our licenses are concentrated in the same geographic area, a number of our licenses could experience the same conditions at the same time, resulting in a relatively greater impact on our results of operations than they might have on other companies that have a more diversified portfolio of licenses. Risks Relating to our Business and Financial Condition A substantial or extended decline in both global and local oil and natural gas prices may adversely affect our business, financial condition and results of operations. The prices that we will receive for our oil and natural gas will significantly affect our revenue, profitability, access to capital and future growth rate. Historically, the oil and natural gas markets have been volatile and will likely continue to be volatile in the future. Oil and natural gas prices experienced significant volatility in the past few years and will likely continue to be volatile in the future. For example, Russia' s ~~invasion of~~ **war in** Ukraine, ~~the impacts of the ongoing COVID- 19 pandemic, a~~ potential **instability in the Middle East, a potential regional or** global recession **, inflationary pressures** and other varying macroeconomic conditions and the effects on demand for oil and natural gas has resulted in significant variations in oil and natural gas prices. The prices that we will receive for our production and the levels of our production depend on numerous factors. These factors include, but are not limited to, the following: • changes in supply and demand for oil and natural gas; • the actions of the Organization of the Petroleum Exporting Countries; • speculation as to the future price of oil and natural gas and the speculative trading of oil and natural gas futures contracts; • global economic conditions; • political and economic conditions, including embargoes in oil - producing countries or affecting other oil - producing activities, particularly in the Middle East, Africa, Russia and Central and South America; • the continued threat of terrorism and the impact of military and other action, including U. S. military operations outside the United States; • the level of global oil and natural gas exploration and production activity; • the level of global oil inventories and oil refining capacities; • weather conditions and natural or man - made disasters; • technological advances affecting energy consumption; • governmental regulations and taxation policies; • proximity and capacity of transportation facilities; • the development and exploitation of alternative fuels or energy sources; • the price and availability of competitors' supplies of oil and natural gas; and • the price, availability or mandated use of alternative fuels or energy sources. Lower oil prices may not only reduce our revenues but also may limit the amount of oil that we can produce economically. A substantial or extended decline in oil and natural gas prices may materially and adversely affect our future business, financial condition, results of operations, liquidity or ability to finance planned capital expenditures. Additionally, a substantial or extended decline in oil and natural gas prices could result in surety companies seeking additional collateral to support existing surety or performance bonds, such as cash or letters of credit, and we cannot provide assurance that we will be able to satisfy such collateral demands. If we are required to provide collateral in the form of cash or letters of credit, our liquidity position could be negatively impacted and we may be required to seek alternative financing. To the extent we are unable to secure adequate financing or obtain surety or performance bonds on commercially reasonable terms, we may be forced to reduce our capital expenditures. These factors may make it more difficult for us to obtain the financial assurances required by the BOEM to conduct operations in the U. S. Gulf of Mexico. These difficulties could result in increased costs on our operations and consequently have a material adverse effect on our business and results of operations. We expect our capital outlays and operating expenditures to be substantial as we expand our operations. Obtaining seismic data, as well as exploration, appraisal, development and production activities entail considerable costs, and we may need to raise substantial additional capital through additional debt financing, **asset sales,** strategic alliances or future private or public equity offerings if our cash flows from operations, or the timing of, are not sufficient to cover such costs. Our future capital requirements will depend on many factors, including: • the scope, rate of progress and cost of our exploration, appraisal, development and production activities; • the success of our exploration, appraisal, development and production activities; • oil and natural gas prices; • our ability to locate and acquire hydrocarbon reserves; • our ability to produce oil or natural gas from those reserves; • the terms and timing of any drilling and other production - related arrangements that we may enter into; • the cost and timing of governmental approvals and / or concessions; • the effects of competition by other companies operating in the oil and gas industry; and • potential changes in investor and public preferences and sentiment towards ESG considerations including climate change and the transition to a lower carbon economy. We do not currently have any commitments for future external funding beyond the capacity of our commercial debt facility and revolving credit facility. Additional financing may not be available on favorable terms, or at all. Even if we succeed in selling additional equity securities to raise funds, at such time the ownership percentage of our existing shareholders would be diluted, and new investors may demand rights, preferences or privileges senior to those of existing shareholders. If we raise additional capital through debt financing, the financing may involve covenants that restrict our business activities. If we choose to farm - out interests in our licenses, we would dilute our ownership interest subject to the farm - out and any potential value resulting therefrom, and may lose operating control or influence over such license areas. Assuming we are able to commence exploration, appraisal, development and production activities or successfully exploit our licenses during the exploratory term, our interests in our licenses (or the development / production area of such licenses as they existed at that time, as applicable) could extend beyond the term set for the exploratory phase of the license to a fixed period or life of production, depending on the jurisdiction. If we are unable to meet our well commitments and / or declare commerciality of the prospective areas of our licenses during this time, we may be subject to significant potential forfeiture of all or part of the relevant license interests. If we are not successful in raising additional capital, we may be unable to continue our exploration and production activities or successfully exploit our license areas, and we may lose the rights to develop these areas. See " — Under the terms of certain of our ~~license agreements~~ **petroleum contracts** , we are contractually obligated to drill wells and declare any discoveries in order to retain exploration and production rights. In the competitive market for our license areas, failure to **drill these wells or** declare any discoveries ~~and thereby establish development areas~~ may result in substantial license renewal costs or loss of our interests in the undeveloped parts of our license areas, which may include certain of our prospects or undeveloped discoveries. " All of our proved reserves, oil **and natural gas** production and cash flows from operations are currently associated with our licenses offshore Ghana, Equatorial Guinea, Mauritania, Senegal and the U. S. Gulf of Mexico. Should any event occur which adversely affects such proved reserves, ~~oil~~ production and cash flows from these licenses, including, without limitation, any event resulting from the risks and uncertainties outlined in this " Risk Factors " section, our business, financial condition, results of operations, liquidity or ability to finance planned capital expenditures may be materially and adversely affected. We may be required to take write - downs of the carrying values of our oil and natural gas assets due to decreases in the estimated future net cash flows from our operations, which may occur as a result of decreases in oil and natural gas prices, poor field performance, increased expenditures or changes in **the** timing **or amount** of investment, among other things, and such decreases could result in reduced availability under our corporate revolver ~~,~~ **and** commercial debt facility ~~, and GoM Term Loan~~ . We capitalize costs to acquire, find and develop our oil and natural gas properties under the successful efforts accounting method. Under such method, we are required to perform impairment tests on our assets periodically and whenever events or changes in circumstances warrant a review of our assets. Based on specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of appraisal and development plans, production data, oil and natural gas prices, economics and other factors, we may be required to write down the carrying value of our oil and natural gas assets. A write - down constitutes a non - cash charge to earnings. For example, if there is a significant and sustained drop in oil and natural gas prices, field performance is not as expected, or we encounter increased expenditures, we may incur future write -

downs and charges. In addition, our borrowing base under the commercial debt facility is subject to periodic redeterminations. We could be forced to repay a portion of our borrowings under the commercial debt facility due to redeterminations of our borrowing base. Redeterminations may occur as a result of a variety of factors, including oil and natural gas commodity price assumptions, assumptions regarding future production from our oil and natural gas assets, operating costs and tax burdens or assumptions concerning our future holdings of proved reserves. If we are forced to do so, we may not have sufficient funds to make such repayments. If we do not have sufficient funds and are otherwise unable to negotiate renewals of our borrowings or arrange new financing, we may have to sell significant assets. Any such sale could have a material adverse effect on our business and financial results. We face various risks associated with increased activism against, or change in public sentiment for, oil and gas exploration development, and production activities and ESG considerations, including climate change and the transition to a lower carbon economy. Opposition toward oil and gas drilling, development, and production activity has been growing globally. Companies in the oil and gas industry are often the target of activist efforts from both individuals and non - governmental organizations and other stakeholders regarding safety, human rights, climate change, environmental matters, sustainability, and business practices. ~~Anti - development~~ **Certain of these** activists are working to, among other things, delay or cancel certain operations such as offshore drilling and development. Future activist efforts could result in the following: • delay or denial of drilling permits; • shortening of lease terms or reduction in lease size; • restrictions or delays on our ability to obtain additional seismic data; • restrictions on installation or operation of gathering or processing facilities; • restrictions on the use of certain operating practices; • legal challenges or lawsuits; • pressure or requirements for more analysis and disclosure of environmental and climate change- related risks **and data, such as greenhouse gas emissions data** ; • damaging publicity about us; • increased regulation; • increased costs of doing business; • reduced access to financing and hedging; • reduction in demand for our products; and • other adverse effects on our ability to develop our properties and / or undertake production operations. Activism may continue to increase regardless of whether the Biden administration in the U. S. is perceived to be following, or actually follows, through on President Biden' s campaign commitments to promote decreased fossil fuel exploration and production in the U. S., including as a result of President Biden' s environmental and climate change executive orders described later in this 10- K in the risk factor titled " Our business, operations and financial condition may be directly and indirectly adversely affected by political, economic **,** and environmental circumstances, and changes in laws and regulations, in the countries and regions in which we operate. " Our need to incur costs associated with responding to these initiatives or complying with any resulting new legal or regulatory requirements resulting from these activities that are substantial and not adequately provided for, could have a material adverse effect on our business, financial condition and results of operations. In addition, a change in public sentiment regarding the oil and gas industry could result in a reduction in the demand for our products or otherwise affect our results of operations or financial condition. ~~The continued effects of the COVID- 19 pandemic has, and outbreaks~~ **Outbreaks** of ~~other diseases~~ - **disease** may ~~,~~ adversely affect our business operations and financial condition. ~~The global spread of the COVID- 19 pandemic, travel restrictions, " shelter- in- place " and various quarantine measures and other governmental actions taken to inhibit its spread, created significant volatility, uncertainty and economic disruption in the markets in which we operate, which affected our business and operations and those of our suppliers, contractors and partners. For example, during the height of COVID- 19, which has since abated, certain contracts necessary for our ongoing exploration, development and production operations were suspended or terminated as a consequence of the pandemic, and the pandemic constrained our ability and the ability of our suppliers, contractors and partners to develop and implement effective plans to explore for oil and gas and to develop or produce certain of our license areas. In addition, the measures taken to combat the pandemic limited access to qualified personnel, increased costs associated with ensuring the safety and health of our personnel, restricted the transportation of personnel, equipment and supplies to and from our areas of operation, and they have diverted the time, attention and resources of government agencies that are necessary to conduct our operations. Access to our FPSOs and other production facilities could also be restricted and / or suspended as result of COVID- 19 or outbreaks of other diseases. Our FPSOs and production facilities are able to operate for short periods of time without access to the mainland, but if travel restrictions are imposed again, we and the operators of the impacted fields could be required to cease production and other operations until such restrictions were lifted. Any losses we experience as a result of COVID- 19 or outbreaks of other diseases that impact sales or delay production may not be covered by our insurance policies. The extent to which our future results are affected by COVID- 19 will largely depend on future developments that cannot be accurately predicted. In addition, any adverse effect of the COVID- 19 pandemic on our business, results of operations, financial condition and cash flows may heighten many of the other risks described in the" Risk Factors" section of this report.~~ Significant outbreaks of ~~other~~ contagious diseases, and other adverse public health developments, could have a material impact on our business operations and financial condition. Many of our operations are currently, and will likely remain in the near future, in developing countries which are susceptible to outbreaks of disease and may lack the resources to effectively contain such an outbreak quickly. Such outbreaks may impact our ability to explore for oil and gas, develop or produce our license areas by limiting access to qualified personnel, increasing costs associated with ensuring the safety and health of our personnel, restricting transportation of personnel, equipment, supplies and oil and gas production to and from our areas of operation and diverting the time, attention and resources of government agencies which are necessary to conduct our operations. In addition, any losses we experience as a result of such outbreaks of disease which impact sales or delay production may not be covered by our insurance policies. ~~An~~ **For example, an** epidemic of the Ebola virus disease occurred in parts of West Africa in 2014 and continued through 2015. A substantial number of deaths were reported by the World Health Organization (" WHO ") in West Africa, and the WHO declared it a global health emergency. **Likewise, the global spread of the COVID- 19 pandemic resulted in travel restrictions, " shelter- in- place " and various quarantine measures and other governmental actions taken to inhibit its spread and created significant volatility, uncertainty and economic disruption in the markets in which we operate, which affected our business and operations and those of our suppliers, contractors and partners.** It is impossible to predict the effect and potential spread of new outbreaks of the Ebola virus **, COVID- 19** or other viruses in West Africa and surrounding areas. Should another Ebola **, COVID- 19** or other virus outbreak occur, including to the countries in which we operate, or not be satisfactorily contained, our exploration, development and production plans for our operations could be delayed, or interrupted after commencement. Any changes to these operations could significantly increase costs of operations. Our operations require contractors and personnel to travel to and from Africa as well as the unhindered transportation of equipment and oil and gas production (in the case of our producing fields). Such operations also rely on infrastructure, contractors and personnel in Africa. If travel bans are implemented or extended to the countries in which we operate, or contractors or personnel refuse to travel there, we could be adversely affected. If services are obtained, costs associated with those services could be significantly higher than planned which could have a material adverse effect on our business, results of operations, and future cash flow. In addition, should an Ebola **, COVID- 19** or other virus outbreak spread to the countries in which we operate, access to the FPSOs could be restricted and / or terminated. The FPSOs are potentially able to operate for a short period of time without access to the mainland, but if restrictions extended for a longer period we and the operator of the impacted fields would likely be required to cease production and other operations until such restrictions were lifted. These or any further political or governmental developments or health concerns could result in social, economic and labor instability. These uncertainties could have a material impact on our business operations and financial condition. Deterioration in the credit or equity markets could adversely affect us. We have exposure to different counterparties. For example, we have entered or may enter into transactions with counterparties in the financial services industry, including commercial banks, investment banks, insurance companies, investment funds, and other institutions. These transactions expose us to credit risk in the event of default by our counterparty. Deterioration in the credit markets may impact the credit ratings of our current and potential counterparties and affect their ability to fulfill existing obligations to us and their willingness to enter into future transactions with us. We may have exposure to these financial institutions through any derivative transactions we have or may enter into. Moreover, to the extent that purchasers of our future production, if any, rely on access to the credit or equity markets to fund their operations, there is a risk that those purchasers could default in their contractual obligations to us if such purchasers were unable to access the credit or equity markets for an extended period of time. We may incur substantial losses and become subject to liability claims as a result of future oil and natural gas operations, for which we may not have adequate insurance coverage. We intend to maintain insurance against certain risks in the operation of the business we plan to develop and in amounts in which we believe to be reasonable. Such insurance, however, may contain exclusions and limitations on coverage or may not be available at a reasonable cost or at all. We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect our business, financial condition and results of operations. Further, even in instances where we maintain adequate insurance coverage, potential delays related to receipt of insurance proceeds as well as delays associated with the repair or rebuilding of damaged facilities could also materially and adversely affect our business, financial condition and results of operations. Slower global economic growth rates may materially adversely impact our operating results and financial position. Market volatility and reduced consumer demand due to inflationary pressures or otherwise may increase economic uncertainty. Global economic growth drives demand for energy from all sources, including hydrocarbons. A lower future economic growth rate is likely to result in decreased demand growth for crude oil and natural gas production. A decrease in demand, notwithstanding impacts from other factors, could potentially result in lower commodity prices, which would reduce our cash flows from operations, our profitability and our liquidity and financial position. Increased costs and availability of capital could adversely affect our business. Our business and operating results can be harmed by factors such as the availability, terms and cost of capital, increases in interest rates or a reduction in credit rating. Changes in any one or more of these factors could cause our cost of doing business to increase, limit our access to capital, limit our ability to pursue acquisition opportunities, reduce our cash flows available for drilling and place us at a competitive disadvantage. Recent and continuing disruptions and volatility in the global financial markets and a potential **regional or** global recession which have ~~lead~~ - **led** to an increase in interest rates during ~~2022~~ **2023** or a contraction in credit availability impacting our ability to finance our operations. We require continued access to capital. A significant reduction in the availability of credit could materially and adversely affect our ability to achieve our planned growth and operating results. Our derivative activities could result in financial losses or could reduce our income. To achieve more predictable cash flows and to reduce our exposure to adverse fluctuations in the prices of oil and natural gas, we have and may in the future enter into derivative arrangements for a portion of our oil and natural gas production, including, but not limited to, puts, collars and fixed - price swaps. In addition, we may in the future, hold swaps designed to hedge our interest rate risk. We do not currently designate any of our derivative instruments as hedges for accounting purposes and record all derivative instruments on our balance sheet at fair value. Changes in the fair value of our derivative instruments are recognized in earnings. Accordingly, our earnings may fluctuate significantly as a result of changes in the fair value of our derivative instruments. Derivative arrangements also expose us to the risk of financial loss in some circumstances, including when: • production is less than the volume covered by the derivative instruments; • the counter - party to the derivative instrument defaults on its contract obligations; or • there is an increase in the differential between the underlying price and actual prices received in the derivative instrument. These types of derivative arrangements may limit the benefit we could receive from increases in the prices for oil and natural gas or beneficial interest rate fluctuations and may expose us to cash margin requirements. In addition, a reduction in our ability to access credit could reduce our ability to implement derivative arrangements on commercially reasonable terms. Our commercial debt facility, revolving credit facility ~~,~~ **and** the indentures governing our Senior Notes ~~and our GoM Term Loan~~ contain certain covenants that may inhibit our ability to make certain investments, incur additional indebtedness and engage in certain other transactions, which could adversely affect our ability to meet our future goals. Our commercial debt facility, revolving credit facility ~~,~~ **and** the indentures governing our Senior Notes ~~and our GoM Term Loan~~ include certain covenants that, among other things, restrict: • our investments, loans and advances and certain of our subsidiaries' payment of dividends and other restricted payments; • our incurrence of additional indebtedness; • the granting of liens, other than liens created pursuant to the commercial debt facility, revolving credit facility, **or** the indentures governing our Senior Notes ~~or the GoM Term Loan~~ and certain permitted liens; • mergers, consolidations and sales of all or a substantial part of our business or licenses; • the hedging, forward sale or swap of our production of crude oil or natural gas or other commodities; • the sale of assets (other than production sold in the ordinary course of business); and • in the case of the commercial debt facility ~~,~~ **and** the revolving credit facility ~~and the GoM Term Loan~~ , our capital expenditures that we can fund with the proceeds of our commercial debt facility ~~,~~ **and** revolving credit facility ~~and GoM Term Loan~~ . Our commercial debt facility ~~,~~ **and** revolving credit facility ~~and GoM Term Loan~~ require us to maintain certain financial ratios, such as debt service coverage ratios and cash flow coverage ratios. All of these restrictive covenants may limit our ability to move funds among our subsidiaries, operate our business, or expand or pursue our business strategies. Our ability to comply with these and other provisions of our commercial debt facility, revolving credit facility ~~,~~ **and** the indentures governing our Senior Notes ~~and our GoM Term Loan~~ may be impacted by changes in economic or business conditions, our results of operations or events beyond our control. The breach of any of these covenants could result in a default under our commercial debt facility, revolving credit facility ~~,~~ **and** the indentures governing our Senior Notes ~~and our GoM Term Loan~~ , in which case, depending on the actions taken by the lenders thereunder or their successors or assignees, such lenders could elect to declare all amounts borrowed under such debt instruments, together with accrued interest, to be due and payable. If we were unable to repay such borrowings or interest, our lenders, successors or assignees could proceed against their collateral. If the indebtedness under our commercial debt facility, revolving credit facility ~~,~~ **and** the indentures governing our Senior Notes ~~and our GoM Term Loan~~ were to be accelerated, our assets may not be sufficient to repay in full such indebtedness. In addition, the limitations imposed by such debt instruments on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing. Provisions of our Senior Notes could discourage an acquisition of us by a third-party. Certain provisions of the indentures governing our Senior Notes could make it more difficult or more expensive for a third- party to acquire us, or may even prevent a third- party from acquiring us. For example, upon the occurrence of a " change of control triggering event " (as defined in the indentures governing our Senior Notes), holders of the notes will have the right, at their option, to require us to repurchase all of their notes or any portion of the principal amount of such notes. By discouraging an acquisition of us by a third- party, these provisions could have the effect of depriving the holders of our common stock of an opportunity to sell their common stock at a premium over prevailing market prices. Our level of indebtedness may increase and thereby reduce our financial flexibility. At December 31, ~~2022~~ **2023** , we had $ **925.** 0 ~~. 6 billion~~ **million** outstanding and $ ~~618~~ **325** . 0 million of committed undrawn available capacity under our commercial debt facility, subject to borrowing base availability. As of December 31, ~~2022~~ **2023** , there were no borrowings outstanding under the Corporate Revolver and the undrawn availability was $ 250. 0 million. As of December 31, ~~2022~~ **2023** , we had $ 1. 5 billion principal amount of Senior Notes outstanding ~~and $ 145 million outstanding under the GoM Term Loan~~ . In the future, we also may incur significant off-balance sheet obligations and / or significant indebtedness in order to make investments or acquisitions or to explore, appraise or develop our oil and natural gas assets. Our level of indebtedness could affect our operations in several ways, including the following: • a significant portion or all of our cash flows, when generated, could be used to service our indebtedness; • a high level of indebtedness could increase our vulnerability to general adverse economic and industry conditions; • the covenants contained in the agreements governing our outstanding indebtedness will limit our ability to borrow additional funds, dispose of assets, pay dividends and make certain investments; • a high level of indebtedness may place us at a competitive disadvantage compared to our competitors that are less leveraged and therefore, may be able to take advantage of opportunities that our indebtedness could prevent us from pursuing; • our debt covenants may also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry; • additional hedging instruments may be required as a result of our indebtedness; • a high level of indebtedness may make it more likely that a reduction in our borrowing base following a periodic redetermination could require us to repay a portion of our then - outstanding bank borrowings; and • a high level of indebtedness may impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate or other purposes. A high level of indebtedness increases the risk that we may default on our debt obligations. Our ability to meet our debt obligations and to reduce our level of indebtedness depends on our future economic performance. General economic conditions, risks associated with exploring for and producing oil and natural gas, oil and natural gas prices and financial, business and other factors affect our operations and our future economic performance. Many of these factors are beyond our control. We may not be able to generate sufficient cash flows to pay the interest on our indebtedness and future working capital, borrowings or equity financing may not be available to pay or refinance such indebtedness. Factors that will affect our ability to raise cash through an offering of our equity securities or a refinancing of our indebtedness include financial market conditions, the value of our assets and our performance at the time we need capital. We are a holding company and our ability to make payments on our outstanding indebtedness, including our Senior Notes ~~and our commercial debt facility~~ , is dependent upon the receipt of funds from our subsidiaries by way of dividends, fees, interest, loans or otherwise. We are a holding company, and our subsidiaries own all of our assets and conduct all of our operations. Accordingly, our ability to make payments of interest and principal on **our outstanding indebtedness, including** the Senior Notes **,** ~~and the commercial debt facility~~ will be dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors, our subsidiaries will not have any obligation to pay amounts due on the Senior Notes or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of the Senior Notes ~~or the commercial debt facility~~ . Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. The indentures governing our Senior Notes limits the ability of our subsidiaries to incur consensual encumbrances or restrictions on their ability to pay dividends or make other intercompany payments to us, with significant qualifications and exceptions. In addition, the terms of the commercial debt facility limit the ability of the obligors thereunder, including our material operating subsidiaries that hold interests in our assets located offshore Ghana and Equatorial Guinea and their intermediate parent companies to provide cash to us through dividend, debt repayment or intercompany lending. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the Senior Notes ~~and the commercial debt facility~~ . We may be subject to risks in connection with acquisitions and the integration of ~~significant~~ acquisitions may be difficult. We periodically evaluate acquisitions of prospects and licenses, reserves and other strategic transactions that appear to fit within our overall business strategy. The successful acquisition of these assets or businesses requires an assessment of several factors, including: • recoverable reserves; • future oil and natural gas prices and their appropriate differentials; • development and operating costs; and • potential environmental and other liabilities. The accuracy of these assessments is inherently uncertain. In connection with these assessments, we perform a review of the subject assets that we believe to be generally consistent with industry practices. Our review will not reveal all existing or potential problems nor will it permit us to become sufficiently familiar with the assets to fully assess their deficiencies and potential recoverable reserves. Inspections may not always be performed on every well, and environmental problems are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of the problems. We may not be entitled to contractual indemnification for environmental liabilities and could acquire assets on an " as is " basis. ~~Significant acquisitions~~ **Acquisitions** and other strategic transactions may involve other risks, including: • diversion of our management' s attention to evaluating, negotiating and integrating ~~significant~~ acquisitions and strategic transactions; • the challenge and cost of integrating acquired operations, information management and other technology systems and business cultures with those of ours while carrying on our ongoing business; • difficulty associated with coordinating geographically separate organizations; and • the challenge of attracting and retaining personnel associated with acquired operations. The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of our business. Members of our senior management may be required to devote considerable amounts of time to this integration process, which will decrease the time they will have to manage our business. If our senior management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our business could suffer. If we fail to realize the anticipated benefits of ~~a significant acquisition~~ **acquisitions** , our results of operations may be adversely affected. The success of **an** ~~a significant~~ acquisition ~~(such as our 2018 acquisition of Deep Gulf Energy)~~ will depend, in part, on our ability to realize anticipated growth opportunities from combining the acquired assets or operations with those of ours. Even if a combination is successful, it may not be possible to realize the full benefits we may expect in estimated proved reserves, production volume, cost savings from operating synergies or other benefits anticipated from an acquisition or realize these benefits within the expected time frame. Anticipated benefits of an acquisition may be offset by operating losses relating to changes in commodity prices, increased interest expense associated with debt incurred or assumed in connection with the transaction, adverse changes in oil and gas industry conditions, or by risks and uncertainties relating to the exploratory prospects of the combined assets or operations, or an increase in operating or other costs or other difficulties, including the assumption of health, safety, and environmental or other liabilities in connection with the acquisition. If we fail to realize the benefits we anticipate from an acquisition, our results of operations may be adversely affected. A cyber incident, including a breach of digital security, could result in information theft, data corruption, operational disruption, and / or financial loss. The oil and gas industry has become increasingly dependent on digital technologies to conduct day - to - day operations including certain exploration, development and production activities. For example, software programs are used to interpret seismic data, manage drilling rigs, conduct reservoir modeling and reserves estimation, and to process and record financial and operating data. We depend on digital technology, including information systems and related infrastructure as well as cloud application and services, to process and record financial and operating data, communicate with our employees and business partners, analyze seismic and drilling information, estimate quantities of oil and gas reserves and for many other activities related to our business. Our business partners, including vendors, service providers, co - venturers, purchasers of our production, and financial institutions, are also dependent on digital technology. The complexity of the technologies needed to explore for and develop oil and gas in increasingly difficult physical environments, such as deepwater, and global competition for oil and gas resources make certain information more attractive to thieves. As dependence on digital technologies has increased, cyber incidents, including deliberate attacks or unintentional events, have also increased. A cyber - attack could include gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption, or result in denial - of - service on websites. For example, in 2021, the Colonial Pipeline was subject to a ransomware attack that disabled the pipeline for several days, affecting consumers throughout the eastern coast of the United States. A number of U. S. companies have also been subject to cyber- attacks in recent years resulting in unauthorized access to sensitive information and operational disruptions. Certain countries are believed to possess cyber warfare capabilities and are credited with attacks on American companies and government agencies. Our technologies, systems, networks, and those of our business partners may become the target of cyber - attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information, or other disruption of our business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. A cyber incident involving our information systems and related infrastructure, or that of our business partners, could disrupt our business plans, harm our reputation and negatively impact our operations. We expect to maintain insurance against some, but not all, of these risks and losses. The occurrence of any of these events, whether or not covered by insurance, could have a material adverse effect on our financial position and results of operations. Although to date we have not experienced any ~~significant~~ **material** cyber - attacks, there can be no assurance that we will not be the target of cyber - attacks in the future or suffer such losses related to any cyber - incident. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. Our ability to utilize net operating loss carryforwards may be subject to certain limitations. Our ability to use our federal net operating losses to offset potential future taxable income and related income taxes that would otherwise be due is dependent upon our generation of future taxable income and we cannot predict with certainty when, or whether, we will generate sufficient taxable income to use all of our net operating losses. In addition, Section 382 of the Internal Revenue Code of 1986, as amended (the " Code "), contains rules that impose an annual limitation on the ability of a company with federal net operating loss carryforwards that undergoes an ownership change, which is generally any change in ownership of more than 50 % of its stock (by value) over a three- year period, to utilize its federal net operating loss carryforwards in years after the ownership change. These rules generally operate by focusing on ownership changes among holders owning directly or indirectly 5 % or more of the shares of stock of a company or any change in ownership arising from a new issuance of shares of stock by such company. If we were to undergo an ownership change as a result of future transactions involving our common stock, including a follow- on offering of our common stock or purchases or sales of common stock between 5 % holders, our ability to use our federal net operating loss carryforwards may be subject to limitation under Section 382 of the Code. If our federal net operating losses become subject to the limitation under Section 382 of the Code, we may be unable to fully utilize our federal net operating loss carryforwards to offset our taxable income, if any, in future years, which could have a negative impact on our financial position and results of operations. In addition to the aforementioned federal income tax implications pursuant to Section 382 of the Code, most states follow the general provisions of Section 382 of the Code, either explicitly or implicitly resulting in separate state net operating loss limitations. Any limitation on our ability to use our state net operating loss carryforwards could also have a negative impact on our financial position and results of operations. ~~Changes in the method of determining LIBOR, or the replacement of LIBOR with an alternative reference rate, may adversely affect interest expense related to outstanding debt. On July 27, 2017, the Financial Conduct Authority in the United Kingdom announced that it would no longer persuade or compel panel banks to submit the rates required to calculate LIBOR after the end of 2023. The announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2023. The continued existence of LIBOR after 2023, therefore, remains highly uncertain. While various governmental working groups are pursuing replacement rates, if LIBOR ceases to exist, we may need to renegotiate certain contracts or agreements and may not be able to do so on terms that are favorable to us.~~ Risks Relating to Regulation ~~Our business, operations and financial condition may be directly and indirectly adversely affected by political, economic, and environmental circumstances, and changes in laws and regulations, in the countries and regions in which we operate.~~ Oil and natural gas exploration, development and production activities are directly and indirectly subject to political, economic, and environmental uncertainties (including but not limited to those resulting from government elections and changes in energy policies), changes in laws and policies governing operations of companies, expropriation of property, cancellation or modification of contract rights, revocation of consents, approvals or royalty regimes, obtaining various approvals from regulators, foreign exchange restrictions, currency fluctuations, royalty increases, implementation of a carbon tax or cap- and- trade program, increased laws and regulations around climate change, and other risks arising out of governmental sovereignty, as well as risks of loss due to civil strife, acts of war, guerrilla activities, terrorism, acts of sabotage, territorial disputes and insurrection. For example, the Biden administration has taken a number of actions that may result in stricter environmental, health and safety standards applicable to our operations and those of the oil and gas industry more generally. The Biden Administration issued the " Executive Order on Tackling the Climate Crisis at Home and Abroad " on January 27, 2021 (the " Climate Change Executive Order "). This executive order directed the Secretary of the Interior to halt indefinitely new oil and natural gas leases on federal lands and offshore waters pending completion of a review by the Secretary of the Interior of federal oil and gas permitting and leasing practices in light of the Biden administration' s concerns regarding the impact of these activities on the environment and climate. The Secretary of the Interior completed its review of permitting and leasing practices in November 2021 and issued a report recommending, among other things, an increase in royalty rates and financial assurance requirements. Litigation challenging the Climate Change Executive Order' s pause on new oil and gas leases commenced soon after the order was issued ~~; this litigation is~~ **, and a federal judge subsequently enjoined the Climate Change Executive Order' s pause, preventing it from** ~~ongoing~~ -- **going into effect** . **In** ~~However, in~~ August 2022, the Inflation Reduction Act was passed by the U. S. Congress, and included provisions which required the DOI to hold previously announced offshore lease sales in the Gulf of Mexico and Alaska within two years. ~~The~~ **Subsequently, the** BOEM **held** ~~has proposed for~~ Lease Sale 259 ~~to occur~~ in March 2023 **and** ~~. Nonetheless, in light of the litigation described above, there can be no assurance that~~ Lease Sale **261 in December 2023** ~~259 will go ahead as planned~~ . In addition, the Climate Change Executive Order, among other things, establishes climate conditions as an essential element of U. S. foreign policy; establishes a White House office and a climate task force to coordinate and implement the Biden Administration' s domestic climate change agenda; directs federal agencies to procure carbon pollution- free electricity and zero- emission vehicles; eliminate fossil fuel subsidies as consistent with applicable law; identifies a goal of a carbon pollution- free power sector by 2035 and a net- zero emissions U. S. economy by 2050; and commits to a goal of conserving at least 30 percent of federal lands and oceans by 2030. Separately, in April 2021, President Biden announced a goal of reducing the United States' greenhouse gas emissions by 50- 52 % below 2005 levels by 2030. In addition, President Biden signed another executive order on January 20, 2021, titled " Executive Order on Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis " (the " Health and Environment Executive Order "), which among other things calls for a review of regulations and other executive actions promulgated, issued or adopted during the prior Presidential administration to assess whether they are, in the view of the Biden Administration, sufficiently protective of public health and the environment, including with respect to climate change, and consistent with science. The order also specifically calls for consideration of new regulations regarding methane emissions in the oil and gas sector, reassessment of decisions made by the prior administration limiting the size of certain national monuments, and incorporation of the impact of GHG emissions (known as the " social cost of carbon ") in decision making by federal agencies. These actions and any future changes to applicable environmental, health and safety, regulatory and legal requirements promulgated by the current Presidential administration and Congress may restrict our access to additional acreage and new leases in the deepwater U. S. Gulf of Mexico or lead to limitations or delays on our ability to secure additional permits to drill and develop our acreage and leases or otherwise lead to limitations on the scope of our operations, or may lead to increases to our compliance costs. The potential impacts these changes on our future consolidated financial condition, results of operations or cash flows cannot be predicted. In addition, we are subject both to uncertainties in the application of the tax laws in the countries in which we operate and **where we are resident for tax purposes and** to possible changes in such tax laws (or the application thereof), each of which could result in an increase in our tax liabilities. These risks may be higher in the developing countries in which we conduct a majority of our activities, as is the case in Ghana, where the GRA has disputed certain tax deductions we had claimed in prior fiscal years' Ghanaian tax returns as non - allowable under the terms of the Ghanaian Petroleum Income Tax Law, as well as non - payment of certain transactional taxes, contractual fiscal obligations and other payments. We have faced, and continue to face, similar tax related disputes with the Senegal, Mauritania, and Equatorial Guinea Tax Administration. Additionally, monetary sector reform initiatives in the West African Monetary Union and the Central African Economic and Monetary Union, such as through the implementation of Regulation 02 / 18 / ECMAC / UMAC / CM by the Bank of Central African States could restrict or prevent payments being made in a foreign currency; impose restrictions on offshore and onshore foreign currency accounts; and / or restrict or prevent the repatriation of revenues and debt proceeds. The implementation or realization of any of the foregoing could have an adverse impact on our financial condition and results of operations. In addition, we are subject to uncertainties surrounding the economies and fiscal health of the countries in which we operate. For example, the Republic of Ghana **was** ~~has recently been~~ subject to ratings downgrades on its sovereign debt **in 2022** and **2023. In May 2023,** ~~has since reached a staff- level agreement with~~ the International Monetary Fund **Executive Board approved** ~~on economic policies and reforms which, if successful, could result in~~ a ~~three~~ **$ 3. 0 billion, 3** - year **extended credit facility** arrangement ~~of about $ 3. 0 billion~~ to support **Ghana' s economic recovery program, and the Ghanaian authorities have since made progress on** ~~the~~ **their comprehensive** ~~objective of restoring public~~ debt ~~sustainability~~ **restructuring** . Ratings downgrades such as this one in Ghana have affected the Company' s own credit ratings due to concerns over revenue dependence on a single country. A significant reduction in the availability of credit could materially and adversely affect our ability to achieve our planned growth and operating results. Our operations in these areas increase our exposure to risks of war, local economic conditions, political disruption, civil disturbance, expropriation, piracy, tribal conflicts and governmental policies that may: • disrupt our operations; • require us to incur greater costs for security; • impact our credit ratings and ability to access capital; • restrict the movement of funds or limit repatriation of profits; • lead to U. S. government or international sanctions; or • limit access to markets for periods of time. Some countries in the geographic areas where we operate have experienced political instability in the past or are currently experiencing instability. Disruptions may occur in the future, and losses caused by these disruptions may occur that will not be covered by insurance. Consequently, our exploration, development and production activities may be substantially affected by factors which could have a material adverse effect on our results of operations and financial condition. Furthermore, in the event of a dispute arising from non - U. S. operations, we may be subject to the exclusive jurisdiction of courts outside the United States or may not be successful in subjecting non - U. S. persons to the jurisdiction of courts in the United States or international arbitration, which could adversely affect the outcome of such dispute. Our operations may also be adversely affected by laws and policies of the jurisdictions, including the jurisdictions where our oil and gas operating activities are located as well as the United Kingdom and the Cayman Islands and other jurisdictions in which we do business, that affect foreign trade and taxation. Changes in any of these laws or policies or the implementation thereof could materially and adversely affect our financial position, results of operations and cash flows. More comprehensive and stringent regulation in the U. S. Gulf of Mexico has materially increased costs and delays in offshore oil and natural gas exploration and production operations. In the U. S. Gulf of Mexico, regulatory initiatives are continually developed and implemented at the federal level to prevent major well control incidents. The Department of Interior (" DOI ") through the BOEM and the Bureau of Safety and Environmental Enforcement (" BSEE "), has issued a variety of regulations and Notices to Lessees and Operators (" NTLs "), intended to impose additional safety, permitting and certification requirements applicable to exploration, development and production activities in the U. S. Gulf of Mexico. These regulatory initiatives effectively slowed down the pace of drilling and production operations in the U. S. Gulf of Mexico as adjustments were being made in operating procedures, certification requirements and lead times for inspections, drilling applications and permits, and exploration and production plan reviews, and as the federal agencies evolved into their present-day bureaus. On May 15, 2019, BSEE published a final rule with an effective date of July 15, 2019 that revises requirements for well design, well control, casing, cementing, real- time monitoring (RTM), and subsea containment. These revisions modify regulations pertaining to offshore oil and gas drilling, completions, workovers, and decommissioning in accordance with Executive and Secretary of the Interior' s Orders. Key features of the well control regulations include requirements for blowout preventers (BOPs), double shear rams, third- party reviews of equipment, real time monitoring data, safe drilling margins, centralizers, inspections and other reforms related to well design and control, casing, cementing and subsea containment. For a discussion of recent drilling and climate change executive orders signed by President Biden, see the risk factor earlier in this 10-K titled " Our business, operations and financial condition may be directly and indirectly adversely affected by political, economic and environmental circumstances, and changes in laws and regulations, in the countries and regions in which we operate. " In addition to the array of new or revised safety, permitting and certification requirements developed and implemented by the DOI in the past few years, there have been a variety of proposals to change existing laws and regulations that could affect offshore development and production, such as, for example, a proposal to significantly increase the minimum financial responsibility demonstration required under the Oil Pollution Act of 1990. To the extent the existing regulatory initiatives implemented and pursued over the past few years or any future restrictions, whether through legislative or regulatory means or increased or broadened permitting and enforcement programs, foster uncertainties or delays in our offshore oil and natural gas development or exploration activities, then such conditions may have a material adverse effect on our business, financial condition and results of operations. Any other new rules, regulations or legal initiatives by BOEM or other governmental authorities, including as a result of the current Presidential administration, that impose more stringent requirements regarding financial assurances, moratoria on new leases or otherwise adversely affecting our offshore activities could result in increased costs. In particular, as noted above, the current Presidential administration supports limitations on oil and gas exploration and production on federal areas. These restrictions and similar restrictions that may be issued in the future may limit our operations and adversely impact our future financial results. The oil and gas industry, including the acquisition of exploratory licenses, is intensely competitive and many of our competitors possess and employ substantially greater resources than us. The oil and gas industry is highly competitive in all aspects, including the exploration for, and the development of, new license areas. We operate in a highly competitive environment for acquiring exploratory licenses and hiring and retaining trained personnel. Many of our competitors possess and employ financial, technical and personnel resources substantially greater than us, which can be particularly important in the areas in which we operate. These companies may be better able to withstand the financial pressures of unsuccessful drilling efforts, sustained periods of volatility in financial markets and generally adverse global and industry - wide economic conditions, and may be better able to absorb the burdens resulting from changes in relevant laws and regulations, which could adversely affect our competitive position. Our ability to acquire additional prospects and to find and develop reserves in the future will depend on our ability to evaluate and select suitable licenses and to consummate transactions in a highly competitive environment. Also, there is substantial competition for available capital for investment in the oil and gas industry. As a result of these and other factors, we may not be able to compete successfully in an intensely competitive industry, which could cause a material adverse effect on our results of operations and financial condition. Participants in the oil and gas industry are subject to numerous laws, regulations, and other legislative instruments that can affect the cost, manner or feasibility of doing business. Exploration and production activities in the oil and gas industry are subject to local laws and regulations. We may be required to make large expenditures to comply with governmental laws and regulations, particularly in respect of the following matters: • licenses for drilling operations; • tax increases, including retroactive claims; • unitization of oil accumulations; • local content requirements (including the mandatory use of local partners and vendors); and • safety, health and environmental requirements, liabilities and obligations, including those related to remediation, investigation or permitting. Under these and other laws and regulations, we could be liable for personal injuries, property damage and other types of damages. Failure to comply with these laws and regulations also may result in the suspension or termination of our operations and subject us to administrative, civil and criminal penalties. Moreover, these laws and regulations could change, or their interpretations could change, in ways that could substantially increase our costs. These risks may be higher in the developing countries in which we conduct a majority of our operations, where there could be a lack of clarity or lack of consistency in the application of these laws and regulations. Any resulting liabilities, penalties, suspensions or terminations could have a material adverse effect on our financial condition and results of operations. For example, Ghana' s Parliament has enacted the Petroleum Revenue Management Act, the Petroleum Commission Act of 2011, and the 2016 Ghanaian Petroleum Law. There can be no assurance that these laws will not seek to retroactively, either on their face or as interpreted, modify the terms of the agreements governing our license interests in Ghana, including the WCTP and DT petroleum contracts and the Jubilee UUOA, require governmental approval for transactions that effect a direct or indirect change of control of our license interests or otherwise affect our current and future operations in Ghana. Any such changes may have a material adverse effect on our business. We also cannot assure you that government approval will not be needed for direct or indirect transfers of our petroleum agreements or interests thereunder based on existing legislation. We are subject to numerous health, safety and environmental laws and regulations which may result in material liabilities and costs. We are subject to various international, foreign, federal, state and local health, safety and environmental laws and regulations governing, among other things, the emission and discharge of pollutants into the ground, air or water, the generation, storage, handling, use, transportation and disposal of regulated materials and the health and safety of our employees, contractors and communities in which our assets are located. We are required to obtain environmental permits from governmental authorities for our operations, including drilling permits for our wells. We maintain policies and processes to comply with these various permits and laws and regulations to which we are subject. If determined that we have violated or failed to comply with such requirements, we could be fined or otherwise sanctioned by regulators, including through the revocation of our permits or the suspension or termination of our operations. Additionally, there is a risk that such requirements could change in the future or become more stringent. If we fail to obtain, maintain or renew permits in a timely manner or at all (due to opposition from partners, community or environmental interest groups, governmental delays or other reasons), or if we face additional requirements imposed as a result of changes in or enactment of laws or regulations, such failure to obtain, maintain or renew permits or such changes in or enactment of laws or regulations could impede or affect our operations, which could have a material adverse effect on our results of operations and financial condition. We, as an interest owner or as the designated operator of certain of our past, current and future interests, discoveries and prospects, could be held liable for some or all health, safety and environmental costs and liabilities arising out of our actions and omissions as well as those of our block partners, third - party contractors, predecessors or other operators. To the extent we do not address these costs and liabilities or if we do not otherwise satisfy our obligations, our operations could be suspended or terminated. We have contracted with and intend to continue to hire third parties to perform services related to our operations. There is a risk that we may contract with third parties with unsatisfactory health, safety and environmental records or that our contractors may be unwilling or unable to cover any losses associated with their acts and omissions. Accordingly, we could be held liable for all costs and liabilities arising out of their acts or omissions, which could have a material adverse effect on our results of operations and financial condition. We are not fully insured against all risks and our insurance may not cover any or all health, safety or environmental claims that might arise from our operations or at any of our license areas. If a significant accident or other event occurs and is not covered by insurance, such accident or event could have a material adverse effect on our results of operations and financial condition. We take measures to prevent the release of regulated substances. If a release of regulated substances were to occur, which may be significant, under certain environmental laws, we could be held responsible for all of the costs relating to any contamination at our current or former facilities and at any third- party waste disposal sites used by us or on our behalf. In addition, offshore oil and natural gas exploration and production involves various hazards, including human exposure to regulated substances, which include naturally occurring radioactive, and other materials. As such, we could be held liable for any and all consequences arising out of human exposure to such substances or for other damage resulting from the release of any regulated or otherwise hazardous substances to the environment, property or to natural resources, or affecting endangered species. In addition, we expect continued and increasing attention to climate change issues and emissions of GHGs, including methane (a primary component of natural gas) and carbon dioxide (a byproduct of oil and natural gas combustion). For example, in April 2016, 195 nations, including Ghana, Mauritania, Sao Tome and Principe, Senegal and the United States, signed and officially entered into an international climate change accord (the " Paris Agreement "). The Paris Agreement calls for signatory countries to set their own GHG emissions targets, make these emissions targets more stringent over time and be transparent about the GHG emissions reporting and the measures each country will use to achieve its GHG targets. A long- term goal of the Paris Agreement is to limit global temperature increase to well below two degrees Celsius from temperatures in the pre- industrial era. The Paris Agreement is in effect a successor to the Kyoto Protocol, an international treaty aimed at reducing emissions of GHGs, to which various countries and regions, including Ghana, Mauritania, Sao Tome and Principe and Senegal, are parties. In 2012, the Kyoto Protocol was extended by amendment through 2020 in the so- called Doha Amendment, which entered into force in late December 2020 after the requisite number of parties ratified it in October 2020. In November **and December** ~~2022~~ **2023** , the international community gathered in ~~Egypt~~ **Dubai** at the ~~27th~~ **28th** Conference to the Parties on the UN Framework Convention on Climate Change (" ~~COP27~~ **COP28** "), during which multiple announcements were made, including ~~the EPA' s announcement of more stringent revisions~~ **a global agreement that calls for transitioning away from fossil fuels, and a pledge by about 50 oil and gas producing countries** to ~~previously proposed~~ **achieve near- zero** methane emissions **by 2030. Separately, in December 2023, the U. S. EPA announced its final** ~~rules~~ **rule** ~~for~~ **regulating methane and volatile organic compounds emissions in** the oil and gas **industry which** ~~sector. The previously proposed rules~~ , **among other things** ~~and EPA' s November 2022 revisions~~ , **requires periodic inspections to detect leaks (and subsequent repairs), places stringent restrictions on venting and flaring of methane, and** ~~establish~~ **establishes** ~~requirements for~~ **a program whereby third parties can monitor and repot large** methane emissions **to the EPA** ~~from existing and modified oil and gas sources and impose additional requirements for new sources~~ . In addition, in March 2022, the SEC proposed rules requiring disclosure of a range of climate change- related information, including, among other things, companies' climate change risk management; short- medium- and long- term climate- related financial risks; and disclosure of Scope 1, Scope 2 and (for certain companies) Scope 3 emissions. The SEC' s proposed climate disclosure rules have not yet been finalized, but implementation of the rules as proposed could be costly and time consuming. It cannot be determined at this time what effect the Paris Agreement, ~~COP27~~ **COP28** , the EPA' s ~~proposed~~ **final** methane emission rules, the SEC' s proposed climate change disclosure rules and any other related GHG emissions targets, regulations, executive orders or other requirements, will have on our business, results of operations and financial condition. This legislative and regulatory uncertainty, however, could result in a disruption to our business or operations. For a discussion of recent environmental and climate change executive orders signed by President Biden, see the risk factor earlier in this 10- K titled " Our business, operations and financial condition may be directly and indirectly adversely affected by political, economic and environmental circumstances, and changes in laws and regulations, in the countries and regions in which we operate. " Health, safety and environmental laws and regulations are complex, change frequently and have tended to become increasingly stringent over time. Our costs of complying with current and future climate change, health, safety and environmental laws, the actions or omissions of our block partners and third- party contractors and our liabilities arising from releases of, or exposure to, regulated substances may adversely affect our results of operations and financial condition. See " Item 1. Business — Environmental Matters " for more information. We may be exposed to assertions concerning or liabilities under the U. S. Foreign Corrupt Practices Act and other anti - corruption laws, and any such assertions or determination that we violated the U. S. Foreign Corrupt Practices Act or other such laws could result in significant costs to Kosmos and have a material adverse effect on our business. We are subject to the U. S. Foreign Corrupt Practices Act (" FCPA ") and other laws that prohibit improper payments or offers of payments to foreign government officials and political parties for the purpose of obtaining or retaining business or otherwise securing an improper business advantage. In addition, the United Kingdom has enacted the Bribery Act of 2010, and we may be subject to that legislation under certain circumstances. We do business and may do additional business in the future in countries and regions in which we may face, directly or indirectly, corrupt demands by officials. We face the risk of unauthorized payments or offers of payments by one of our employees, contractors or consultants. Our existing safeguards and any future improvements may prove to be less than effective in preventing such unauthorized payments, and our employees and consultants may engage in conduct for which we might be held responsible. Violations of the FCPA or other anti- corruption laws may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition. In addition, the U. S. government may seek to hold us liable for successor liability for FCPA violations committed by companies in which we invest in (for example, by way of acquiring equity interests in, participating as a joint venture partner with, acquiring the assets of, or entering into certain commercial transactions with) or that we acquire. While we believe we maintain a robust compliance program (including policies, procedures, and controls) and corresponding compliance culture, from time- to- time assertions may be raised, including by media outlets or competitors, related to our operations or assets which, notwithstanding the lack of veracity of such assertions, may attract the interest of regulators or affect the market perception of Kosmos. On June 3, 2019, the BBC Panorama broadcast a television program, which included various assertions concerning the Cayar Offshore Profond and Saint Louis Offshore Profond Blocks offshore Senegal in which the Company holds interests, which we believe are inaccurate and misleading. We, BP (block operator) and the Government of Senegal all promptly issued independent statements strongly refuting these assertions. As noted in our statement, Kosmos conducted extensive pre- transaction due diligence, and we believe we acquired our interests in the blocks in compliance with applicable laws. After the program aired, certain government agencies requested that Kosmos voluntarily provide information related to the Senegal blocks and other blocks. We have cooperated with these requests to ensure that these agencies have an accurate and complete understanding concerning the history of the blocks. After an extensive review lasting over three- years, the SEC informed us in December ,2022 that it had closed its investigation with no enforcement action recommended. There can be no assurance that other regulatory bodies will not make further regulatory inquiries or take other actions. Federal regulatory law could have an adverse effect on our ability to use derivatives to reduce the effect of commodity price, interest rate and other risks associated with our business. At times, we use derivatives, specifically cash- settled commodity options and interest rate swaps, to hedge risks associated with our business, including commodity price and interest rate risk. The Commodity Futures Trading Commission (" CFTC ") has jurisdiction over derivatives, including swaps and cash- settled commodity options, which are regulated as swaps under the Commodity Exchange Act. Of particular importance to us, the CFTC has implemented regulations that establish position limits for certain futures and economically equivalent swaps and require exchanges to do the same. Certain bona fide hedging positions are exempt from these position limits. As the relevant provisions of these rules for the Company are phased in over the next several years, they may increase costs or, if we are unable to meet the specific requirements of the relevant hedging exemption, we may be subject to certain position limits. The CFTC has designated certain interest rate swaps for mandatory clearing and exchange trading. The CFTC has not yet proposed rules designating any other classes of swaps, including commodity swaps, for mandatory clearing or exchange trading. The application of the mandatory clearing and trade execution requirements may change the cost and availability of the swaps that the Company uses for hedging. Swap dealers that we transact with need to comply with margin and segregation requirements for uncleared swaps. While our uncleared swaps are not directly subject to those margin requirements as a result of the fact that they are used by us for hedging purposes, due to the increased costs to dealers for transacting uncleared swaps in general, our costs for these transactions may increase. The Commodity Exchange Act also requires certain of the counterparties to our derivatives instruments to be registered with the CFTC and be subject to substantial regulation. These requirements could significantly increase the cost of derivatives, reduce the availability of derivatives to protect against risks we encounter, and reduce our ability to monetize or restructure our existing derivatives. If we reduce our use of derivatives as a result of these regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Our revenues could also be adversely affected if a consequence of the legislation and regulations is to lower commodity prices. The European Union and other non - U. S. jurisdictions have also implemented or are implementing similar regulations with respect to the derivatives market. To the extent we transact with counterparties in foreign jurisdictions, we or our transactions may become subject to such regulations. The impact of such regulations could be similar to those described above with respect to U. S. rules. Any of these consequences could have a material adverse effect on our consolidated financial position, results of operations, or cash flows. General Risk Factors We are dependent on certain members of our management and technical team. Our performance and success largely depend on the ability, expertise, judgment and discretion of our management and the ability of our technical team to identify, discover, evaluate, develop, and produce reserves. The loss or departure of one or more members of our management and technical team could be detrimental to our future success. Additionally, a significant amount of shares in Kosmos held by members of our management and technical team has vested. There can be no assurance that our management and technical team will remain in place. If any of these officers or other key personnel retires, resigns or becomes unable to continue in their present roles and is not adequately replaced, our results of operations and financial condition could be materially adversely affected. Our ability to manage our growth, if any, will require us to continue to train, motivate and manage our employees and to attract, motivate and retain additional qualified personnel. Competition for these types of personnel is intense, and we may not be successful in attracting, assimilating and retaining the personnel required to grow and operate our business profitably. We operate in a litigious environment. Some of the jurisdictions within which we operate have proven to be litigious environments. Oil and gas companies, such as us, can be involved in various legal proceedings, such as title or contractual disputes, in the ordinary course of business. From time to time, we may become involved in various legal and regulatory proceedings arising in the normal course of business. We cannot predict the occurrence or outcome of these proceedings with certainty, and if we are unsuccessful in these disputes and any loss exceeds our available insurance, this could have a material adverse effect on our results of operations. Because we maintain a diversified portfolio of assets overseas, the complexity and types of legal procedures with which we may become involved may vary, and we could incur significant legal and support expenses in different jurisdictions. If we are not able to successfully defend ourselves, there could be a delay or even halt in our exploration, development or production activities or other business plans, resulting in a reduction in reserves, loss of production and reduced cash flows. Legal proceedings could result in a substantial liability and / or negative publicity about us and adversely affect the price of our common stock. In addition, legal proceedings distract management and other personnel from their primary responsibilities. We face various risks associated with global populism. Globally, certain individuals and organizations are attempting to focus public attention on income distribution, wealth distribution, and corporate taxation levels, and implement income and wealth redistribution policies. These efforts, if they gain political traction, could result in increased taxation on individuals and / or corporations, as well as, potentially, increased regulation on companies and financial institutions. Our need to incur costs associated with responding to these developments or complying with any resulting new legal or regulatory requirements, as well as any potential increased tax expense, could increase our costs of doing business, reduce our financial flexibility and otherwise have a material adverse effect on our business, financial condition and results of our operations. Our share price may be volatile, and purchasers of our common stock could incur substantial losses. Our share price may be volatile. The stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. The market price for our common stock may be influenced by many factors, including, but not limited to: • the price of oil and natural gas; • the success of our exploration and development operations, and the marketing of any oil and natural gas we produce; • operational incidents; • regulatory developments in the United States and foreign countries where we operate; • the recruitment or departure of key personnel; • quarterly or annual variations in our financial results or those of companies that are perceived to be similar to us; • market conditions in the industries in which we compete and issuance of new or changed securities; • analysts' reports or recommendations; • the failure of securities analysts to cover our common stock or changes in financial estimates by analysts; • the inability to meet the financial estimates of analysts who follow our common stock; • the issuance or sale of any additional securities of ours; • investor perception of our company and of the industry in which we compete; and • general economic, political and market conditions. **We may** ~~A substantial portion of our total issued~~ **issue** ~~and outstanding~~ **additional shares of** common stock ~~may be sold~~ **, securities that are convertible** into ~~the market at any time. This could cause the market price of our common stock to drop materially, even if our business is doing well. All of the shares sold in our public offerings are freely tradable without restrictions or further registration under the federal securities laws, unless purchased by our " affiliates " as that term is defined in Rule 144 under the Securities Act of 1933, as amended (the " Securities Act "). Substantially all of the remaining shares of common stock are restricted securities as defined in Rule 144 under the Securities Act (unless they have been sold pursuant to Rule 144 to date). Restricted securities may be sold in the U. S. public market only if registered or if they qualify for an exemption from registration, including by reason of Rule 144 or Rule 701 under the Securities Act. All of our restricted shares are eligible for sale in the public market, subject in certain circumstances to the volume, manner of sale limitations with respect to shares held by our affiliates and other limitations under Rule 144. Additionally, we have registered all our shares of common stock that we may issue under our employee benefit plans. These shares can be freely sold in the public market upon issuance, unless pursuant to their terms these share awards have transfer restrictions attached to them. Sales of a substantial number of shares of our common stock, or the perception in the market that the holders of a large number of shares intend to sell common stock, could reduce the market price of our common stock. We may issue additional~~ shares of common stock, preferred shares, warrants, rights, units and debt securities for general corporate purposes, including, but not limited to, repayment or refinancing of borrowings, working capital, capital expenditures, investments and acquisitions. We continue to actively seek to expand our business through complementary or strategic acquisitions, and we may issue additional shares of common stock in connection with those acquisitions. We also issue restricted ~~shares~~ **share units** to our executive officers, employees and independent directors as part of their compensation. If we issue additional shares of common stock **or securities that are convertible into shares of common stock** in the future, it may have a dilutive effect on our current outstanding shareholders.