KOSMOS ENERGY discovered a massive natural gas field off the coast of West Africa. There was one significant obstacle: It sat on the maritime boundary of two countries that had once fought a border war. CEO **ANDREW INGLIS** tells the story to Brunswick's **STUART DONNELLY** and **ANDREW VON KERENS**.

RESERVOIR of GOODWILL

Kosmos Energy is an international oil and gas company that is small by industry standards, employing 380 people worldwide (compared to roughly 70,000 each at Exxon and BP). But Kosmos boasts an outsized ability to find hydrocarbons—the chief components of petroleum and natural gas—in places where other companies have already searched unsuccessfully.

Finding these hydrocarbons is as difficult and complex as you might imagine. Yet developing these hydrocarbons—getting them out of the earth, essentially—might be an even greater challenge. Not because of the engineering, but rather the business diplomacy required. If the companies and countries involved in a project can't agree on the economics and particulars, then the hydrocarbons remain untapped.

Diplomacy, in other words, often acts as the crucial bridge between the discovery of hydrocarbons and their valuable development—and in 2015, Kosmos Energy had to build that bridge between Mauritania and Senegal, two countries that had fought a border war less than 30 years before.

In 2011 Kosmos' geologists and geophysicists looked at the results of more than 50 unsuccessful wells that had been drilled offshore Mauritania. Previous exploration efforts focused on shallow water relatively close to the coastline and in onshore areas, but Kosmos hypothesized the wells had been drilled in the wrong place: Pre-historic river systems had pushed hydrocarbon-rich reservoir sands further offshore.

Kosmos acquired several blocks offshore Mauritania, where 2D and 3D seismic surveys later showed a large, promising geological structure—the kind capable of supporting hydrocarbon reservoirs. This structure appeared to extend across the maritime boundary from Mauritania into Senegal, where Kosmos acquired further exploration blocks. Drilling its first exploration well offshore Mauritania in early 2015, Kosmos found the largest natural gas field offshore West Africa in history.

Over the following 18 months, it drilled five additional exploration and appraisal wells, including two in Senegal. All were successful.

The largest known deposit, Greater Tortue Ahmeyim, "contains at least 15 trillion cubic feet of gas, enough to generate billions of dollars of export revenue and is of a scale that would meet the UK's total natural gas demand for roughly five years," says Kosmos Energy Chairman and CEO Andrew Inglis. In addition to its size, there was another remarkable feature about Tortue: It was split with almost geometric precision between the maritime boundaries of the two countries.

Despite the discovery, there was no guarantee Kosmos would recoup the $675 million it had invested to explore and appraise the fields—let alone realize a return on the investment. The gas belonged to the respective countries. Since the largest deposits were distributed so evenly between them, the only economically viable option was a joint project between Mauritania and Senegal, not separate developments on either side of their maritime borders. "Everything hinged on cooperation," says Mr. Inglis, who has spent more than three decades working in the oil and gas industry.

"After the initial discovery in 2015, I traveled to Mauritania to deliver the news to President Abdel Aziz, who was on a campaign stop in Kaedi, a small desert city not far from the Senegalese border. I had to helicopter across this vast expanse of desert from the capital Nouakchott to get there. I met the President in the governor's mansion as crowds gathered outside, waiting to see him. I expected the President to be ecstatic at the news, but he was actually reserved, contemplative. The President asked about developing the gas independently of Senegal, but I explained why that approach would be too costly and take far too long for the benefits to be felt by his country."

Mr. Inglis recalls a period of silence. Then the President said that Kosmos could continue with the project. "But he stressed transparency was essential," Mr. Inglis says. "We had to be clear about our intentions. No playing games. Deliver on commitments."

After news of the initial discovery was public, Mr. Inglis went to Dakar to see the President of Senegal, Macky Sall, at the presidential palace. "He [President Sall] was resplendent in a flowing white *boubou*, surrounded by an entourage of advisors. He's a geologist by training and former head of the national oil company, so he reveled in the technical details of the discovery and our plans for future exploration. But he was similarly cautious about the prospect of developing the gas jointly."

From those earliest meetings, Mr. Inglis says it became clear that "if we wavered from the notion of 50/50 benefit from a 50/50 asset, it would have killed any chance of cooperation. Parity would drive the project; imbalance would destroy it."

Citing the significant upfront costs—it takes several billion dollars to get a project like this going—and the years that it would take before the project generated revenue, Mr. Inglis saw a major part of his role as "being clear on what we could and could not deliver, keeping everyone grounded and focused even as the local media pressured us to make promises about revenues and returns."

With the support of both President Abdel Aziz and President Sall, Mr. Inglis and his team formed a working group comprised of representatives from the national oil companies, the ministries of energy, and Kosmos—an uncommon move in the industry. "We didn't want it to seem that a foreign oil company was dictating how the project should proceed," says Mr. Inglis. "We wanted to be transparent, and we wanted them involved."

Over a period of three years, the group met monthly, rotating between Nouakchott, Dakar and Paris.

"These were direct talks handled by the primaries. No middlemen to explain how things needed to be done. The early meetings were friendly but formal," says Mr. Inglis. "The Mauritanians and Senegalese didn't know if they could trust us. We felt the best way to earn that trust was to be transparent. We told them up front what our economic returns needed to be for an investment of this size—we actually gave them our economic model. And we showed them what we were deliberating

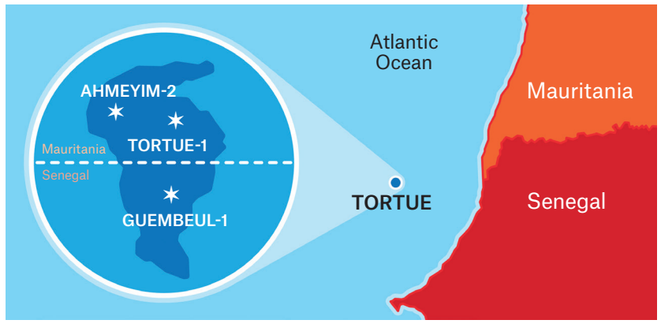

ILLUSTRATION: THOMAS FUCHS

Discovered by Kosmos Energy, the largest natural gas field ever found offshore West Africa is called Tortue, a field almost perfectly split in half by the maritime borders of Mauritania and Senegal. Above is the drillship which made the offshore discoveries.

on from a technical perspective and asked them to weigh in."

Soon, Mr. Inglis says, a bond formed among the group—one that would have seemed improbable from the outset. "They asked after each other's families, showing off photos of newborn sons and daughters. They traded friendly jabs over the results of English Premier League matches. And the Mauritanians and Senegalese teased my team mercilessly for their bad attempts at French while simultaneously praising their efforts to learn."

From these meetings it emerged that neither country would accept the other being chosen as the location and operator of a large onshore gas processing plant. To resolve the problem, the working group agreed to use an innovative development concept that seemed to embody parity: a floating liquefied natural gas facility on the maritime border between the two countries. That near-shore site would be roughly 10 kilometers from the coast, visible at night from both countries—a symbol of their cooperation.

The near-shore development scheme made sense practically as well as politically. "It represented the fastest and most competitive way for the two countries to begin initial LNG exports and deliver gas for power generation, a key economic factor for both countries," Mr. Inglis says. "This first phase would establish the countries as reliable suppliers, improving the marketability of remaining gas in the basin and making it easier to finance subsequent phases."

The working group then explored the commercial, legal and technical framework for the joint project, with the goal of eventually signing an intergovernmental cooperation agreement (ICA)—essentially a treaty between the two countries on how to develop a joint gas field. The ICA provided for an initial split 50/50 of resources and revenue, and a mechanism for future equity adjustments based on actual production and other technical data.

It was around this time that Kosmos had to find a partner with the capital and manpower to develop a gas field of this size—which only a limited number of firms possessed. Kosmos selected BP.

"Before BP joined the working group, we agreed on several guiding principles, including 'countries before company and project,' and 'if it can be done locally, do it locally.' They've proved excellent partners," Mr. Inglis says. "Over the next 18 months, progress was steady but fragile; one misstep, we knew, could upset everything."

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Representatives from Senegal and Mauritania sign an Intergovernmental Cooperation Agreement outlining the commercial, technical and legal framework of a joint project.

Seated, left to right: Mansour Elimane Kane, Minister of Energy for Senegal and Mohamed Abdel Vetah, Minister of Energy for Mauritania. Standing behind the Ministers are Macky Sall, President of Senegal, left, and Mohamed Ould Abdel Aziz, President of Mauritania.

That stumble seemed to have arrived in January 2018 in the form of a major diplomatic incident: a skirmish between Senegalese fisherman and the Mauritanian navy that resulted in a tragic fatality.

Complex negotiations between Mauritania and Senegal ensued on the thorny subject of fishing rights. At the same time, both Presidents were considering how to progress the project and their views on the ICA. This led to a Presidential summit in Nouakchott a month later, where President Sall and President Abdel Aziz signed the ICA—a move that helped ease tensions enough to allow negotiations on fishing rights to continue.

Kosmos and BP announced a final investment decision just before Christmas last year. "The project will be the world's fastest LNG development from discovery to first production, which is expected in early 2022," Mr. Inglis says. "And we're planning to expand production; Tortue will produce only a fraction of the overall reserves we believe to exist there."

Unlocking that tremendous potential will require the same commitment to building relationships and maintaining transparency that made the project possible in the first place.

"As we continue to do business in Mauritania and Senegal, we know our success is fully connected to theirs," Mr. Inglis says. "It may seem like boilerplate language but it's genuinely mission-critical for us: The project depends upon continuing to work together and align our interests.

"I'm aware of how 'mutually beneficial' sounds coming from the head of an oil and gas company. That's a narrative tied to our industry we're working to change; Kosmos is a small company but we can still make an impact. We voluntarily publish our contracts with host nations on our website; we publicly report our payments to governments on an annual basis. I believe we're the only oil and gas company headquartered in the US that does so.

"Done well, these projects can power economic, social and political progress, helping the world meet its growing demand for energy while creating local jobs and opportunities. And it all starts with business diplomacy—bringing people together, from the outset, in a spirit of candor and cooperation. That's the standard we should expect of these projects going forward. In every sense, it's good business." ◆

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