

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

WILLIAM TARLETON, Individually and On)
Behalf of All Others Similarly Situated,)
)
Plaintiff,)

vs.)

KOSMOS ENERGY LTD., BRIAN F. MAXTED,)
W. GREG DUNLEVY, SYLVIA MANOR, JOHN)
R. KEMP, DAVID I. FOLEY, JEFFREY A.)
HARRIS, DAVID B. KRIEGER, PRAKASH A.)
MELWANI, ADEBAYO O. OGUNLESI, CHRIS)
TONG, CHRISTOPHER A. WRIGHT, THE)
BLACKSTONE GROUP L.P., WARBURG)
PINCUS LLC, CITIGROUP GLOBAL MARKETS)
INC., BARCLAYS CAPITAL INC., CREDIT)
SUISSE SECURITIES (USA) LLC, BNP)
PARIBAS SECURITIES CORP., SG AMERICAS)
SECURITIES, LLC, CREDIT AGRICOLE)
SECURITIES (USA) INC., HSBC SECURITIES)
(USA) INC., NATIXIS BLEICHROEDER LLC,)
JEFFERIES & COMPANY, INC., RBC CAPITAL)
MARKETS, LLC and HOWARD WEIL)
INCORPORATED,)
)
Defendants.)

CIVIL ACTION NO. 3:12-cv-2612
JURY TRIAL DEMANDED
CLASS ACTION

**ORIGINAL CLASS ACTION COMPLAINT
FOR VIOLATION OF THE FEDERAL SECURITIES LAWS**

Plaintiff, William Tarleton (“Plaintiff”), alleges the following based upon the investigation of Plaintiff’s counsel, which included, among other things, a review of defendants’ public documents, conference calls and announcements, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Kosmos Energy Ltd. (“Kosmos” or the “Company”) and securities analysts’ reports and advisories about

the Company. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION AND OVERVIEW

1. This is a federal class action on behalf of purchasers of the common stock of Kosmos, who purchased or otherwise acquired Kosmos common stock pursuant and/or traceable to the Company's Initial Public Offering (the "IPO" or the "Offering"), seeking to pursue remedies under the Securities Act of 1933 (the "Securities Act").

2. Kosmos is an independent oil and gas exploration and production company focused on under-explored regions in Africa. Formed in 2003, Kosmos acquired its current exploration licenses and established a new, major oil province in West Africa with the discovery of the Jubilee Field in 2007. The Jubilee Field was the first of seven discoveries offshore Ghana, and "was one of the largest oil discoveries worldwide in 2007 and the largest find offshore West Africa in the last decade."

3. On or about May 11, 2011, the Company conducted its IPO. In connection with the IPO, the Company filed a Registration Statement and Prospectus (collectively referred to hereinafter as the "Offering Materials") with the SEC.

4. The IPO was a financial success for Kosmos and the Underwriter Defendants (defined below), as they raised over \$621 million by selling over 34.5 million shares of stock to investors at a price of \$18.00 per share. Kosmos received net proceeds from the IPO of \$580.4 million (after underwriting discounts, commissions and offering expenses).

5. However, the Offering Materials were negligently prepared and, as a result, contained untrue statements of materials facts, omitted to state other facts necessary to make the

statements made not misleading, and were not prepared in accordance with the rules and regulations governing their preparation.

6. Specifically, the Offering Materials misstated the progress that Kosmos had made in developing the Jubilee Field. The development of the Jubilee Field, and the accurate representation of that development, was material information and was discussed repeatedly in the Offering Materials.

7. As of the date of this complaint, the price of Kosmos' stock has significantly declined from its IPO price of \$18.00 per share and currently trades below \$10.00 per share.

8. The Complaint alleges that the Offering Materials filed in connection with the IPO were materially misleading when issued because, contrary to numerous statements made in the Offering Materials, oil production from the Jubilee Field was not on track to reach its design capacity of 120,000 barrels of oil per day ("bopd") by the third quarter of 2011. Rather, and again in stark contrast to statements in the Offering Materials, several of the Jubilee oil wells were not producing as expected due to design defects with the oil wells – defects that existed prior to, and at the time of, the Company's IPO.

9. Investors subsequently learned that these design defects would cost Kosmos hundreds of millions of dollars to remediate, and would keep the Jubilee oil wells from producing as they were expected to for several years.

JURISDICTION AND VENUE

10. The claims asserted herein arise under and pursuant to Sections 11, 12(a)(2), and 15 of the Securities Act (15 U.S.C. §§ 77k and 77o).

11. This Court has jurisdiction over the subject matter of this action pursuant to Section 22 of the Securities Act (15 U.S.C. § 77v).

12. Venue is proper in this District pursuant to Section 22 of the Securities Act. Many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this District. Additionally, Kosmos maintains its U.S. headquarters in this District.

13. In connection with the acts, conduct and other wrongs alleged in this Complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

14. Plaintiff, William Tarleton, as set forth in the accompanying certification, incorporated by reference herein, purchased Kosmos common stock pursuant and/or traceable to the IPO and has been damaged thereby.

15. Defendant Kosmos is incorporated in Bermuda and maintains its U.S. headquarters at 8176 Park Lane, Suite 500, Dallas, Texas.

16. Defendant Brian F. Maxted (“Maxted”) was, at all relevant times, the Company’s Chief Executive Officer (“CEO”) and a member of the Board of Directors. Maxted signed the Registration Statement, filed with the SEC and dated April 25, 2011, issued in connection with the Company’s IPO (the “Registration Statement”).

17. Defendant W. Greg Dunlevy (“Dunlevy”) was, at all relevant times, the Company’s Chief Financial Officer (“CFO”) and Executive Vice President. Dunlevy signed the Registration Statement issued in connection with the Company’s IPO.

18. Defendant Sylvia Manor (“Manor”) was, at all relevant times, the Company’s Vice President and Controller. Manor signed the Registration Statement issued in connection with the Company’s IPO.

19. Defendant John R. Kemp (“Kemp”) was, at all relevant times, the Chairman of the Company’s Board of Directors. Kemp signed the Registration Statement issued in connection with the Company’s IPO.

20. Defendant David I. Foley (“Foley”) was, at all relevant times, a member of the Company’s Board of Directors. Foley is also a Senior Managing Director in the Private Equity Group at Blackstone L.P. (“Blackstone”), and leads Blackstone’s investment activities in the energy and natural resource sector. Foley signed the Registration Statement issued in connection with the Company’s IPO.

21. Defendant Jeffrey A. Harris (“Harris”) was, at all relevant times, a member of the Company’s Board of Directors. Harris is also a Managing Director at Warburg Pincus LLC (“Warburg Pincus”) and co-leads Warburg Pincus’ investment activities in the energy sector. Harris signed the Registration Statement issued in connection with the Company’s IPO.

22. Defendant David B. Krieger (“Krieger”) was, at all relevant times, a member of the Company’s Board of Directors. Krieger is also a Managing Director of Warburg Pincus and is involved primarily with Warburg Pincus’ investment activities in the energy sector. Krieger signed the Registration Statement issued in connection with the Company’s IPO.

23. Defendant Prakash A. Melwani (“Melwani”) was, at all relevant times, a member of the Company’s Board of Directors. Melwani is also a Senior Managing Director in the Private Equity Group at Blackstone. Melwani signed the Registration Statement issued in connection with the Company’s IPO.

24. Defendant Adebayo O. Ogunlesi (“Ogunlesi”) was, at all relevant times, a member of the Company’s Board of Directors. Ogunlesi signed the Registration Statement issued in connection with the Company’s IPO.

25. Defendant Chris Tong (“Tong”) was, at all relevant times, a member of the Company’s Board of Directors. Tong signed the Registration Statement issued in connection with the Company’s IPO.

26. Defendant Christopher A. Wright (“Wright”) was, at all relevant times, a member of the Company’s Board of Directors. Wright signed the Registration Statement issued in connection with the Company’s IPO.

27. The defendants identified in ¶¶ 16 – 26 are collectively referred to hereinafter as the “Individual Defendants.” The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Kosmos’ filings with the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market.

28. Defendant Blackstone is a leading private equity company and venture capitalist firm. At all relevant times, Blackstone and its affiliates have owned a significant position and interest in Kosmos.

29. Defendant Warburg Pincus is a leading private equity company and venture capitalist firm. At all relevant times, Warburg Pincus and its affiliates have owned a significant position and interest in Kosmos.

30. Defendant Citigroup Global Markets Inc. (“Citigroup”) was an underwriter of the Company’s IPO.

31. Defendant Barclays Capital Inc. (“Barclays”) was an underwriter of the Company’s IPO.

32. Defendant Credit Suisse Securities (USA) LLC (“Credit Suisse”) was an underwriter of the Company’s IPO.

33. Defendant BNP Paribas Securities Corp. (“BNP”) was an underwriter of the Company’s IPO.

34. Defendant SG Americas Securities, LLC (“SG Americas”) was an underwriter of the Company’s IPO.

35. Defendant Credit Agricole Securities (USA) Inc. (“Credit Agricole”) was an underwriter of the Company’s IPO.

36. Defendant HSBC Securities (USA) Inc. (“HSBC”) was an underwriter of the Company’s IPO.

37. Defendant Natixis Bleichroeder LLC (“Natixis”) was an underwriter of the Company’s IPO.

38. Defendant Jefferies & Company, Inc. (“Jefferies”) was an underwriter of the Company’s IPO.

39. Defendant RBC Capital Markets, LLC (“RBC”) was an underwriter of the Company’s IPO.

40. Defendant Howard Weil Incorporated (“Howard Weil”) was an underwriter of the Company’s IPO.

41. The defendants identified in ¶¶ 30 – 40 are collectively referred to hereinafter as the “Underwriter Defendants.” The Underwriter Defendants served as advisors to Kosmos and assisted in the preparation and dissemination of the IPO Offering Materials.

SUBSTANTIVE ALLEGATIONS

Background

42. Kosmos is an independent oil and gas exploration and production company focused on under-explored regions in Africa. Formed in 2003, Kosmos acquired its current exploration licenses and established a new, major oil province in West Africa with the discovery of the Jubilee Field in 2007. As set forth in the Prospectus, the Jubilee Field was the first of seven discoveries offshore Ghana, and “was one of the largest oil discoveries worldwide in 2007 and the largest find offshore West Africa in the last decade.”

43. Further according to the Prospectus, oil production from the Jubilee Field offshore Ghana commenced on November 28, 2010, and the Company received its first oil revenues in early 2011. The Prospectus also stated: “We expect gross oil production from the Jubilee Field to reach the design capacity of the floating, production, storage and offloading (‘FPSO’) facility used to produce from the field of 120,000 barrels of oil per day (‘bopd’) in the third quarter of 2011. At that rate, the share of this gross oil production net to us is expected to be 28,200 bopd.”

44. On May 10, 2011, Kosmos announced that it had priced its IPO of 33 million common shares at \$18.00 per share. The Company also stated that the IPO underwriters were given an option to purchase an additional 4.95 million common shares from Kosmos to cover any over-allotments.

45. On or about May 11, 2011, the Company conducted its IPO. In connection with its IPO, the Company filed the Offering Materials with the SEC. The Offering Materials detailed, among other things, the progress that Kosmos purportedly made in developing the Jubilee Field.

46. On May 16, 2011, the IPO was completed.

47. On June 14, 2011, Kosmos announced that it had closed the sale of an additional 1,518,242 shares of its common stock at the public offering price of \$18.00 per share pursuant to the over-allotment option exercised by the IPO underwriters. This partial exercise of the over-allotment option brought the total number of common shares sold by Kosmos in the Offering to 34,518,242 shares.

48. The IPO raised over \$621 million by selling over 34.5 million shares of Kosmos common stock to investors at a price of \$18.00 per share. Kosmos received net proceeds from the IPO of \$580.4 million (after underwriting discounts, commissions and offering expenses).

49. However, the Offering Materials were negligently prepared and, as a result, contained untrue statements of materials facts, omitted to state other facts necessary to make the statements made not misleading, and were not prepared in accordance with the rules and regulations governing their preparation.

50. Specifically, the Offering Materials misstated the progress that Kosmos had made in developing the Jubilee Field. The development of the Jubilee Field, and the accurate representation of that development, was material information and was discussed repeatedly in the Offering Materials.

**Materially False and Misleading
Statements Made in the Offering Materials**

51. The Registration Statement provided an overview of Kosmos and the Company's business as follows:

We are an independent oil and gas exploration and production company focused on under-explored regions in Africa. Our current asset portfolio includes world-class discoveries and partially de-risked exploration prospects offshore the Republic of Ghana, as well as exploration licenses with significant hydrocarbon potential onshore the Republic of Cameroon and offshore from the Kingdom of Morocco. This portfolio, assembled by our experienced management and

technical teams, will provide investors with differentiated access to both attractive exploration opportunities as well as defined, multi-year visibility in the reserve and production growth of our existing discoveries.

Following our formation in 2003, we acquired our current exploration licenses and established a new, major oil province in West Africa with the discovery of the Jubilee Field in 2007. This was the first of our seven discoveries offshore Ghana; it was one of the largest oil discoveries worldwide in 2007 and the largest find offshore West Africa in the last decade. Oil production from the Jubilee Field offshore Ghana commenced on November 28, 2010, and we received our first oil revenues in early 2011. *We expect gross oil production from the Jubilee Field to reach the design capacity of the floating, production, storage and offloading (“FPSO”) facility used to produce from the field of 120,000 barrels of oil per day (“bopd”) in the third quarter of 2011.* At that rate, the share of this gross oil production net to us is expected to be 28,200 bopd.¹

52. The Registration Statement also described Kosmos’ history, and in particular, the Company’s African exploration efforts:

Kosmos was founded in 2003 when several members of our senior management team, backed by private equity firms Warburg Pincus and The Blackstone Group (together with their respective affiliates, our “Investors”), sought to replicate and build upon the success they had at Triton Energy Ltd. (“Triton”) exploring for and developing oil and gas reserves in West Africa’s Gulf of Guinea. Africa, the Gulf of Mexico and Brazil are widely recognized as possessing the world’s greatest large-scale, deepwater oil resource potential. Among these regions, we believe West Africa possesses some of the world’s most prolific and least developed petroleum systems, a highly competitive industry cost structure and supportive governments eager to develop their countries’ natural resources.

* * *

We established a new, major oil province in West Africa with the discovery of the Jubilee Field offshore Ghana in 2007. Subsequently, Kosmos participated in the discovery of five additional discoveries offshore Ghana. Kosmos’ leadership of the Jubilee Unit partners enabled the Jubilee Field Phase 1 PoD to be approved by Ghana’s Ministry of Energy in July 2009. *The Jubilee Phase 1 PoD committed to delivering an approximately \$3.3 billion project capable of producing 120,000 bopd.* The Kosmos-led execution of the Jubilee Phase 1 PoD resulted in first oil on November 28, 2010. This 42-month timeline from discovery to first oil is a record for a deepwater development at this water depth in West Africa.

¹ All emphasis is added.

53. According to the Prospectus, one of Kosmos' competitive strengths was its "well-defined production and growth plan." With regard to this competitive strength, the Offering Materials stated:

*Our plan for developing the Jubilee Field provides visible, near-term cash generation and long-term growth opportunities. We estimate Jubilee Field Phase 1 daily gross production to reach the 120,000 bopd design capacity of the FPSO facility used to produce from the field, in the third quarter of 2011. Within the next few years, we intend to expand upon the Jubilee Field Phase 1 development with three additional phases that are designed to maintain production and cash flow from partially de-risked locations. A **phased development program allows us to develop Jubilee Phase 1 on a faster timeline and allowed us to achieve first oil production at an earlier date than traditional development techniques.***

54. The Prospectus also detailed the Company's "strategy" and stated, in relevant part:

In the near-term, we are focused on maximizing production from the Jubilee Field Phase 1 development, as well as accelerating the development of our other discoveries. ... By employing our competitive advantages, we seek to increase net asset value and deliver superior returns to our shareholders.

55. Additionally, the Prospectus discussed the Company's "[f]ocus on rapidly developing our discoveries to initial production" as a component of its strategy. In this respect, the Offering Materials stated:

We focus on maximizing returns through phasing the appraisal and development of discoveries. There are numerous benefits to pursuing a phased development strategy to support our production growth plan. Importantly, a phased development strategy provides for first oil production earlier than what would otherwise be possible using traditional development techniques, which are disadvantaged by more time-consuming, costly and sequential appraisal and pre-development activities. This approach optimizes full-field development and a phased development approach allows numerous activities to be performed in a parallel rather than a sequential manner. The initial phase of the Jubilee Field, for example, could be brought on production at an earlier date by using a phased drilling program, since this approach allowed appraisal and pre-development activities to be performed in parallel and detailed engineering could be conducted simultaneously with the execution of the project. In contrast, a traditional development approach consists of full appraisal, conceptual engineering,

preliminary engineering, detail engineering, procurement and fabrication of facilities, development drilling and installation of facilities for the full-field development, all performed in sequence, before first production is achieved. This adds considerably more time to the development timeline.

A phased approach provides dynamic reservoir performance information that allows the full-field development to be optimized. This approach also maximizes net asset value by refining appraisal and development plans based on experience gained in initial phases of production and by leveraging existing infrastructure as we implement subsequent phases of development. Other benefits include minimizing upfront capital costs, reducing execution risks through smaller initial infrastructure requirements, and enabling cash flow from the initial phase of production to fund a portion of capital costs for subsequent phases.

First oil from the Jubilee Field commenced on November 28, 2010, and we received our first oil revenues in early 2011. ***This development timeline from discovery to first oil is significantly less than the industry average of seven to ten years*** and is a record for a deepwater development at this water depth in West Africa. ***This condensed timeline reflects the lessons learned by members of our seasoned management*** while at Triton and during their time at other major deepwater operators. At Triton, the team took the 50,000 bopd Ceiba Field offshore Equatorial Guinea from discovery to first oil in fourteen months. Additionally, our development team has led other larger scale deepwater developments, such as Neptune and Mensa in the U.S. Gulf of Mexico. These experiences drove the 42-month record timeline from discovery to first oil achieved by the significantly larger Jubilee Field Phase 1 development.

56. In further discussing the Jubilee Field, the Prospectus contained a section entitled

“Jubilee Phase 1 Reserve and Development Information” which stated:

Jubilee Field Phase 1 is the first of our discoveries to have been determined to have proved reserves. ... All of our proved reserves are currently located in the Jubilee Field Phase 1 development. Our other discoveries outside of the Jubilee Field Phase 1, including Mahogany East, Odum, Tweneboa, Enyenra, Teak, Tweneboa Deep and other Jubilee Field phases, do not yet have approved plans of development (“PoDs”) and therefore cannot be classified as proved reserves.

The Jubilee Field Phase 1 development employs safe, industry standard deepwater equipment with conventional “off-the-shelf” technologies. We believe such technologies and development infrastructure meet industry safety standards and have been consistently used in deepwater oilfield development, with appropriate advancements in recent years. ***The Jubilee Field Phase 1 development was designed to provide suitable flexibility and expandability in order to minimize capital expenditures associated with subsequent phases of development.*** The FPSO facility used at the field was delivered and moored to the seabed in July

2010. Planning is underway for the development of additional reservoirs and subsequent phases of the Jubilee Field.

57. Finally, the Prospectus included a summary table detailing information about the wells drilled in its license areas. With respect to the Jubilee wells, the Offering Materials stated that the J-01 and J-02 wells were “producing”; that the J-03 and J-05 wells were “completion pending” (defined as “Production/Injection casing has been installed across the target interval as part of the normal drilling operations, and the well is scheduled/approved to have a completion installed to facilitate production/injection per the applicable PoD”); and that the J-04 and J-07 wells were “plugged back” (defined as a “Well that has cement set across productive interval to facilitate production from sidetrack well”).

58. The statements contained in ¶¶ 51 – 57 were materially misleading because, at the time of the IPO, oil production from the Jubilee Field was not on track to reach its design capacity of 120,000 bopd by the third quarter of 2011. Rather, several of the Jubilee oil wells were not producing as expected due to design defects with the oil wells – defects that existed prior to, and at the time of, the Company’s IPO.

59. Investors subsequently learned that these design defects would cost Kosmos hundreds of millions of dollars to remediate, and would keep the Jubilee oil wells from producing as expected for several years.

The Truth Begins to Emerge

60. Investors slowly started to discover the truth about the Jubilee Field’s issues beginning on July 5, 2011 – *less than two months after the Company’s IPO*. On that day, Tullow Oil plc (“Tullow”), one of the Jubilee partners, released a “Trading Statement and Operational Update” which disclosed that the “gross production rate is now around 80,000 bopd from seven wells” at the Jubilee Field. Tullow further disclosed that: “The delay in the

production ramp-up has been caused by the requirement for extended Blow Out Preventer maintenance on the Eirik-Raude rig, a delay in commissioning the third water injection pump and extra work required to fully commission the gas compression system.”

61. On August 11, 2011, Kosmos issued a press release announcing its second quarter 2011 financial and operational results. Therein, the Company stated:

Second-quarter 2011 oil revenues were \$124.1 million on sales of 996 thousand barrels of oil, or \$124.62 per barrel. *Jubilee Field average production for the quarter was approximately 66 thousand barrels of oil per day (bopd) gross. ...*

“Kosmos’ recent initial public offering enhanced our strong financial foundation and provided additional capacity to continue accelerating the development and exploration of our assets. The commissioning of the Jubilee Field Phase 1 development is ongoing, with water and gas injection facilities now progressing well. We are seeing continued improvement in operating uptime, and field production is anticipated to further ramp up during the remainder of 2011. The Company’s near-term outlook includes growing Jubilee production and a number of exploration and appraisal drilling targets. In addition, we are progressing our inventory of discoveries in Ghana, and our exploration team continues to enhance our overall portfolio with significant new areas,” said Brian F. Maxted, President and Chief Executive Officer.

* * *

Current gross production at the Jubilee Field is approximately 80 thousand bopd. With final commissioning of process and injection facilities, completion of the remaining wells and the sidetrack of an existing well, *the Company is targeting production reaching the FPSO capacity around year-end 2011.* Planning for the next phase of Jubilee Field development is underway, and Kosmos expects implementation to commence during 2012.

62. Also on August 11, 2011, the Company held a conference call with investors and financial analysts. During this conference call, defendants Maxted and Dunlevy stated:

Maxted: The Jubilee Field offshore Ghana is the core of our portfolio and the foundation of this company. Jubilee was one of the largest discoveries worldwide in 2007. As technical operator of the development, we and our partners brought the field on stream in a record 42 months, with first oil achieved last November.

* * *

Dunlevy: The average daily production for the quarter was approximately 15,000 barrels per day net to Kosmos or 66,000 barrels per day gross for the Jubilee Field.

63. During the August 11, 2011 conference call, defendant Maxted also engaged in the following exchange with a financial analyst:

Analyst: ... Just secondly on production from Jubilee, I was just wondering if you could run through some of the issues you've had with production and sort of the reasons for the delay in the ramp-up over there. ...

Maxted: ... In terms of Jubilee production, I mean, the first thing to note is that this is a world class field. Everything that we have seen from the reservoir in terms of performance, since we started production has done nothing but confirm the originally predicted volumetric range that we saw for this oil. So, this remains a giant field with spectacular production capability. The challenges that we've had in ramping up to plateau production are not atypical during the start-up phase of any major field and obviously particularly ones that are accelerated in their development.

The delays are really related to two principal things and probably an additional factor. *The principal issues being a significant amount of rig maintenance*, particularly in respect to the refurbishment that was necessarily on the required rig which delayed completion of wells and mostly the producers. *And then second we've had some operational challenges on commissioning both the water injection system and the gas injection system.* Those are now well on their way to being resolved, which is good news.

And then there have been one or two wells that suffered largely from completion-related problems and productivity. And as we discussed, part of the plan to get to plateau production involves sidetracking one of those wells into a better position. So, we are alongside of the operator, we're confident this field is going to get to achieve its potential plateau production target around the end of the year and then the folks will be maintaining that production plateau for as long as obviously possible.

64. On August 24, 2011, Tullow published its "2011 Half-Yearly Results" which disclosed, with respect to Jubilee:

The field is now producing around 85,000 bopd with over 75 mmscfd of gas being re-injected. ... The final production well is expected to be brought on stream in October, taking Jubilee production to 105,000 bopd. *Plateau production of 120,000 bopd gross is now expected to be reached by the end of*

the year following the sidetrack of an existing production well. This well was not optimally located in the reservoir and has lower productivity than expected.

65. On November 1, 2011, *MarketWatch* published an article entitled “Ghana’s Jubilee Producing Less Than Expected” which reported on Anadarko Petroleum’s (another Jubilee partner) discussion of Jubilee as follows:

Anadarko Petroleum Corp. said Tuesday that Ghana’s massive Jubilee oilfield is producing less than expected and that *some wells will have to be reworked in order to try to achieve the original production target.*

“We have seen some greater-than-anticipated drawdown in several of the wells,” Charles Meloy, Anadarko’s senior vice president worldwide operations, told analysts during a conference call to discuss earnings. *The problem wasn’t associated with early depletion of the reservoir, but rather with the way wells were completed,* Meloy added.

“The operator and the partnership have concluded that it’s in the best interest of our development to go and see if we can remediate” the problem, Meloy said.

The company *hopes Jubilee will achieve its target production once wells are reworked,* but a longer-than-anticipated production ramp up could potentially increase the project’s development costs and reduce net equity production to the field’s partners.

Anadarko, which hold a 23.4% stake in Jubilee, said the field is producing 85,000 barrels of oil equivalent, *significantly below the 120,000 barrels of oil per day the field was expected to be producing by the end of this year.* The company said the Jubilee resource estimate remains unchanged.

Asked by an analyst how much it would cost to rework the Jubilee wells, Meloy referred the question to the operator, London-based Tullow Oil PLC (TLW), which has a 34.7% interest in the field.

66. On November 9, 2011, Tullow published an “Interim Management Statement” which disclosed, with respect to Jubilee:

The field is *currently producing around 80,000 barrels of oil per day* from eight wells with a ninth production well, J-07, currently offline while it is being sidetracked. The six water injection wells and two gas injection wells are now on line injecting 230,000 bwpd and 85 mmscfd respectively, providing good pressure support to the field.

Recently, *production rates have been below expectations due to mechanical issues in certain wells related to the design of the well completions. These issues are not unusual for a new field development of this type and remedial work is currently ongoing.* The J-07 sidetrack, currently under way, will incorporate a new completion design and is expected to be on stream in early 2012.

67. On November 10, 2011, Kosmos issued a press release announcing its third quarter 2011 financial and operational results. The press release stated, in relevant part:

Brian F. Maxted, President and Chief Executive Officer, commented, “Our results for the third quarter were very strong, supported by our oil liftings and continued robust Brent pricing. While production at Jubilee has not ramped up as quickly as planned, the ultimate resources recoverable from this giant field are unchanged, and we continue to be encouraged by its reservoir performance. We had a number of positives in our exploration and appraisal drilling programs for the quarter, with successes on both of our Ghana blocks, which continue to highlight the value upside of our Ghana assets. At the same time, we are further enhancing the Company’s portfolio of exploration opportunities, capturing substantial acreage offshore Morocco during the quarter.”

* * *

All of the Jubilee Phase 1 wells have been drilled, and current oil production is approximately 80,000 barrels per day. Identified completion issues require one of the producing wells to be sidetracked, as well as downhole remediation on certain other wells. Once these completion issues have been resolved, production is expected to continue ramping up toward the FPSO facility capacity. The J-7 production well is currently being sidetracked, with completion expected at the beginning of 2012. Additionally, the Phase 1A development, including five production and three injection wells, is being planned to commence drilling in 2012.

68. Also on November 10, 2011, the Company held a conference call with investors and financial analysts. During this conference call, defendant Maxted and Marvin Garrett (Kosmos’ Senior Vice President – Production & Operations) stated:

Maxted: At Jubilee, guidance from the unit operators suggests that *we’re delayed in ramping up production to full facility capacity.* As previously mentioned, we’re in the process of sidetracking the J-7 well, and we expect that well to be on line early next year, the FPSO and reservoir appear to be performing at very high levels. *However, downhole completion issues have recently impacted production in several of the wells. We believe that this is a well completion design matter* with no impact on the ultimate recoverable resources at

Jubilee. It's a timing issue on the ramp-up of Jubilee, and the operator is taking the necessary steps to identify and implement appropriate remediation measures.

* * *

Garrett: All of the Phase 1 wells have been drilled and completed and we are currently in the process of sidetracking the J-7 well. Field production is currently about 80,000 barrels a day from eight producers and we anticipate the J-7 sidetrack to come on line around the end of the year or very early next year.

In a number of the producing wells, we've seen a recent reduction in productivity. The operator and Jubilee partners have undertaken a range of studies and technical evaluations to help identify the issue. And the information we have today, *we believe the low productivity is attributed to less than optimal well completion design* and we are confident that this issue will not have an impact on ultimate recoverable resources.

As we are sidetracking the J-7 well, we will be implementing new completion design and anticipate seeing the results of this remediation after a couple months' production history. This will help us in assessing any other remediation needs and the timing of such activities.

69. During the November 10, 2011 conference call, defendants Maxted and Dunlevy, as well as Marvin Garrett and other Company representatives, also engaged in a question and answer session with investors and financial analysts. With respect to Jubilee, the following discussions took place:

Analyst: ... A quick question, I guess, coming on Jubilee, I've seen estimates of \$200 million. I've seen estimates of \$500 million to basically remediate the completion and perhaps do some additional sidetracks. I mean where within that range and why or what do we have to look for to understand where that CapEx might come in? Thanks.

Maxted: ... The challenges on Jubilee at this point are very much related, *the delays [had] previously been related to rig maintenance delays with the Eirik Raude and then beyond that was the commissioning of the FPSO on the water injection and gas reinjection side. And then most recently, as you, I think, have heard, with the wells, the completion issues around some of the wells. At this point in time, we are not certain of the extent of the issue.* It is a near-wellbore plugging issue of pore spaces related to possibly to finds migration. And as you know, we've talked about the J-7 well which we are sidetracking and will incorporate what we believe will be a resolution of the issue, which we hope to be a resolution of the issue.

Beyond that, to actually answer your question in terms of – will it be 200 million or 500 million, *it's just too early to tell at this point how much remediation work will be required on these first phase wells.*

* * *

Analyst: ... Sticking to the same subject, I'm afraid, in terms of the spending for 2012, you do clearly say that it was on Jubilee, but is it – would you now consider that to be a minimum and then should we add remedial costs and perhaps additional wells on top of that?

Dunlevy: ... *For 2012 and beyond, I do expect there will be costs related to remediation activities over and above what normally would be presumed for the maintenance of a large very productive oil field. We don't know the details yet.* We are working closely with the operator-partners and their technical staffs on what's required and then what we know what's required will cost it. At this point, *I'm assuming there will be a sizable amount of cost in 2012 and beyond. This is not just a one-year spend, it will be spread over more likely than not one or two years*, and in fact, if you really think about it, the J-7 sidetrack is the first element of cost under that spending.

* * *

Analyst: ... Just two things, what would be your over/under if we were to try to pin down when you think you could get the Jubilee field backup to the \$100,000 and \$20,000 barrel rate, one? ...

Garrett: Okay. Just where we are, again, J-7, and the design change of the completion is very important. We get an early solution with that well. We will continue to ramp up through the year, and *we could achieve plateau production towards the end of next year is a possibility. And that's what we're shooting for, but it remains to be seen exactly when that will happen.*

70. On January 18, 2012, Tullow issued a "Trading Statement and Operational Update" which disclosed, with respect to Jubilee:

Gross production from the field reached 88,000 bopd during 2011 before declining to approximately 70,000 bopd at year-end, with an average production for the year of 66,000 bopd. The cause of this decline in well productivity has been identified as a technical issue related to the design of the well completions and is not expected to have any impact on field reserves and resources. Remedial work aimed at recovering lost well productivity has commenced with the successful sidetracking of the J-07 production well utilising a new completion design. The well was flow tested to the rig at rates of up to 15,000 bopd and started production to the FPSO in early January. The production rate is being gradually increased to allow close monitoring of the performance of the new

completion over the next two to three months. It is expected that the redesigned completion will be utilised in the new Phase 1A wells and the sidetracks of a further three existing Phase 1 wells in 2012. ***The cost of these Phase 1 recompletions, including J-07, will be approximately \$400 million gross.***

* * *

Jubilee field production will ramp back up in 2012 towards the field plateau rate of 120,000 bopd as the Phase 1 remedial programme begins to take effect from January 2012 and the new Phase 1A wells are brought on stream from the second quarter. ***Production is expected to average between 70,000 to 90,000 bopd in 2012.***

71. In reporting on Tullow's January 18, 2012 statements, *Bloomberg* published an article that stated:

Tullow and partners Anadarko Petroleum Corp. and Kosmos Energy Ltd. will need to invest about \$400 million to fix mechanical issues related to well designs, according to a Tullow statement today. Jubilee will reach plateau output of 120,000 barrels of oil a day in 2013, at least a year later than planned, Chief Operating Officer Paul McDade said.

"We see 2012 pretty much as a year when we will take our time and resolve the issues," McDade said today in a phone interview. "We will get this production in 2013 and beyond and there is no impact on reserves and resources."

* * *

"The key drag on production appears to be the Jubilee field where well-decline rates have been much higher than expected ***due to a well completion design issue***," Sanjeev Bahl, a London-based analyst at Numis Securities Ltd., wrote today in an e-mailed report.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

72. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of a Class, consisting of all those who purchased or otherwise acquired Kosmos common stock pursuant and/or traceable to the Company's IPO, and who were damaged thereby (the "Class"). Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their

legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

73. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. According to the Company's Offering Materials and subsequent statements, Kosmos sold over 34.5 million shares of stock to investors, and these shares are owned by thousands of persons.

74. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- (a) Whether the Securities Act was violated by defendants;
- (b) Whether defendants omitted and/or misrepresented material facts in the Offering Materials;
- (c) Whether defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
- (d) The extent of damage sustained by Class members and the appropriate measure of damages.

75. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from defendants' wrongful conduct.

76. Plaintiff will adequately protect the interests of the Class and has retained counsel who are experienced in class action securities litigation. Plaintiff has no interests which conflict with those of the Class.

77. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

FIRST CLAIM

**Violation of Section 11 of The Securities Act
Against Kosmos, the Individual Defendants and the Underwriter Defendants**

78. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

79. This count is predicated upon defendants' liability for making false and materially misleading statements in the Offering Materials.

80. This claim is asserted by Plaintiff against all defendants by, and on behalf of, persons who acquired shares of the Company's securities pursuant and/or traceable to the misleading Offering Materials issued in connection with the Company's IPO.

81. This claim is brought within one year after discovery of the untrue statements and omissions in the Offering Materials and within three years of the effective date of the Offering Materials.

82. By virtue of the foregoing, Plaintiff and the other members of the Class are entitled to damages from the defendants and each of them, jointly and severally.

SECOND CLAIM

**Violation of Section 12(a)(2) of The Securities Act
Against Kosmos, the Underwriter Defendants, Blackstone and Warburg Pincus**

83. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

84. This count is predicated upon defendants' liability for making false and materially misleading statements in the Prospectus.

85. Defendants were sellers, offerors, and/or solicitors of purchasers of the shares offered pursuant to the Prospectus.

86. This action is brought within three years from the time that the securities upon which this Count is brought were sold to the public, and within one year from the time when Plaintiff discovered or reasonably could have discovered the facts upon which this Count is based.

THIRD CLAIM

Violation of Section 15 of The Securities Act Against the Individual Defendants, Blackstone and Warburg Pincus

87. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

88. The defendants, by virtue of their positions and specific acts were, at the time of the wrongs alleged herein and as set forth herein, controlling persons of Kosmos within the meaning of Section 15 of the Securities Act. The defendants had the power and influence and exercised the same to cause Kosmos to engage in the acts described herein.

89. By virtue of the conduct alleged herein, the defendants are liable for the aforesaid wrongful conduct and are liable to Plaintiff and the Class for damages suffered.

FOR THESE REASONS, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages and equitable relief in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: August 1, 2012

Respectfully submitted,

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