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PRESENTATION

Unidentified Participant

Good afternoon, everyone, and thank you for joining us today for this session. We've got with us Neal Shah, SVP, CFO at Kosmos Energy; Eric Hambly, President, CEO at Murphy Oil; and Sergio Maiworm, EVP and CFO at Talos Energy. Gentlemen, thank you for taking the time.

QUESTIONS AND ANSWERS

Unidentified Participant

Maybe we can start high level. If you can give us a picture of how you're thinking about what the macro setup is at the moment and how your business ties into that macro setup? What are you thinking of strategic priorities? Sergio, maybe we start with you.

Sergio Maiworm - Talos Energy Inc - Chief Financial Officer, Senior Vice President

Sure. Look, I think from a macro perspective, obviously, there's still some question marks around commodity prices. If you ask me, I don't know, a month ago, I would say probably we're going to see something with a [six] in front of it. Now, we're kind of in the mid-70s, which obviously a great surprise. But so there's still some uncertainty around commodity prices in my opinion there.

From a regulatory standpoint in the Gulf of Mexico with the incoming administration, we think that it's an improvement to where we were before. We never had any issues with permitting. We never had any of that. But just having regular lease sales and administration that's more friendly towards the industry, more friendly towards the basin. I think that's always helpful.

And as we sit here, we are still finalizing our budgets, but it seems like we're going to be drilling the projects that we would like to drill this year. So everything is moving in the direction that we expected it to move. So I'm fairly content or fairly happy with how the business is shaping up in '25.

Unidentified Participant

Neal?

Nealesh Shah - Kosmos Energy Ltd - Senior Vice President, Chief Financial Officer

Yeah. I'd say we're -- we feel good about the environment in terms of where we sit today. We've just gone through a major build cycle over the last few years. And actually, now is a good time for us to sort of reap the rewards of that investment. And it'd be nice to do that in an area where we've cut down the activity that we're focusing on and actually just generating cash and harvesting it from some of the longer cycle projects.

And so for us, again, it's an interesting time in our own development cycle, but we're doing it into a market that looks largely stable in the near term, and that will allow us to generate some good cash here.

Eric Hambly - *Murphy Oil Corp - President, Chief Executive Officer*

I would echo the comments from my colleagues. We kind of see the same view from an oil price perspective and then thinking about the signals that the commodity prices have in terms of what we might do with our portfolio, we're happy to continue to invest in our longer-cycle offshore things like our lock along development in Vietnam, our exploration program, our Eagle Ford Shale business, which we're kind of managing in a sort of in a range of 30,000 to 35,000 barrels a day.

And the only other thing that we're kind of keeping an eye on is our natural gas asset in our Tupper Montney in British Columbia, is our only really gassy thing in our business, but we also have fairly limited opportunity to be able to scale that much more than it is right now.

We filled our plant capacity with our program of wells in 2024. So it could be that we see maybe some inflection in natural gas prices in the later part of '25, but that won't allow us to do much more with our gassiness of our business because a plant expansion. There is like a three-year project.

So we're pretty pleased with where oil is. I think everyone would always like it to be just a little bit higher. But where it is, is a comfortable place to invest, both short and long cycle, and happy with how Harvest is going and what it means for how we're thinking about allocating capital across our range of assets.

Unidentified Participant

Thinking about Project Catalyst more broadly, maybe Neal start with you. You had this positive update from Tortue. I was wondering if you could speak a little bit about the ramp-up and the production profile of this project? Any latest thoughts there?

Nealesh Shah - *Kosmos Energy Ltd - Senior Vice President, Chief Financial Officer*

Yeah, sure. Yeah -- no, it's been exciting last few days with finally getting to GTA first gas, which as most of you all know, it's been a journey we've been on since we sanctioned the project six years ago. It's a big milestone for us as a company. And we're looking forward to sort of bringing that on to full capacity here quite quickly.

And so from a procedural standpoint, we've got gas that's going to the FPSO today. We're commissioning that vessel in the next several weeks. As that finishes, we'll start sending gas from the FPSO to the hub terminal to where we'll start producing LNG.

We'll commission that sort of train by train a couple of weeks at a time. And our goal is, by the end of the first quarter, be it full capacity on the project. And again, I think the great part about the asset is, once it's there, we've got enough reserve life to keep it there for 20-plus years, not just with Phase 1, but with future expansion beyond that. And so our attention will naturally turn to actually how do we get more out of the existing asset once we get through the next quarter of just ramping up to full production. But it's a very exciting time, lots of catalysts to come here in the next few months.

Unidentified Participant

Eric, as you begin your new position as CEO, what are key catalysts you're looking forward to in your first year here in 2025? And how are you thinking about the opportunity set across your onshore versus offshore portfolio?

Eric Hambly - *Murphy Oil Corp - President, Chief Executive Officer*

Yeah, great question. One of the things that I think is a real big differentiator for Murphy that sets us apart than most folks, especially our shale [leap] peers, obviously, is our international exploration portfolio. We're really excited about that. We made an announcement of a really nice discovery in our Tulong Basin, Vietnam yesterday, had a nice time with our one-on-ones today talking to everybody about discovery it's really compelling. It could be significant.

What we found in the well, which was drilled close to the crest of the structure, was a volume that's in line with our pre-drill estimate of 170 million to 430 million barrels, maybe a little bigger. We need to appraise it. So that will be a key thing for us to do this year is to drill an appraisal well off the crest structure to see, is it more like the pre-drill mean or is it more like the high end of the range? We're really encouraged with what we saw, really excited about that.

We're also really excited about our Côte d'Ivoire exploration position. We're planning a three-well exploration program there starting late in 2025. And we're really excited with the opportunity set and prospects that we see. I think they're potentially really compelling for us and differentiating. So pretty exciting.

If you kind of look at the rest of the business, our Gulf of Mexico, we have about a six-year pathway of development projects in our existing Gulf of Mexico assets. And so we're going to progress that in '25 and beyond.

Turning to our onshore, our Eagle Ford business, we ought to see about a 10% year-over-year production growth with the timing and the well mix having a bit of a benefit for us for ramping up a little earlier in the year than normal.

And then in the Montney, we have a really great dry gas business that is one of the lowest cost of supply natural gas assets in North America. And hopefully, we see a little bit of a commodity price inflection there with gas.

So those are kind of going around the circle of all of our key assets. I think those are the main sort of drivers for us in '25.

Unidentified Participant

Great. And Sergio, 2025 is a big year for your capital program in our drilling program. As you think about the year ahead, you recently received the West Vela rig and have begun drilling to cut Katmai West #2 well. How is progress trending so far on that? And are there any operational efficiencies or challenges you'd like to highlight?

Sergio Maiworm - *Talos Energy Inc - Chief Financial Officer, Senior Vice President*

The progress on Katmai West #2 has been fantastic actually. We feel like we're way ahead of schedule on everything that we're doing on the well. We are very excited about what we're seeing. And honestly, we think that in the coming days, we should be able to announce to the market the results of the well. So we're -- I'm very excited about that.

We're going to continue on with the West Vela. There are a few other things that we're planning in to drill with that well as well. One of them is our Daenerys exploration project, is high-impact exploration project. It's something that could have up to 300 million barrels of recoverable resource but also has a bit of a lower chance success, about 30%, 35% chance success. But if we do discover that, that will be a significant discovery for us, and we're -- I'm very excited about that one, too.

Unidentified Participant

Sergio, how should we think about capital allocation priorities this year? You talk about what you think -- how you think about CapEx, free cash flow? What do you do with that cash between return to shareholders and dividends and buybacks?

Sergio Maiworm - *Talos Energy Inc - Chief Financial Officer, Senior Vice President*

Yeah, that's a great question, and that's one that we've been getting a day long, as you can imagine. So even in the commodity prices where they are, even if it's a little bit lower, we still expect to be generating hundreds of millions of dollars of free cash flow, right? So our capital allocation towards the business maybe slightly up from 2024, but it's still very manageable compared to the operating cash flow that we expect to generate. So again, hundreds of millions of free cash flow generation, then we need to kind of decide what to do with that. We're having some really good discussions with the Board on what to do with that.

My personal take is, I think it will make sense to dedicate quite a bit of that free cash flow generation towards share repurchases. But again, we are having those conversations with the Board right now, and we'll see where that's going to land. But I think that's what the right thing to do is.

Unidentified Participant

Neal, you've previously mentioned what your framework is. Can you talk to us about what that framework looks like right now in this setup and what your priorities are?

Nealesh Shah - *Kosmos Energy Ltd - Senior Vice President, Chief Financial Officer*

Yeah, sure. As I said, we've just gone through a multiyear build cycle for the last several years. We've spent a bit over \$800 million for the last two years in terms of capital building in delivering the projects that are just coming online. And so we've been clear around 2025 year being a bit of a year of transition in for us to focus on cash generation, repay some of the money that we borrowed to get these projects online. And then actually, then we still have the decision around sort of when do we restart the growth.

And so again, I think we're fortunate in terms of -- we have a number of products that we can invest capital onto, but we can hold on to that optionality and preserve the value in the projects. But ultimately, the focus in 2025 will be mostly on maintenance capital holding the products that we have, maximizing the cash that we're generating for the business.

Unidentified Participant

Eric?

Eric Hambly - *Murphy Oil Corp - President, Chief Executive Officer*

Yeah, that's a great question. I think the way we think about our capital allocation, we're pretty pleased with our debt reduction journey over the last few years. We're very nearly to the end of our goal of \$1 billion, we're sitting at \$1.28 billion right now. We've reduced our debt from \$3 billion a year in 2020 to where it is now. Really happy with that journey. And over the last few years, been doing more and more on shareholder return in the form of dividend increases and increasingly in share repurchases.

And so the way we think about our dividend is we'll probably progressively step that up. And if you look back, we had a dividend in 2020 of \$0.50 a share annualized. 2024 was \$1.20 a share annualized. So I think you'll see us, over the next few years, progressively step it up in a sustainable, very durable way and use the rest of our adjusted free cash flow post-dividend for share repurchases.

Especially when you see there are opportunities where you value what your business looks like in the future and trade very low commodity price, very below intrinsic value. You'll see us occasionally step in and use more than 50% of our adjusted free cash flow post dividend to buy back our stock. And it's very shareholder-friendly. We're doing more of that. We did a bunch of that in '23 and more in 2024, and you'll see us keep on leaning into that.

Unidentified Participant

How does the discovery you made announced today tie into that CapEx program? Any thoughts there, and maybe if you can talk, spend a few minutes talking about the discovery as well.

Eric Hambly - *Murphy Oil Corp - President, Chief Executive Officer*

So yeah, the discovery we announced yesterday is pretty significant for us, obviously. We're happy with the result. We still have a large range of uncertainty on how big it is. It could be significantly over the high end of our upside. It was \$430 million free drill at the high end.

We need to figure out how big it is and what does that mean for us, so we're planning an appraisal well. We likely have an appraisal well drilled in that field this year. Probably, third quarter is something we're aspirationally targeting for lining up a rig and equipment to do that. That will be one of the more impactful things we can do, obviously. As well as we're about to drill the second well in our original plan program, we'll do in the first quarter, which is also pretty exciting.

We're managing to fit that in within our kind of overall capital program that we've been communicating for many years. So there shouldn't be too many surprises from that perspective. But it will definitely be well watched in terms of the results from that well because it could prove that we have really a material thing here, which we probably do, but we need to prove it out.

Unidentified Participant

Thinking about all of your operations across the Gulf of Mexico and then international offshore plays, maybe, Neal, as you think about potential exploration activity from here, what's your outlook on either the Gulf of Mexico or offshore Africa? And how should we think about priorities there?

Nealesh Shah - *Kosmos Energy Ltd - Senior Vice President, Chief Financial Officer*

Yeah. So I guess, and we're slightly at a different place in our sort of company journey. But we've been really -- we've had a lot of success on the exploration side of the business over the last decade. And as a result of that, we have a lot of discovered resource in the portfolio. 2P reserve base is over 20 years, a 2P plus 2C reserve base that's over 30 years.

And so the key for us in terms of putting capital outside of maintenance is really on turning those existing discoveries into projects.

In the near term, we have some fantastic exploration opportunities, both in the Gulf of Mexico and internationally. But this will take a back seat to actually progressing our discoveries from the sort of appraisal stage into the development stage in the near term.

And like I said, I think once we get the debt back in a better place, once we've generated a bit more cash and progressive other projects, and we'll selectively invest in the best exploration projects we see going forward, but it will be very selective.

Unidentified Participant

Maybe Eric, Vietnam has become a key topic in your operations and your portfolio. How do you keep competencies from maybe historical efforts in Malaysia or even the Gulf of Mexico play into your operations there?

Eric Hambly - *Murphy Oil Corp - President, Chief Executive Officer*

Yeah, that's a great question. So I think we've demonstrated over the past few years that we've been a really solid deepwater developer and operator. The work that we did in Malaysia historically and then more recently with our King's key development in the Gulf.

We've proven to be kind of a top industry performer in terms of how efficient we are in development and time from discovery to first production. And so that plays really well to the position we have in Côte d'Ivoire where we have both an exploration plan and also a discovered resource in PON that we're working with Ivorian government to come up with a plan of development there. And those deepwater execution skill sets, I think, directly brought over to Côte d'Ivoire.

If you look at our Vietnam business, where we have a development underway at Lac Da Vang field with first oil planned in the second half and a recent discovery and more prospects to test. I think the skill set that we put to work in our Sarawak business in Malaysia is really applicable there. And quite a few of the project team members that helped me and Murphy, back in the day, build our Sarawak business in Malaysia actually working on our Lac Da Vang development now. Some of the same team members are there and active. And obviously, we'll be thrilled to tack on more developments to the program.

So I think we're really set up to execute well and combining successful exploration with top-level execution is the key to unlocking value. I think we're really positioned well, both in shallow water and deepwater.

Unidentified Participant

Great. And Sergio, maybe I want to ask a bit about your outlook for M&A and your outlook for exploration in the Gulf of Mexico. Is there any appetite to increase exposure potentially internationally? Or do you intend to kind of continue your operations and your concentration within the Gulf of Mexico?

Sergio Maiworm - *Talos Energy Inc - Chief Financial Officer, Senior Vice President*

Yeah. No, that's a great question. Look, our -- the Gulf of Mexico is our backyard, is our home, right? We think we understand it very well. We do a tremendous job operating in the Gulf of Mexico. So that's always going to be the first place that we look for M&A or anything else.

But I do think that in the journey of the company, eventually, having an international leg will make sense. We're not there today, but I do think that eventually that will make sense.

So in terms of exploration, we talked a little bit about Daenerys early on. I'm personally excited about that. I do think that this is going to be a well that a lot of people in the industry is going to be watching it's an interesting structure. So we're all very excited about that.

There are other exploration potentially in our portfolio as well. But for the size of company that we are, we kind of have to manage a little bit the exposure of capital to exploration projects in any given year, and having Daenerys as such a large project and we own a bit of a larger working interest that we typically do in these high-risk projects.

We're -- that's probably the only one that we're going to do this year. Maybe next year, we're going to take a bit more of a different stance on exposing more capital to exploration. But this year, it's that big one. Obviously, we're drilling other deepwater wells as well. So we need to keep them manageable.

From an M&A perspective, as you asked. I think in '24, we made a really large acquisition for us of QuaterNorth. It was a fantastic acquisition. I am really, really proud of the team for having pulled that off.

And then we took a little bit of a break. We wanted to make sure that we're focusing on operations, focusing on what was right in front of us. We did some bolt-on acquisitions. But I do think at some point in '25, it will make sense for us to start focusing again on making some larger acquisitions,

either assets or businesses. But then we'll see what presents itself to us. There are a couple of leads on conversations that we're having, but it's still very early days. But I hope and I expect that later in the year, we're going to be more active on that front.

Unidentified Participant

Sergio, in the past, you've talked about discretionary and nondiscretionary spending. What's your appetite to lean into nondiscretionary spending this year? How do you think about that piece?

Sergio Maiworm - *Talos Energy Inc - Chief Financial Officer, Senior Vice President*

Yeah. I don't know if we've made a distinction between discretionary and nondiscretionary. I think what we said before was we've had some projects that we have already committed, and there are projects that are not yet committed, but we are expecting to deploy capital towards. But if something else in the market, let's say, commodity prices or drop or other circumstances in the market, we still have the ability to cancel those projects or not commit to those projects. That's still very much the case today.

The budget that we are working on and having discussions with the Board are including some of these projects that are not yet committed to. We don't have to commit to them for another couple of three months. So we're still going to continue to observe the market. And if things change from where they currently are, we still have the ability to pull some of that capital.

But when I say the capital in 2025 is going to be slightly up compared to 2024, it does include some of these projects that have not yet sanctioned or have not yet committed.

Unidentified Participant

Makes sense. Eric, you have a diversified portfolio throughout North America. As you think about competing for capital across the asset base and maybe across your portfolio even, is there a rank order that you think is the right way to go for this year and the next few years?

Eric Hambly - *Murphy Oil Corp - President, Chief Executive Officer*

Yeah. The way we think about our capital across our portfolio with our onshore and offshore, we're investing in projects in the Gulf of Mexico. Really, through the end of the decade, we have a pipeline of known projects in existing fields that are really high return, great projects to invest in basically through the end of this decade. Vietnam development project is a key for us. We'll spend a little bit more in '25 and '26 than we did in '24 as we start drilling the wells and build the facility.

If you look at our Eagle Ford business, we've been managing it over the last few years, kind of in a range of 30,000 to 35,000 barrels a day. We'll allocate capital to that to do something like that. We should have, in the Eagle Ford, about 10% year-over-year growth.

The Montney business for us onshore, pretty stable. We filled the plant capacity with our plan in '24. We'll refill the plant in '25. We always explore with about 10% to 15% of our total budget, and we'll expect to keep doing that. Obviously, we'll have -- we're working our budget a little bit for '25 to include an appraisal well in Hai Su Vang. That will be one of the more impactful things that we could do.

We've communicated now for several years kind of a range of CapEx that we expect from us, and that's pretty consistent. One thing I will say, what we've done over like maybe the last 18 to 24 months with our exploration team, we've significantly enhanced the capability of our team and sort of shifted our strategy to be a little more balanced between international exploration and emerging basins where we're testing large opportunities with relatively low well cost.

And in the Gulf of Mexico, expensive higher risk things and a little more near infrastructure, admittedly smaller, but higher chance of success things that supports our assets. And that's a little bit of a shift for us over the last few years. I'm really happy with our success so far on that.

In the Gulf of Mexico, we drilled three wells in '24. We had a nice discovery at Ocotillo. The two unsuccessful wells we had both found hydrocarbons, and we're very close to being commercial. So the teams hit rate on finding the things that we're looking for has really stepped up over the last few years. And, again, really excited about this discovery made in Vietnam.

I think we're building momentum on that. And as we're headed into our Côte d'Ivoire exploration program, I think it's potentially transformational for us and really differentiating and super excited about it.

Unidentified Participant

Makes sense. Neal, how do you think about organic versus inorganic opportunities? What's attractive to you this year and beyond?

Nealesh Shah - *Kosmos Energy Ltd - Senior Vice President, Chief Financial Officer*

Yeah. So I think for us, in the medium term, it's about both. We have -- like I mentioned, we do have an organic pool of opportunities that we have discovered over the last few years, and we want to move those forward over time. The pace will be dictated by sort of where -- how quickly we get to on debt reduction and then ultimately, how much capital do we want to deploy on the growth side of the equation.

Inorganically, again, I think for us, finding opportunities that are unique in areas that we have a really good understanding on and can generate attractive returns. It will be an opportunity for us, both internationally and in the Gulf of Mexico.

And so when you look at the deals that we've done, the transaction in Equatorial Guinea, the transaction we did in Ghana, we know those assets extremely well from a subsurface perspective, and we're able to pay back our investment in about a year. And so finding unique things that sort of fit that mold that are value accretive and at the same time, enhance the financial resilience of the business.

Those will continue to look for; it's hard. And again, we'll continue to be really disciplined around those opportunities. But we look at a lot to see if can we make it work in that context and increase the scale of the business.

Unidentified Participant

I wanted to ask about efficiencies. And what you're seeing in the market as you go through your operations, what are you focused on for efficiencies going forward? Anything on -- in terms of cost inflation expectations or deflation expectations that you have as you look at your program for '25 and next few years, or maybe Sergio, let's start with you?

Sergio Maiworm - *Talos Energy Inc - Chief Financial Officer, Senior Vice President*

Sure. In terms -- we're not seeing any inflationary pressures in our business. We have not seen deflation either. So it's a very stable, I would say, price environment for our services, which helps on the planning of things. Obviously, I would wish it was a little lower than it currently is.

Obviously, over the last two to three years, we've seen some inflation in that, and they've kind of stabilized at a higher place where they used to be, but it's still very manageable for us.

From an efficiency standpoint, our drilling program that started later in '24, and it's continued on. It's been incredibly efficient. The team has done an amazing job at managing that drilling campaign. So I'm really proud of that.

On our day-to-day operations, we're always looking for opportunities to create efficiencies. But I think we're very not satisfied. We always want more. But I think I'm very happy where we are in terms of our cost structure in the business. We're consistently one of the highest margins in the business. So we've maybe top three, top four in the entire E&P space in the US. So that means that we always operate very, I would say, in a very nimble way. We're always very cost conscious, and we always do a lot more with less. So I'm happy about that.

And as efficient -- as far as efficiencies go, we're seeing a lot of that in our drilling campaign this year. So we're excited about that.

Unidentified Participant

Makes sense. Neal?

Nealesh Shah - *Kosmos Energy Ltd - Senior Vice President, Chief Financial Officer*

Yeah. So I would echo what Sergio said, which is around -- on the cost side of the picture, I think we are fairly efficient in terms of where we are. I'm kind of pleased with the operating costs.

When you look at Ghana, Egypt, the Gulf of Mexico, they're all pretty low and therefore, deliver high margins on a consistent basis. But I would say there's opportunity for efficiency and where we focus on is more on the top line, which is actually how do we get more barrels through each facility and amortize sort of the fixed cost over a larger pool.

And particularly when you look at an asset like GTA, our objective is actually now we've got the infrastructure in place. We've got the people in place to operate the infrastructure. Can we double the capacity and keep the operating costs of roughly the same amount? And so for us, that will be an issue around how do we increase the throughput, and therefore, every barrel that goes through or every piece of molecule that goes through will create a higher margin on. And so that's been our big focus, not just in GTA, but across the portfolio.

Unidentified Participant

Eric?

Eric Hambly - *Murphy Oil Corp - President, Chief Executive Officer*

Yeah. I guess I'll start with our offshore business since it's an offshore-focused panel. A couple of things that we're seeing in the market in terms of price signals. The subsea infrastructure, subsea trees, subsea installation, we're starting, for the first time, to see a little pressure there, especially for projects of a smaller scale, and it's something that I think might be driven by overall activity level. Maybe Guyana, I mean, how many trees is TechnipFMC is going to deliver to Exxon, right? It's industry issue that I think we'll start to see developing.

So one of the things that I think is good for us because we maintain a portfolio of different kind of things is like our shallow water Vietnam business is completely immune to that, right? So maybe our Côte d'Ivoire business could have some exposure. Our Gulf of Mexico tieback business could have some exposure to that.

None of that's going to make our projects unattractive, but it is a little bit of cost pressure that we're kind of keeping an eye on. And so it's kind of nice when you have a nice shallow water thing where you're not buying subsea trees and doing subsea installation kind of stuff to have that in the business right, something to pivot to, which I'm happy with.

I'm really proud of our drilling and completions teams. I think our execution over the last few years of our development work has been quite high performance when we benchmark our typical drilled well in the Gulf of Mexico deepwater or completed well is kind of in the top quartile performance on cost or days. And if you can keep that up, you're really winning because rig rates matter about how efficiently you are conducting your operation

is really the most important thing. And so when your team continues to find ways of enhancing, improving, having less downtime and executing termly completion project successfully, you really win.

Offshore, that's kind of the story. Onshore, we really had quite a bit of improvement in our Eagle Ford Shale business and our Tupper Montney business in terms of our completion execution. We had our lowest cost per foot completion costs in our Eagle Ford business in '24 that we ever had in the history of the asset, which I think is pretty impressive. And it's driven on the back of operational efficiencies of pumping more hours a day, pumping more sand, more lateral foot per day, doing it through not supply cost savings, but really through operational efficiencies and doing it in the context of also delivering some of our best wells. I'm really happy with our team's execution on that.

It's always hard to have clarity of what's the next thing we can do to make that more efficient, but pretty pleased with our team performance as we're sitting here right now.

Unidentified Participant

Makes sense. Eric, maybe if I stay with you in the last few minutes here. As you think about your conversations you've had with investors throughout the conference throughout today, what do you think is underappreciated that you would want investors to be focused on as they think about the story?

Eric Hambly - *Murphy Oil Corp - President, Chief Executive Officer*

Great question. I wish I could figure out what investors needs to do to understand our business. It's not easy. I do think, in general, it's common for probably all of us. I think an average investor, a generalist investor struggles to understand the offshore business. It's easy to see what happens in the near term, but what happens 4, 5, 6, 10 years out.

We do the best we can to communicate the opportunity set to invest in our existing assets. I think they struggle to understand that well even though we try pretty hard. That's something that we'll keep working on, trying to communicate.

I think that we're viewed as -- the offshore business is viewed as things can happen that are expensive and time consuming to resolve, which isn't totally untrue. But we also generate tremendous free cash flows from our offshore assets, and I think that the enterprise values of our companies reflects a lack of understanding of the durability of those cash flows. And so that's something that I think we can work on as individual companies, but also kind of collectively help people understand just how durable, just how solid our free cash flows are from our offshore business.

Unidentified Participant

Neal?

Nealesh Shah - *Kosmos Energy Ltd - Senior Vice President, Chief Financial Officer*

Yeah. It's a good question because I don't think it's a fundamental misunderstanding, but I think the challenge is ultimately, one that Eric hinted on, which is around duration. Again, I think everything that we do in the offshore business tends to take longer. We're in a multiyear investment cycle for most of our projects to get online even if they're tiebacks to existing facilities. And so matching a capital-intensive front end versus something that sort of pays back within 30 or 60 days or you can turn online within 30 or 60 days is a different investment proposition.

And so investors having a, call it timeframe that's aligned with the investments that we're making is a challenge for people. And so I think from our side, what we can do, I think, to get people more excited about things is really around the delivery side.

So as production -- and we've seen this in various circumstances, but as companies have delivered production from longer duration projects as you see in the earnings power, as you've seen the cash flows come through, it's hard for investors to ignore that, right? And so that's what we're focused on at Kosmos is how do we deliver the cash and demonstrate the value of the portfolio organically.

And then I think separately, I do think there's a piece around technology and how do we move the business faster. And so again, I think another area where we spent a bunch of time is how do we standardize things. How can we shoot better seismic, how can we accelerate the processing so that the cycle time between investment and payoff comes down.

So there's a bit of self-help in that realm as well. But I think the combination of the two will create sort of a situation that's harder to ignore, if you will.

Unidentified Participant

Sergio?

Sergio Maiworm - Talos Energy Inc - Chief Financial Officer, Senior Vice President

Yeah, I echo both Eric and Neal's comments. I do think that there's a little bit of, maybe not a lack of understanding of fundamental misunderstanding, but there's less understanding of the offshore business than sometimes in the onshore business. But I also think that there's a bit of a different cycle, investment cycle, right? So it's not as easy, especially as a small cap for you to maintain the consistency on the quarterly results that investors come to expect. Especially on a shale company, if you drill one or two more wells, you can actually maintain certain things, where it's offshore, things take longer. So it takes a little bit of a different perspective on what to expect from offshore companies. So I think that is kind of fundamentally the issue.

I also think that it's naturally difficult for people to understand the inventory that the companies have, right? It's easy to understand inventories on a shale basis -- on a shale business that you think of as a manufacturing type of situation.

And offshore, it's very different, right? You can be drilling a really big exploration well one day you could bring like there's an infield well in the next day and propositions are different. It's hard to understand sometimes that those differences and what you need to do.

But eventually, I agree 100% with Neal. We need to have more consistency on delivering the free cash flows. We have to have the execution on the business, and eventually, investors will understand that.

And the other part to me that I think people understand, but they're not necessarily willing to lean in just yet, is there's a lot of conversations about inventory, lack of inventory or inventory durability onshore and the ability that the offshore companies have to consistently generate new inventory, either from acreage that we already own or for acreage that we can get still.

I think that is probably a very underappreciated characteristics of an offshore company. It's an evergreen generation of inventory. It's not just drill your highest return well. And by definition, the next well that you drill is going to have a lower return. So that's almost like a finite business.

I think our business has way less of that, and we can regenerate our inventory. Not easy, but it's in a much better way than some of the onshore companies can't, without, obviously, acquisitions, et cetera.

Unidentified Participant

This has been a great conversation guys. Thank you so much Eric, Neal, Sergio. So thank you for taking the time.

Eric Hambly - *Murphy Oil Corp - President, Chief Executive Officer*

Thank you for having me at your conference.

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