



OIL SEARCH LIMITED

(Incorporated in Papua New Guinea)

ARBN – 055 079 868

OIL SEARCH EXPANDS PNG LICENCE PORTFOLIO 15 November 2010

Oil Search is pleased to announce that it has agreed farm-in terms in four new exploration licences in Papua New Guinea:

- PPL 276, located in the Gulf of Papua, west of the Pandora and Pasca gas fields
- PPL 338 and PPL 339, located onshore, immediately north of the Gulf of Papua
- PPL 312, located in the northern Gulf of Papua, east of the Uramu gas field

These farm-in arrangements are subject to Ministerial approval.

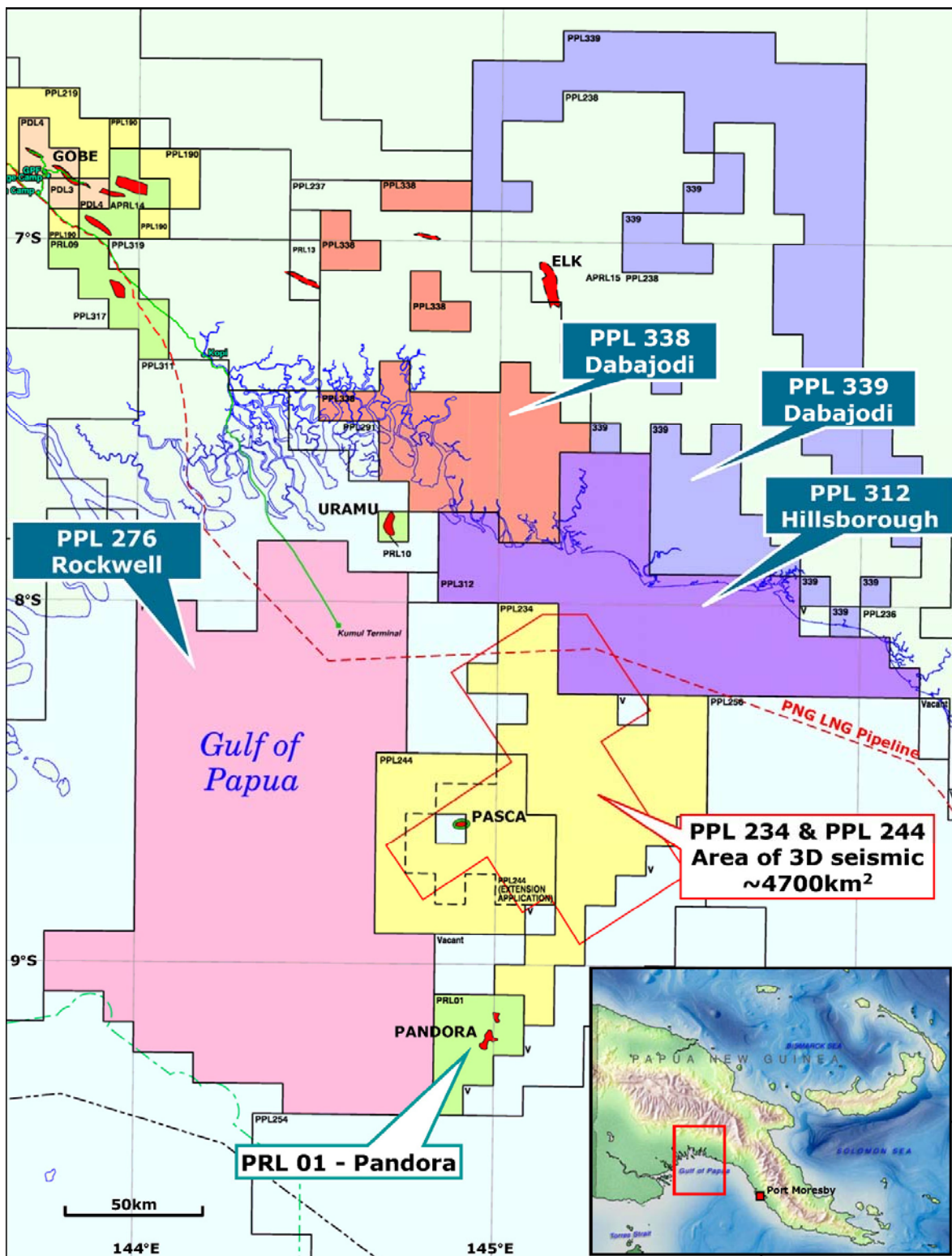
These acquisitions are part of Oil Search's strategy to optimise its licence holdings, where there is potential for material gas accumulations that could underwrite future gas commercialisation. A number of gas discoveries have already been made in this area. These licences complement the Company's excellent licence holdings in the Highlands of Papua New Guinea.

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Commenting on the farm-ins, Peter Botten, Oil Search's Managing Director said:

"The delivery of PNG LNG Trains 1 and 2 and further gas based developments in PNG is a strategic priority for Oil Search. The resources for expansion will be sourced from a combination of growth in reserves in existing gas fields and from exploration.

Oil Search's exploration effort is now focused in two main areas:

- The Foldbelt/Highlands, where there are large structures close to the PNG LNG upstream infrastructure and where Oil Search has material equity positions
- The Gulf of Papua, which is gas prone, yet under explored.

Oil Search's strategy in the Gulf of Papua is to access large equity positions, in high graded licences and de-risk them through the acquisition of high quality 3D and 2D seismic.

It is anticipated that this seismic work will identify and mature a number of new drilling prospects that will be subject to evaluation in late 2011 and 2012. Oil Search will potentially look for appropriate partners, when the seismic and prospect evaluation is completed, to share the evaluation risks and form long term relationships that can be the basis of a new LNG focussed growth stream for the Company.

Oil Search already has large equity holdings in PPL 234 (80%), PPL 244 (80% post the swap of PPL 239 with Talisman) and the Pandora gas field (24% post the acquisition of the Twinza and Cairn equity). The recently completed farm-ins to PPLs 276, 338, 339 and 312 consolidate our position in the Gulf of Papua and the adjacent onshore licences. We believe this region, where three gas discoveries have already been made, has significant gas potential from a range of different play types."

Details of the farm-ins arrangements are as follows:

PPL 276

Currently leased to Rockwell Energy (100%, Operator). Under the farm-in:

- Oil Search secures 30% of the licence equity in exchange for funding an extension of the current 3D seismic study over high graded areas in the licence

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- Oil Search secures an option to increase its equity to 80% in exchange for a well carry. In the event that Oil Search exercises this option, Oil Search will assume Operatorship of the licence

PPL 338 and PPL 339

Currently leased to Dabajodi International Energy (100%, Operator). Under the farm-in:

- Oil Search secures 30% of the licence equity in exchange for funding a 2D seismic survey over high graded areas in the licences. This survey will commence in early 2011
- Oil Search secures an option to increase its equity to 70% of the licence in exchange for a partial well carry. In the event that Oil Search exercises this option, Oil Search will assume Operatorship of the licence

PPL 312

Currently leased to Hillsborough (100%, Operator). Under the farm-in:

- Oil Search secures 30% of the licence equity in exchange for funding an extension of the current 3D seismic study over high graded areas in the licence and assumes Operatorship of the licence
- Oil Search secures an option to increase its equity to 75% of the licence in exchange for a well carry

The second phase of the 3D seismic survey over PPL 234 and PPL 244 will recommence shortly, following a break during the SE trade wind season, with both the 2D and 3D seismic programmes due for completion in the first quarter of 2011.

Peter Botten, CBE
Managing Director
OIL SEARCH LIMITED

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