



PNG Exploration Review

8th December 2010

1



Outline

1. OSL strategy and exploration's role
2. 2010 Exploration drilling review
 - Wasuma
 - Korka
 - Mananda
 - CBM wells
3. 2010 OSL exploration license refocus
4. 2011 exploration focus
 - ADT2 appraisal and follow-up
 - Huria
 - Flinders
5. Summary

2



Oil Search's Growth Strategy

OIL
SEARCH
LIMITED

- Optimise existing oil assets with a focus on:
 - Maintaining safety and environmental performance
 - Delivering gas supply obligations and life extension whilst adding value from reserve adds and cost management
- Support delivery of PNG LNG Project:
 - Support ExxonMobil with in country activities
 - Deliver Oil Search operated Associated Gas and PL2 life extension projects
- Grow LNG business in PNG.
 - LNG is the optimum commercialisation route
 - Pursuing a two pronged strategy:
 - PNG LNG Expansion:
 - Gulf Area LNG Opportunity:
- Measured oil exploration.

3

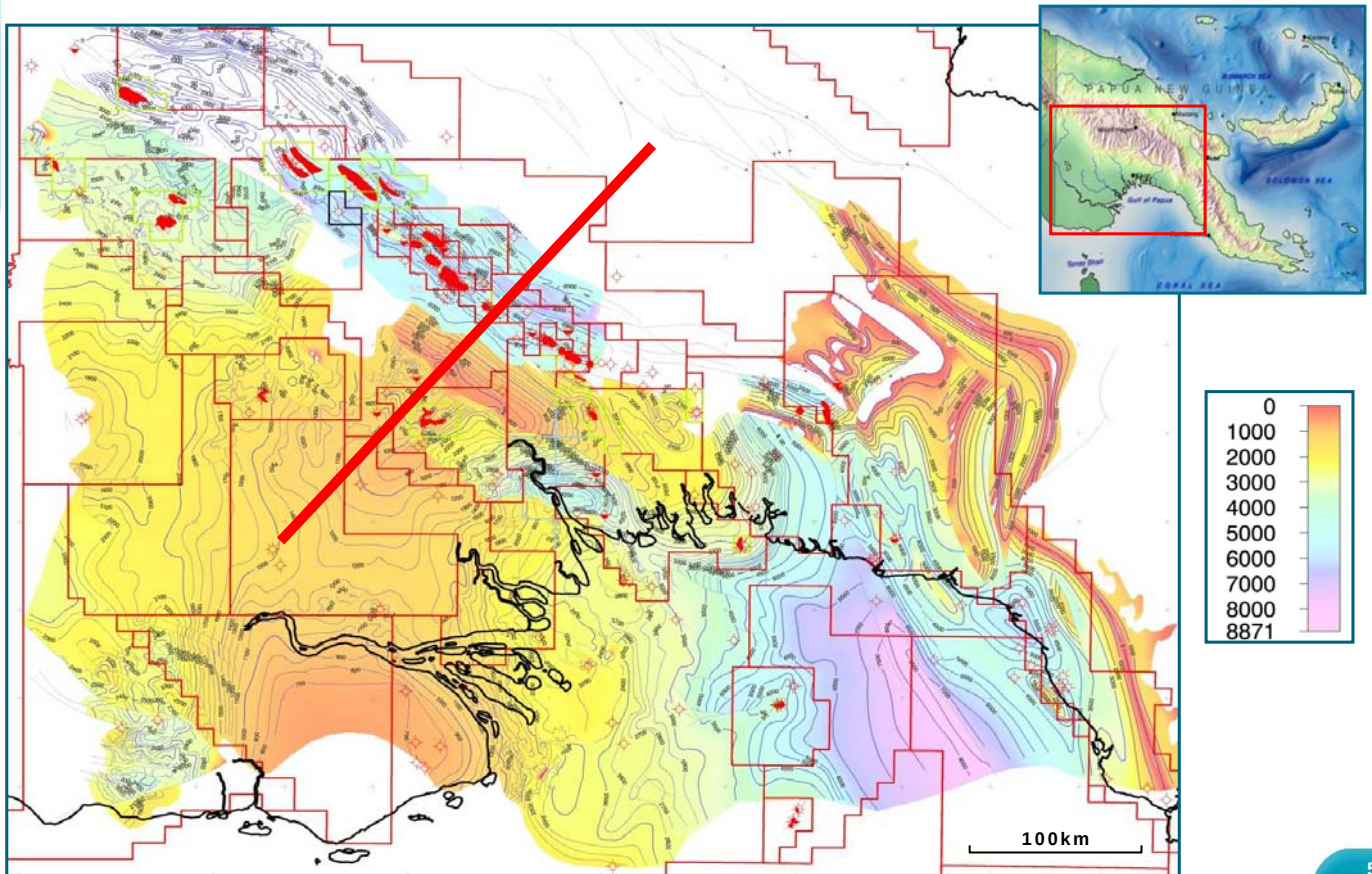


Outline

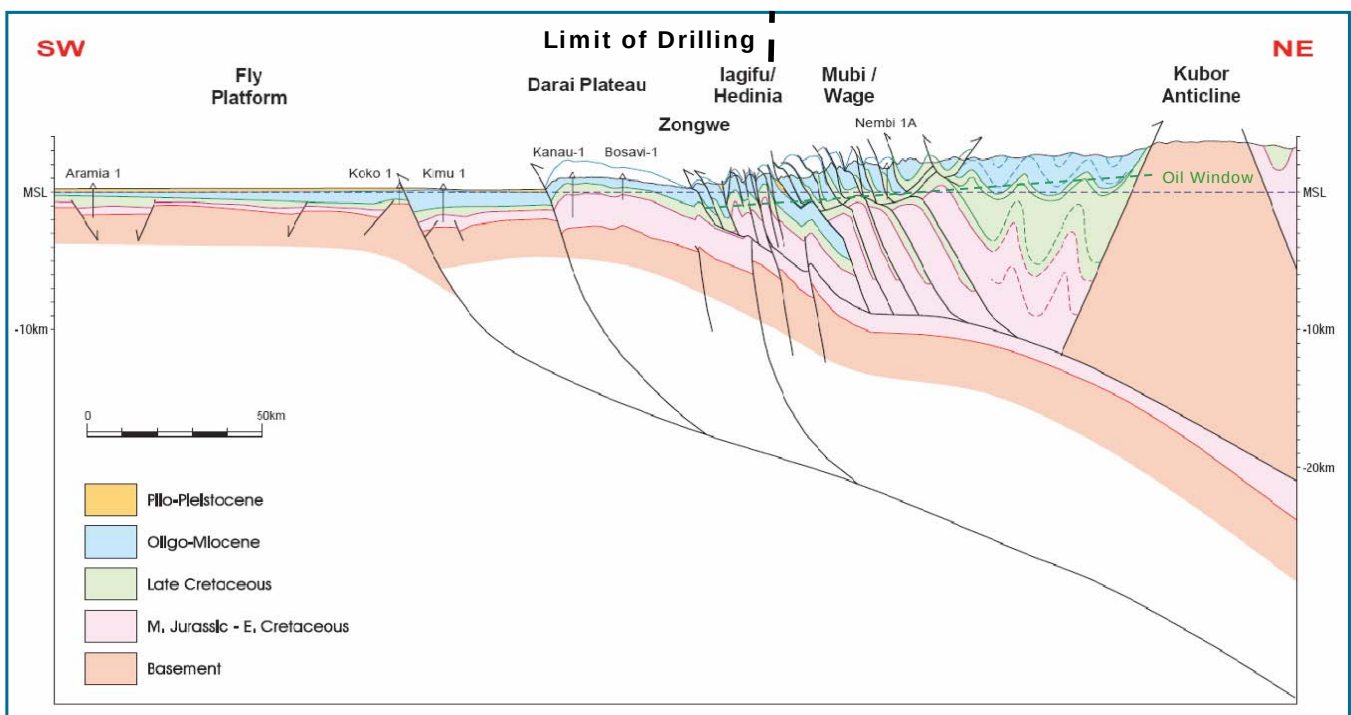
OIL
SEARCH
LIMITED

1. OSL strategy and exploration's role
2. **2010 Exploration drilling review**
 - Wasuma
 - Korka
 - Mananda
 - CBM wells
3. 2010 OSL exploration license refocus
4. 2011 exploration focus
 - ADT2 appraisal and follow-up
 - Huria
 - Flinders
5. Summary

4



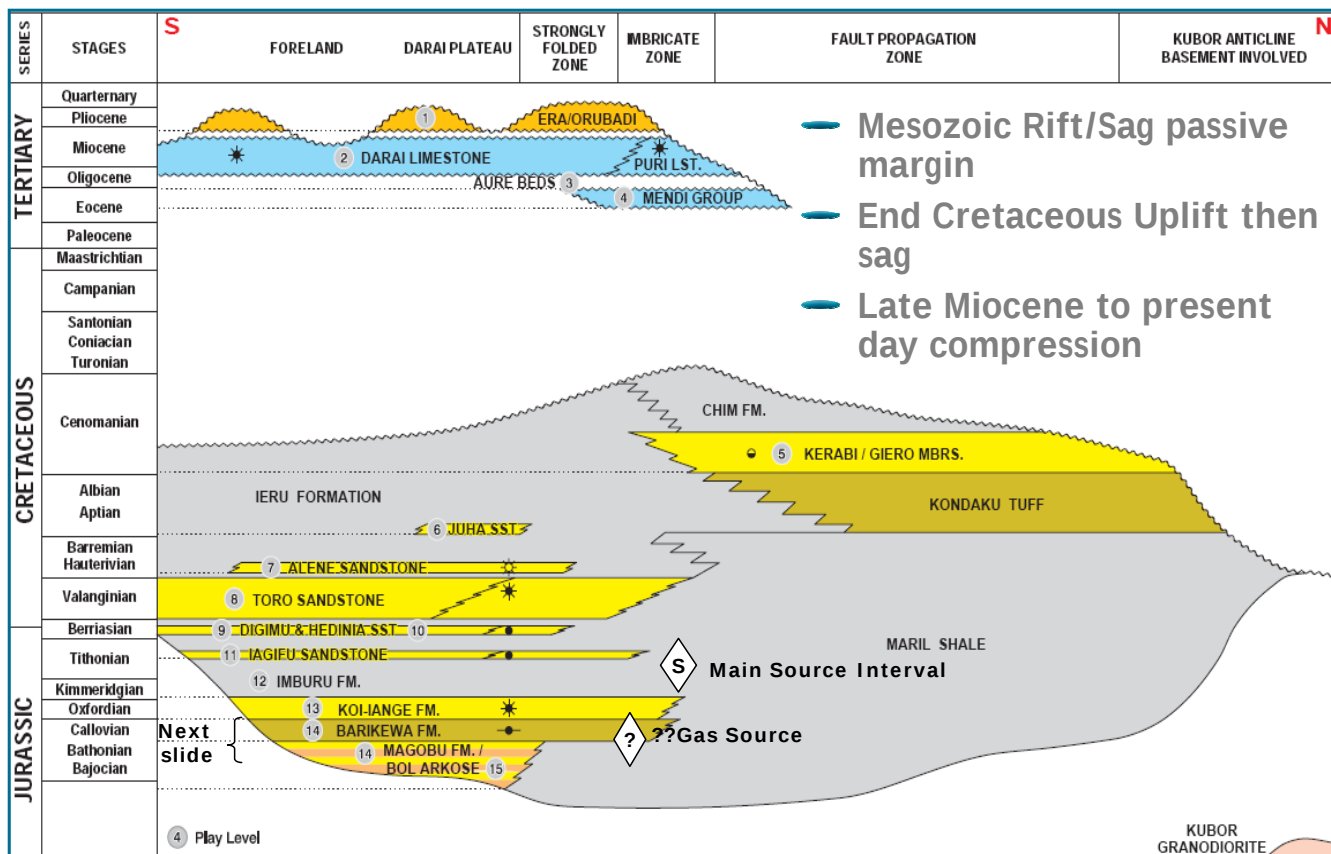
Regional Structural Cross-Section





Papuan Basin Chronostratigraphy

OIL
SEARCH
LIMITED

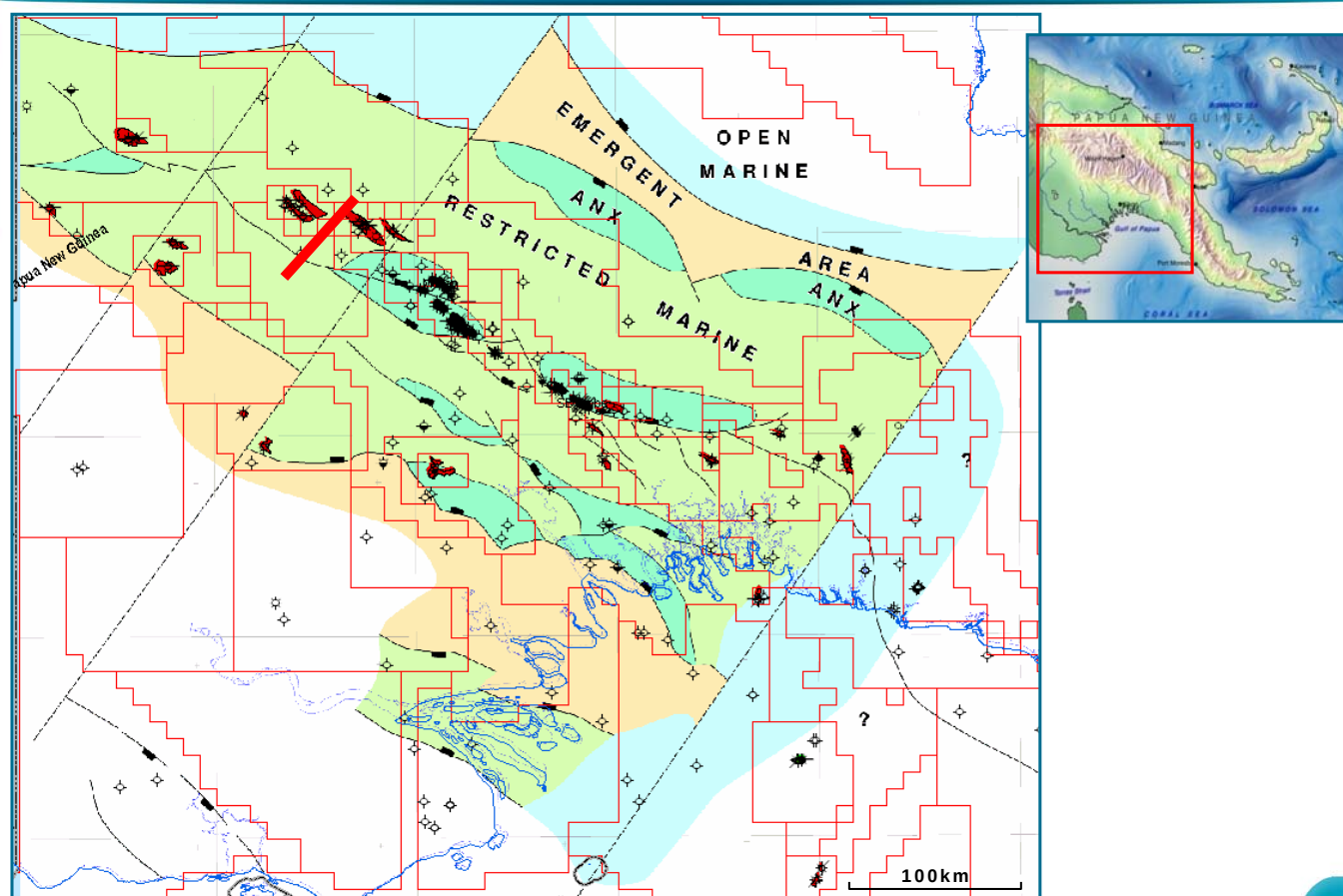


7



Early Jurassic Rift Paleogeography

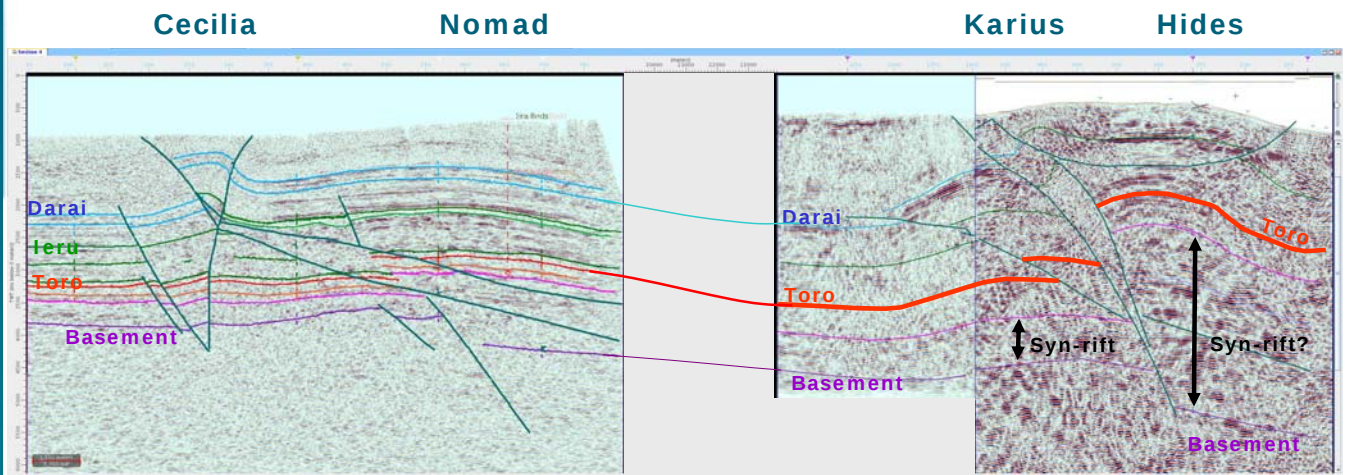
OIL
SEARCH
LIMITED



8



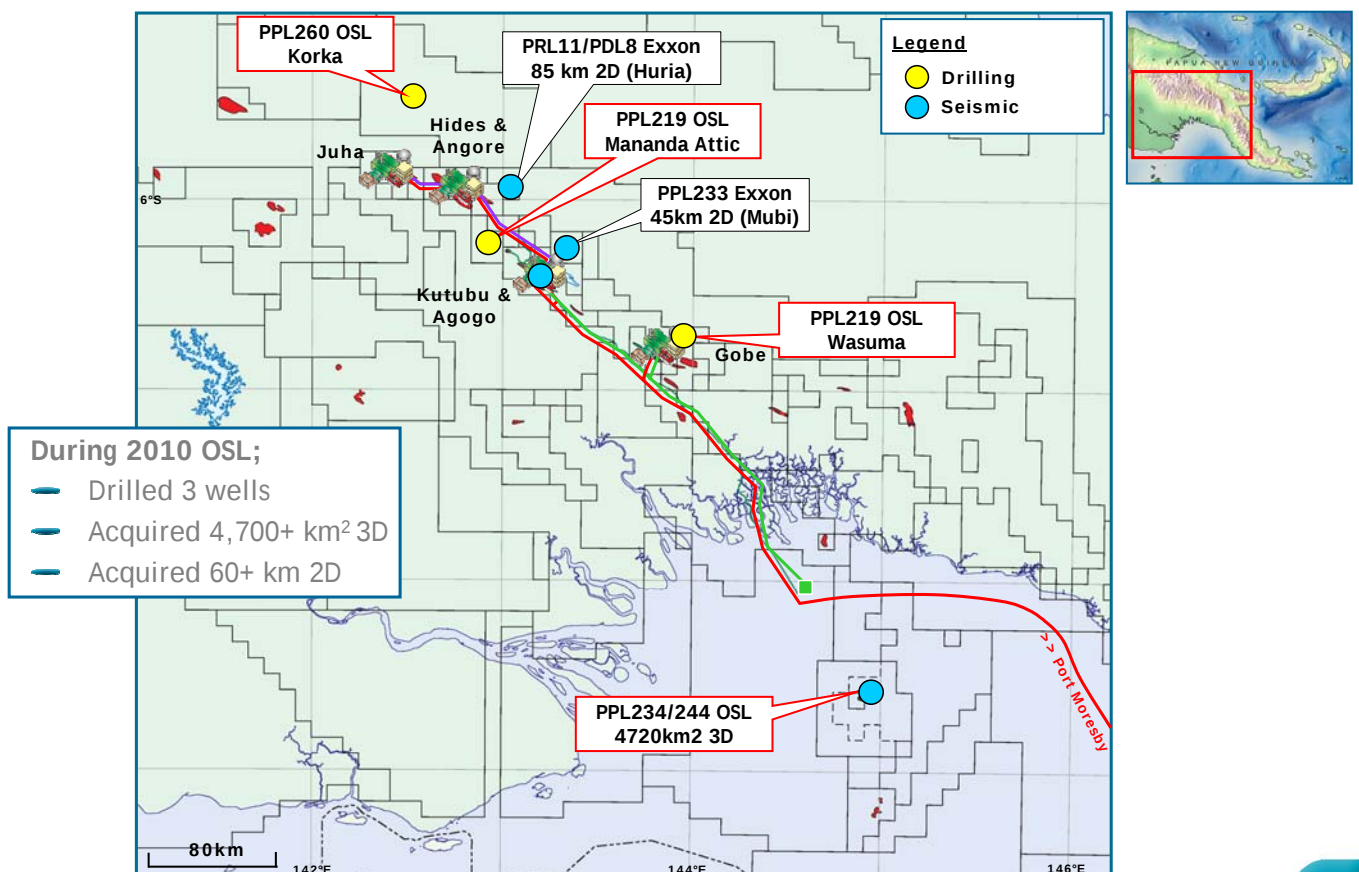
Frontal Fold Belt Seismic Transect



- Reprocessing of older seismic data giving better insight into geological evolution
- Thick and thin skinned compressional structures
- Hides an inversion structure with a thick syn-rift section under the core of the structure. Possible gas source?.



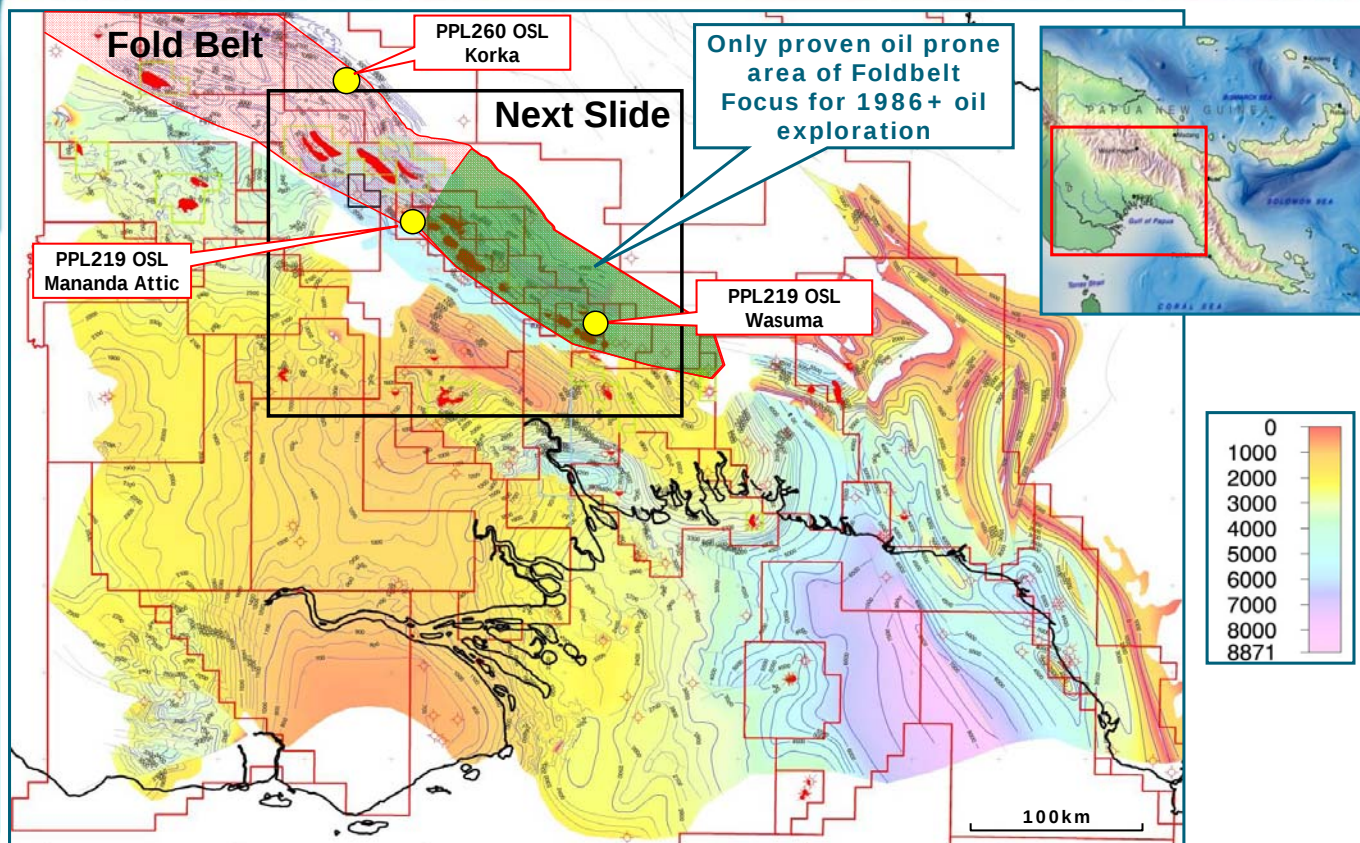
OSL Exploration Activity - 2010





Regional Top Toro Depth Map

OIL
SEARCH
LIMITED

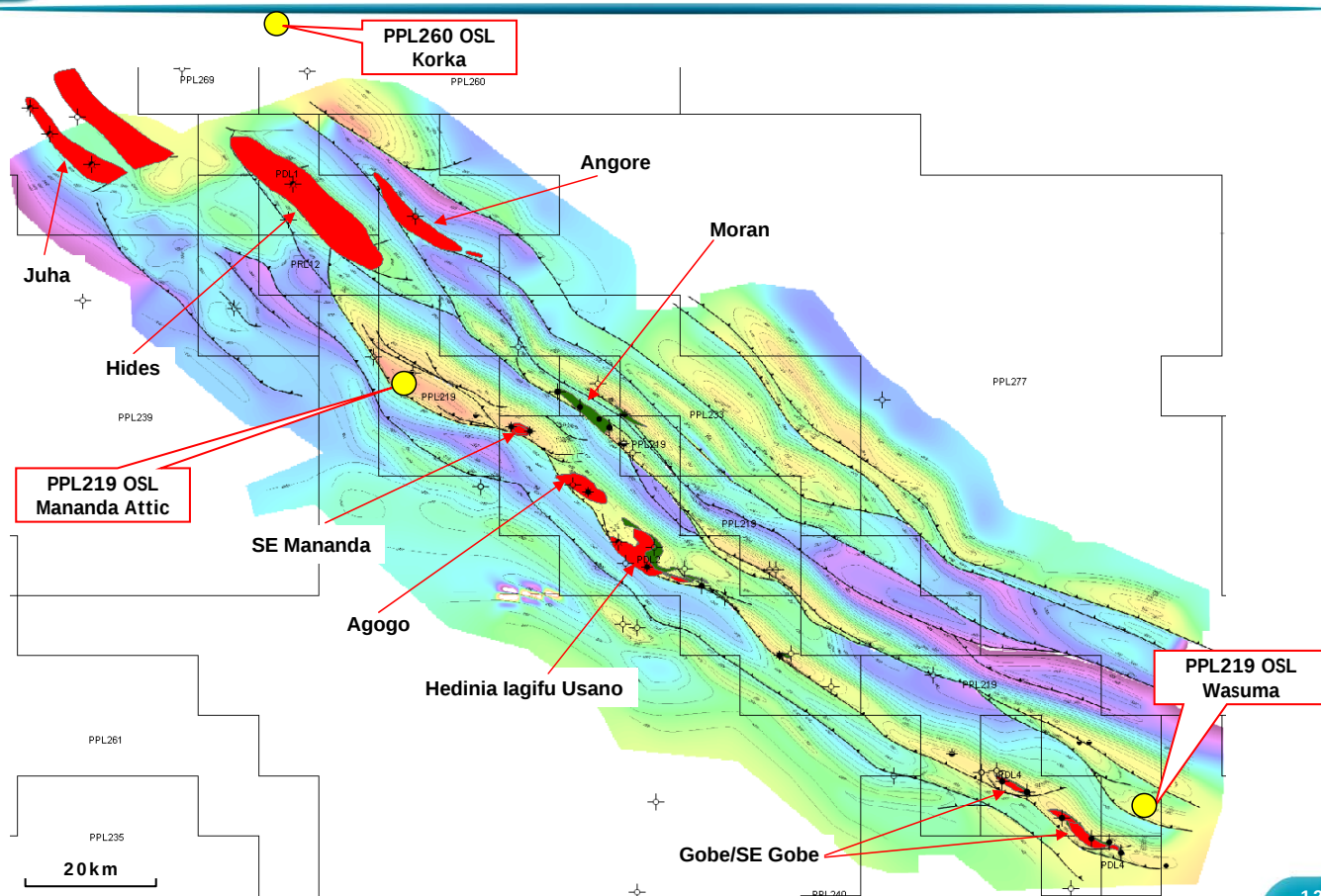


11



Top Toro Depth Structure Map

OIL
SEARCH
LIMITED

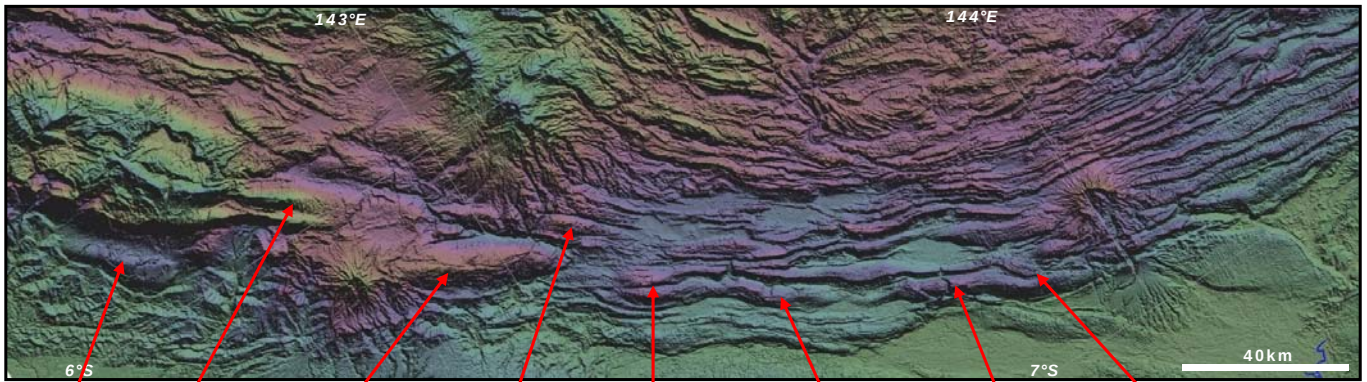


12



Foldbelt Digital Elevation Model

OIL
SEARCH
LIMITED



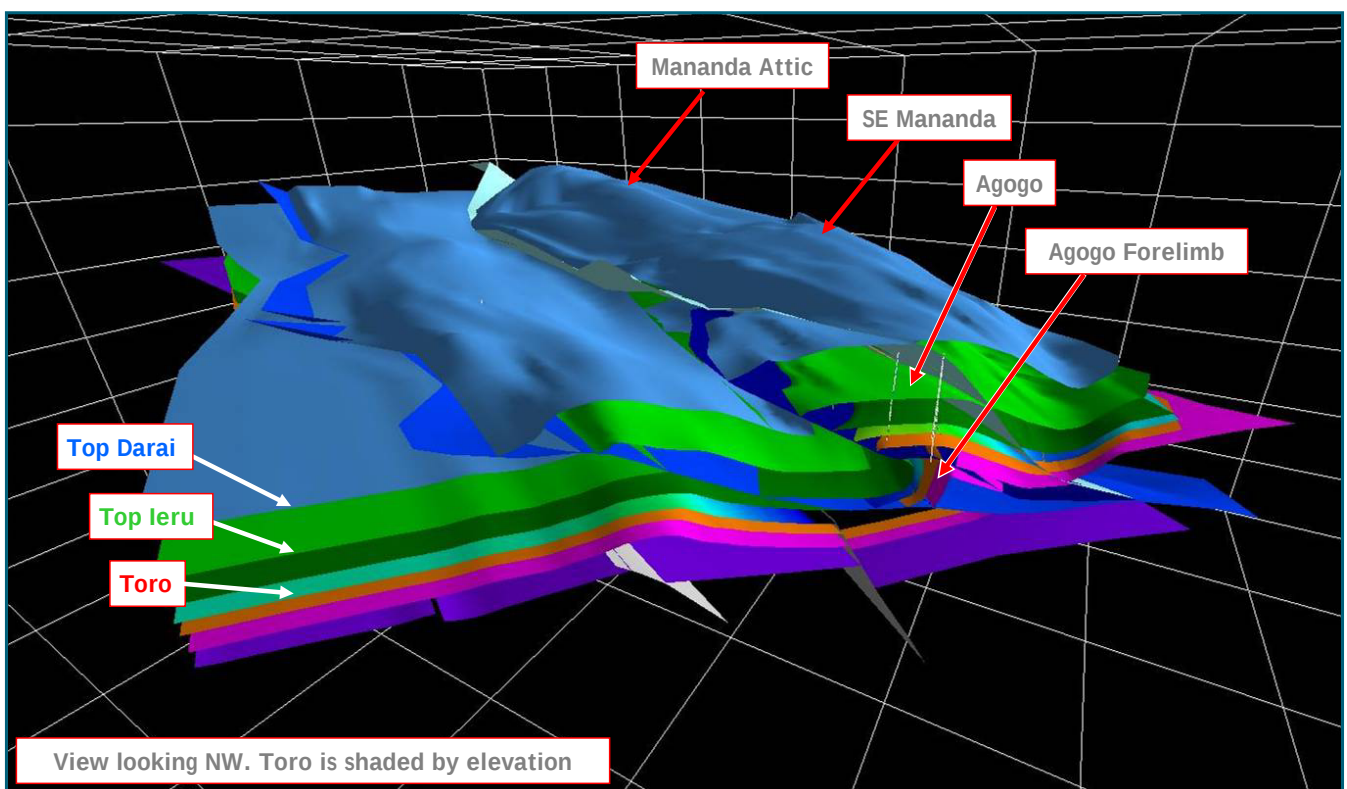
- 100's of wells drilled along fold belt, ~half with image logs
- Dips, fractures and break-outs available for each well in 3D space
- 3D model being constructed of 4 key horizons
- Stress regime varies along strike and sometimes within wells
- Fracture patterns and stress regime never analysed
- Could be related back to present plate dynamics and earthquake patterns
- Tied to 3D geology, could constrain plate models and stress through Neogene

13



3D Structural Models Unlock Complexity of the Foldbelt

OIL
SEARCH
LIMITED



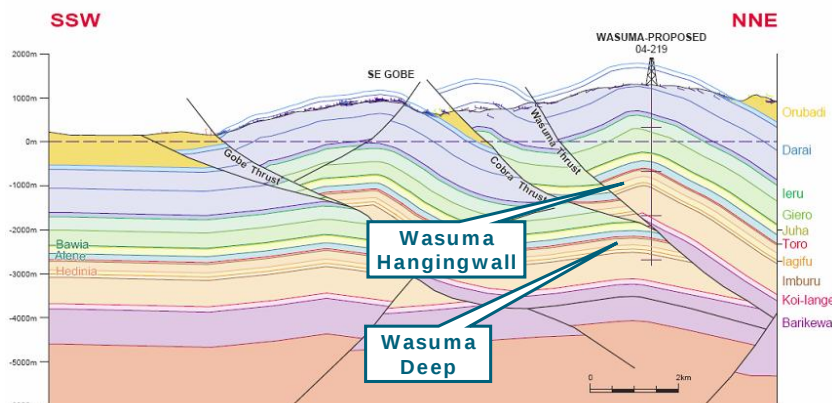
14



PPL219 - Wasuma

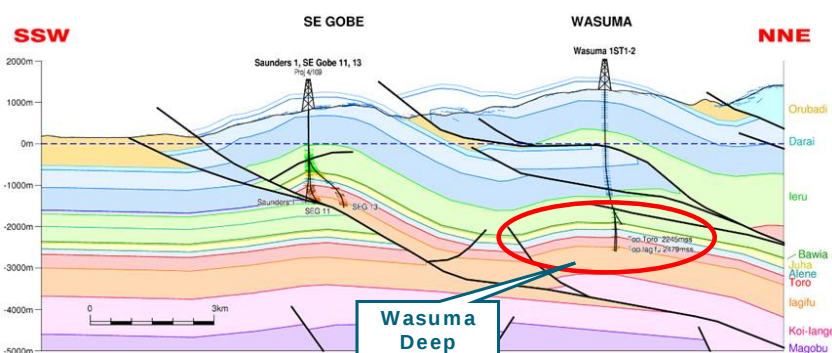
Pre-drill vs Post-drill Interpretations

OIL SEARCH LIMITED



Pre-drill

- Hangingwall trap analogous to SE Gobe
- Deeper Footwall trap (Wasuma Deep) as secondary objective



Post-drill

- No valid Hangingwall trap
- Footwall trap (Wasuma Deep) valid
 - Logs indicate charge to Iagifu sandstone
 - ~5m net reservoir

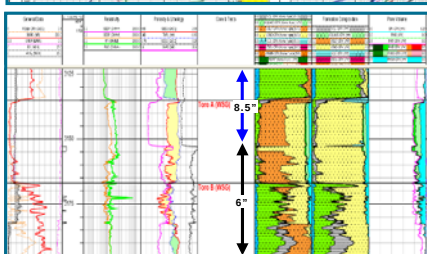
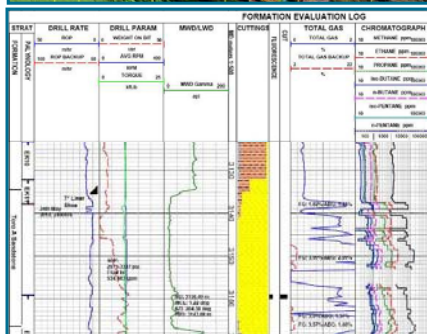
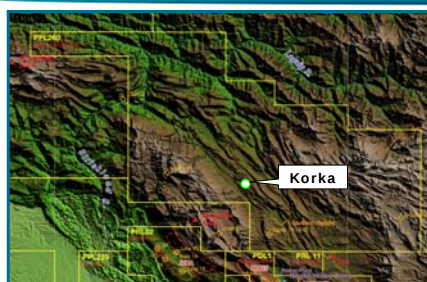
15



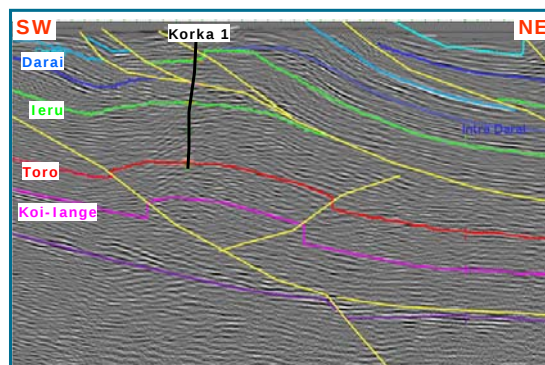
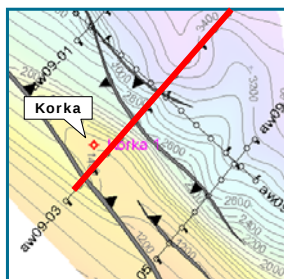
PPL260 Korka

Results

OIL SEARCH LIMITED



- Elevated gas (including C5) on mudlog
- Resistivity separation and mudcake build-up indicative of permeability.
 - Confirmed by RDT pressure and sampling data.
- Initial Petrophysical interpretation indicated presence of hydrocarbons - not supported by pressure data, which returned an unambiguous water gradient.
- Absence of Cross fault seal SE of Korka has allowed communication and flushing between Lavani 1, Muller 1X, Egele 1X/1XST1, and Korka 1.



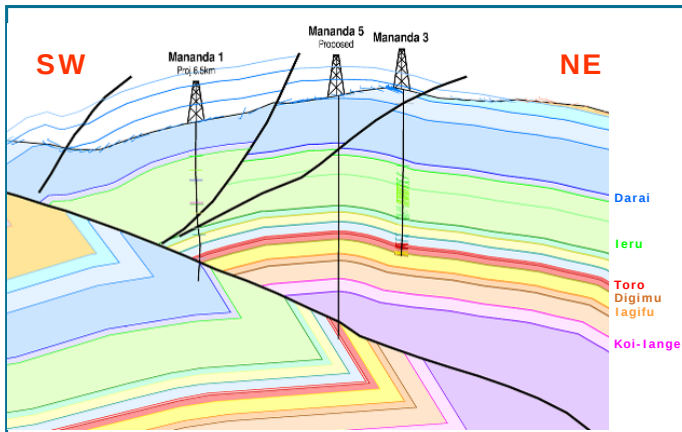
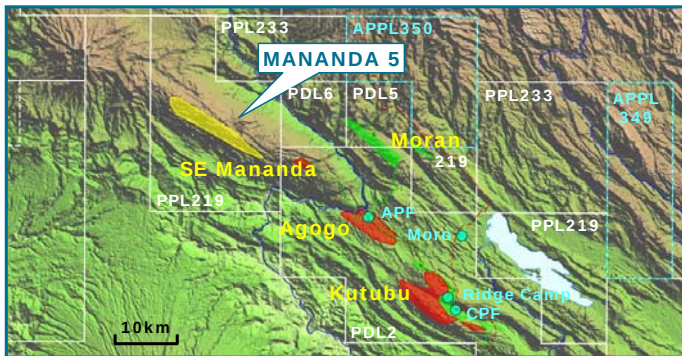
16



PPL219 - Mananda 5 Mananda Attic

OIL
SEARCH
LIMITED

Mananda 5



PPL 219	WI %
Oil Search	71.25
JX Nippon Oil & Gas	28.75

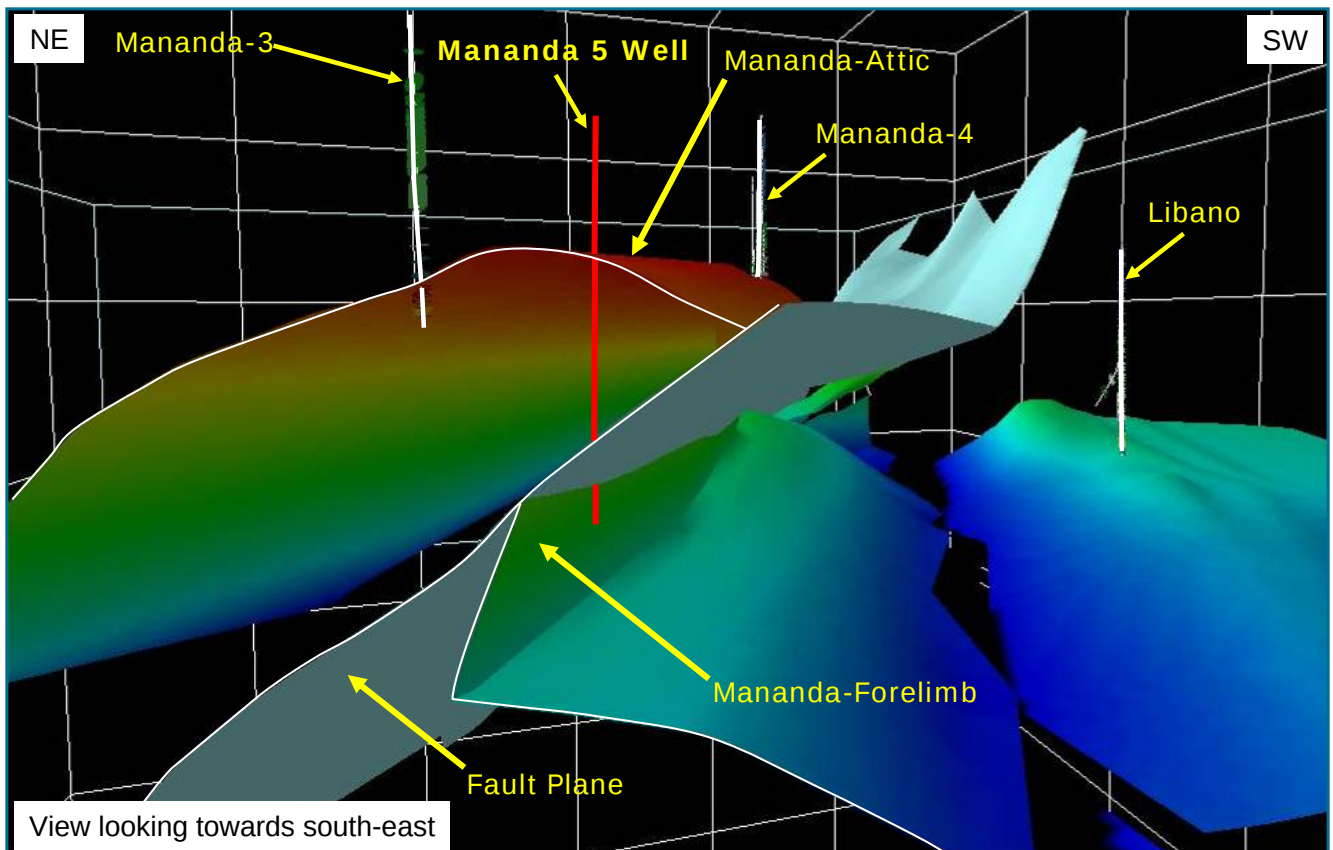
- Near field exploration opportunity along trend with SE Mananda & Agogo oil fields
- Toro sandstone primary objective - recovered oil, gas & water when tested at Mananda 3x
- Koi-lange sandstone secondary objective
- Reserves: 30 mmbbl
- COS: 45% Opportunity to deepen well and further constrain Mananda Forelimb lead - analogues to Agogo Forelimb
- Well drilling ahead

17



Mananda - 3D model of Top Toro

OIL
SEARCH
LIMITED



18



Mananda 5 well pad November 2010

OIL
SEARCH
LIMITED

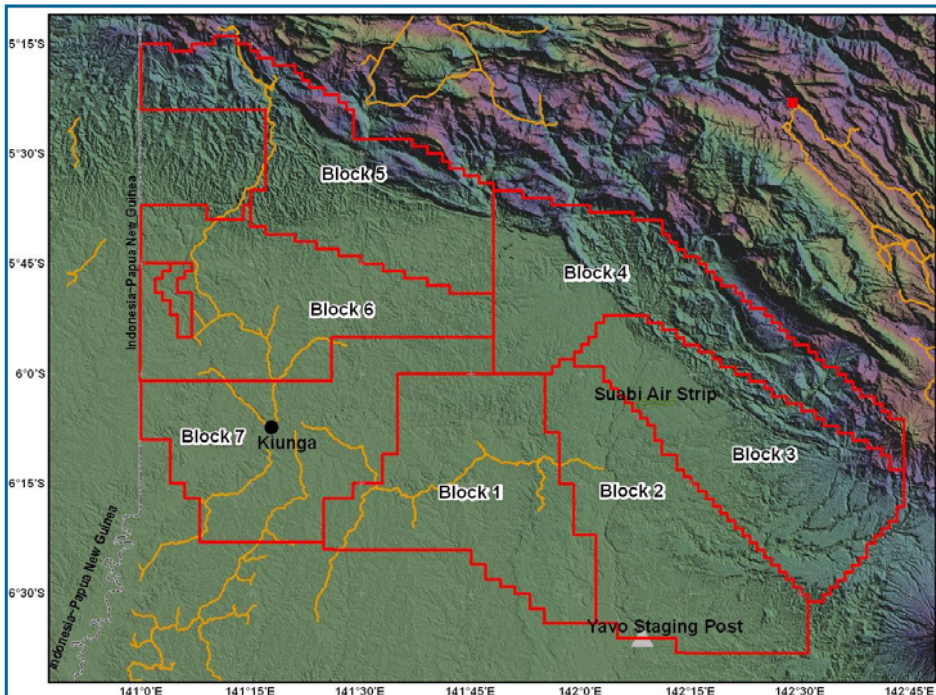


19



Coal Bed Methane Potential in PNG?

OIL
SEARCH
LIMITED

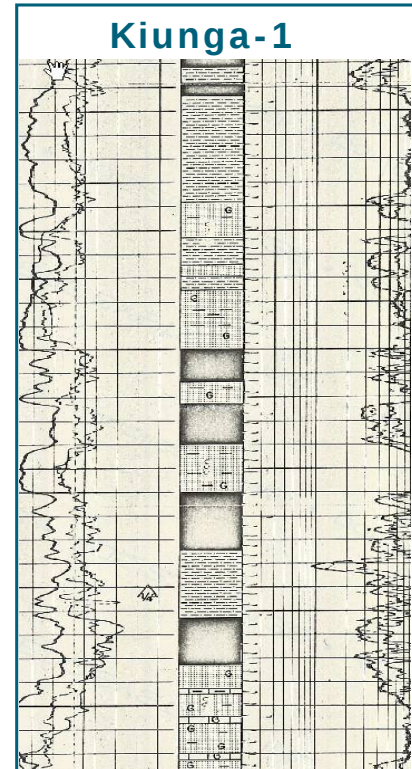
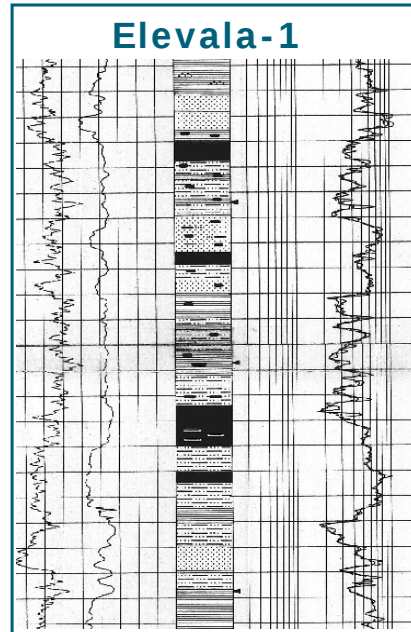
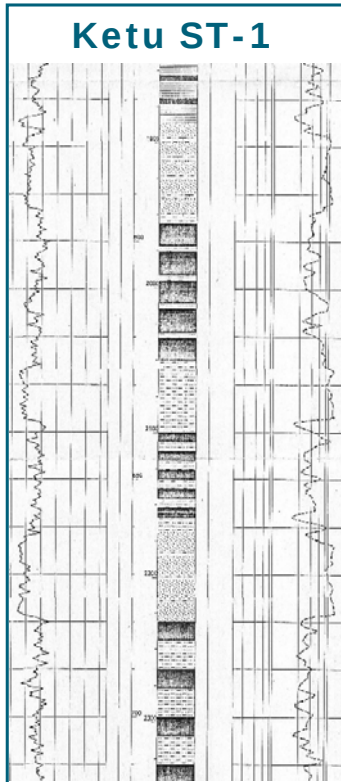


- Oil Search has been awarded seven licenses for CBM exploration
- 17500 sq km in area
- Currently drilling 1st well of 3 well campaign
- Objective - to refine coal location, rank and thickness.

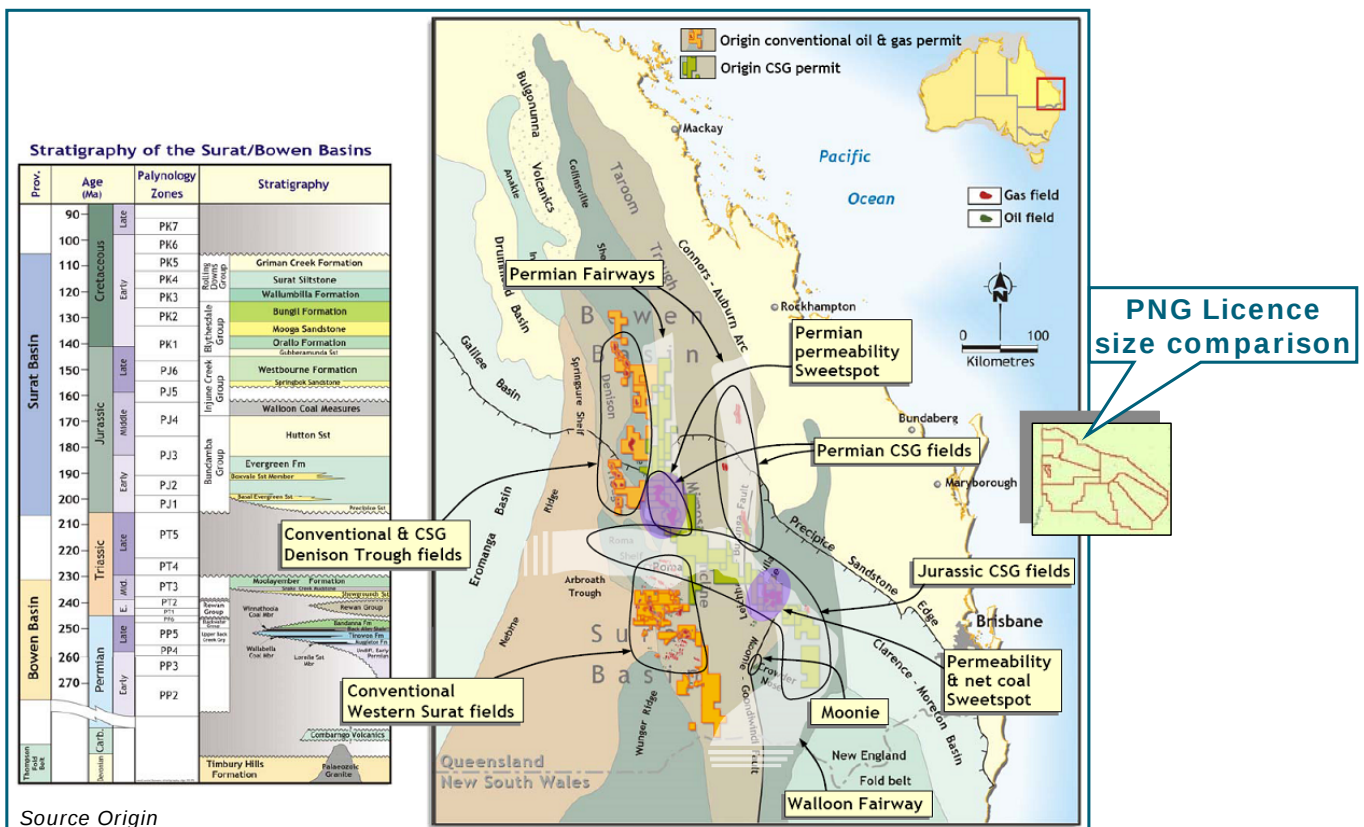
20



Era Bed Coal Measures Log Examples



Eastern Australia Comparison





Outline

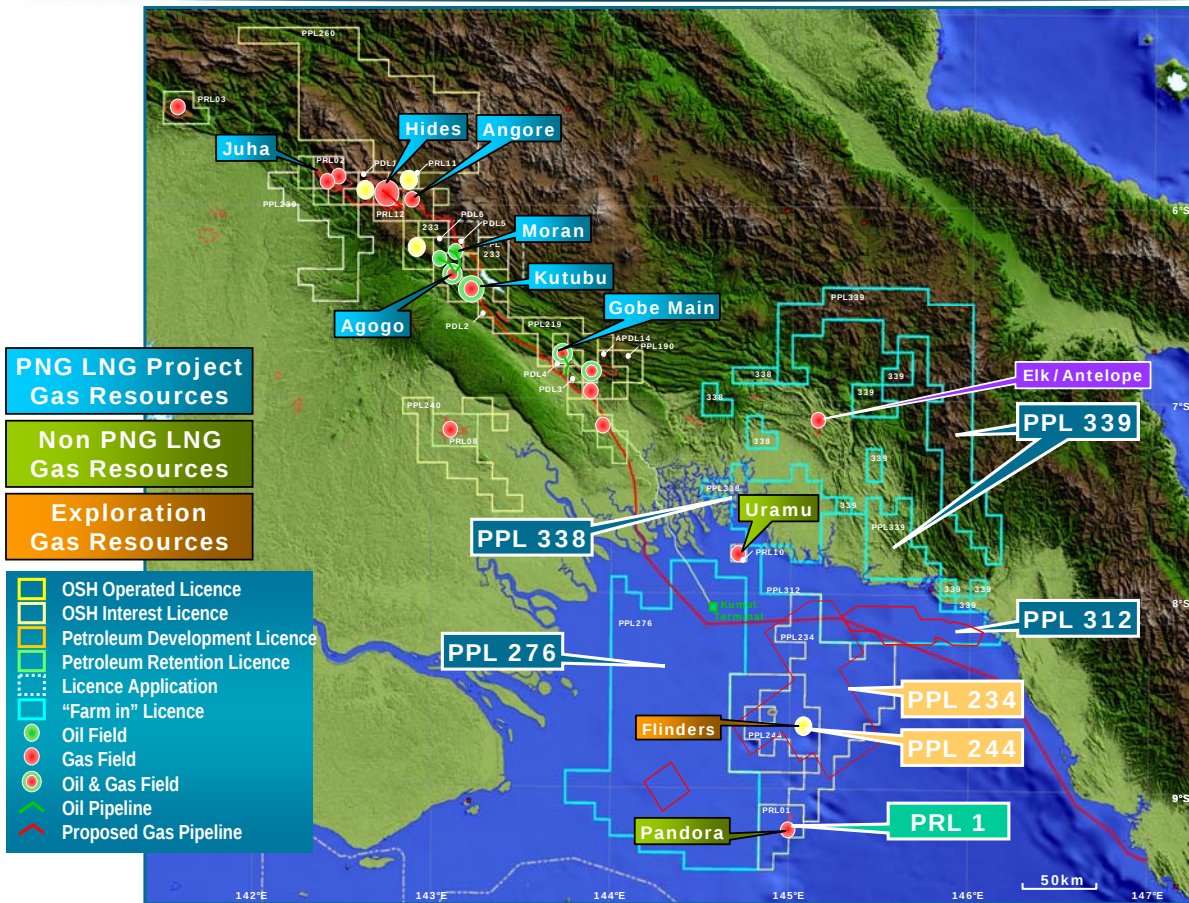
1. OSL strategy and exploration's role
2. 2010 Exploration drilling review
 - Wasuma
 - Korka
 - Mananda
 - CBM wells
- 3. 2010 OSL exploration license refocus**
4. 2011 exploration focus
 - ADT2 appraisal and follow-up
 - Huria
 - Flinders
5. Summary



Gulf Area LNG Opportunity

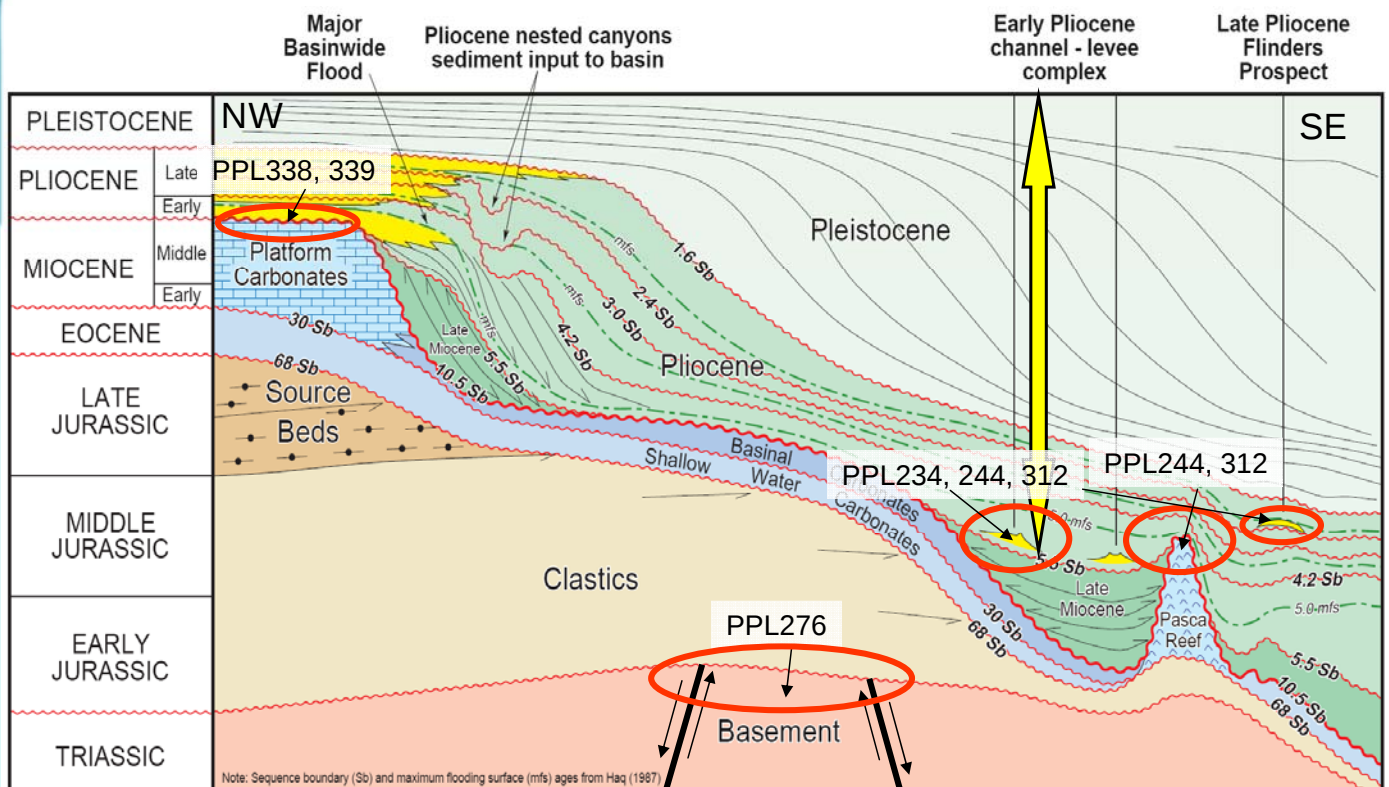
- Gulf Area has relatively untested prospectivity, in a proven setting, across a range of play types:
 - Pinnacle reefs
 - Platform carbonates
 - Early and late Pliocene turbidites
- Oil Search has high graded acreage and built a broad position:
 - Increased equity in Pandora (PRL01) to 24%
 - Increased equity in PPL244 as a result of the swap with Talisman for PPL239
 - Recently completed farm in arrangements to 4 additional licences, subject to Ministerial approval

Gulf Area Licences



Gulf Area Regional Plays

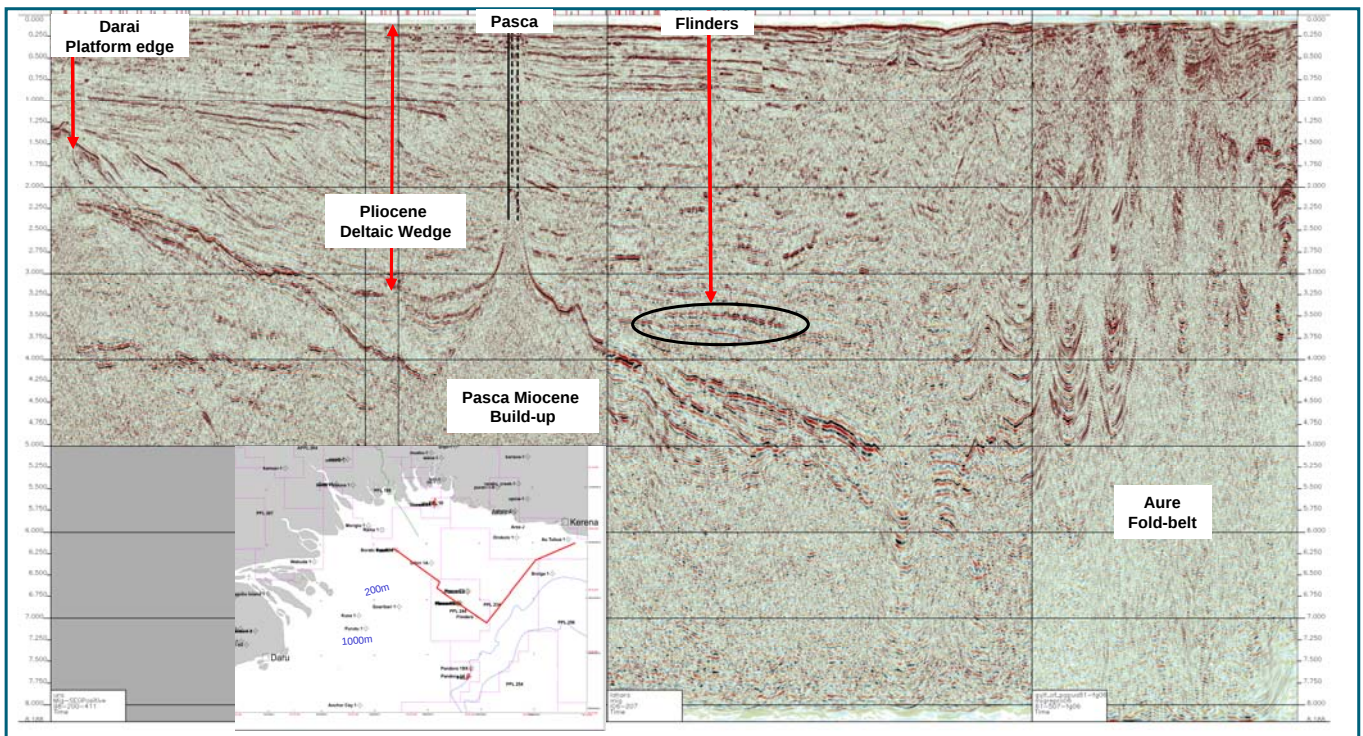
Gas in Reefs + Turbidites + Fault Blocks





Offshore Regional Seismic Line

OIL SEARCH LIMITED

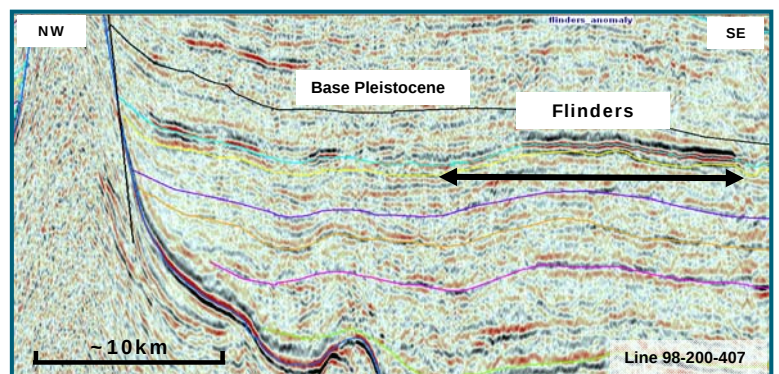
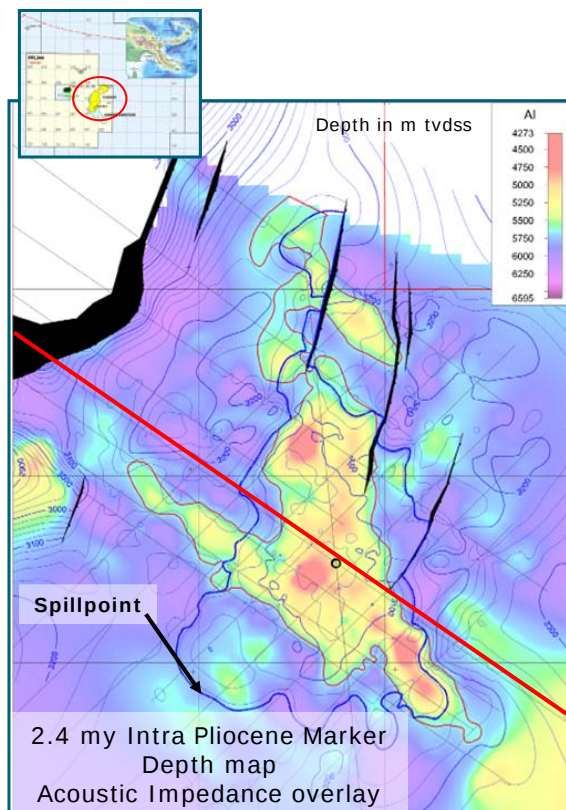


27



Flinders Prospect PPL244

OIL SEARCH LIMITED



- 4 way dip closure coinciding with strong amplitude anomaly
- Interpreted as Basin Floor Fan
- Observed AvO response may be caused by gas bearing sand
- Most powerful argument for gas: Low Acoustic Impedance coinciding with structural closure
- Planned to be drilled in 2011

28



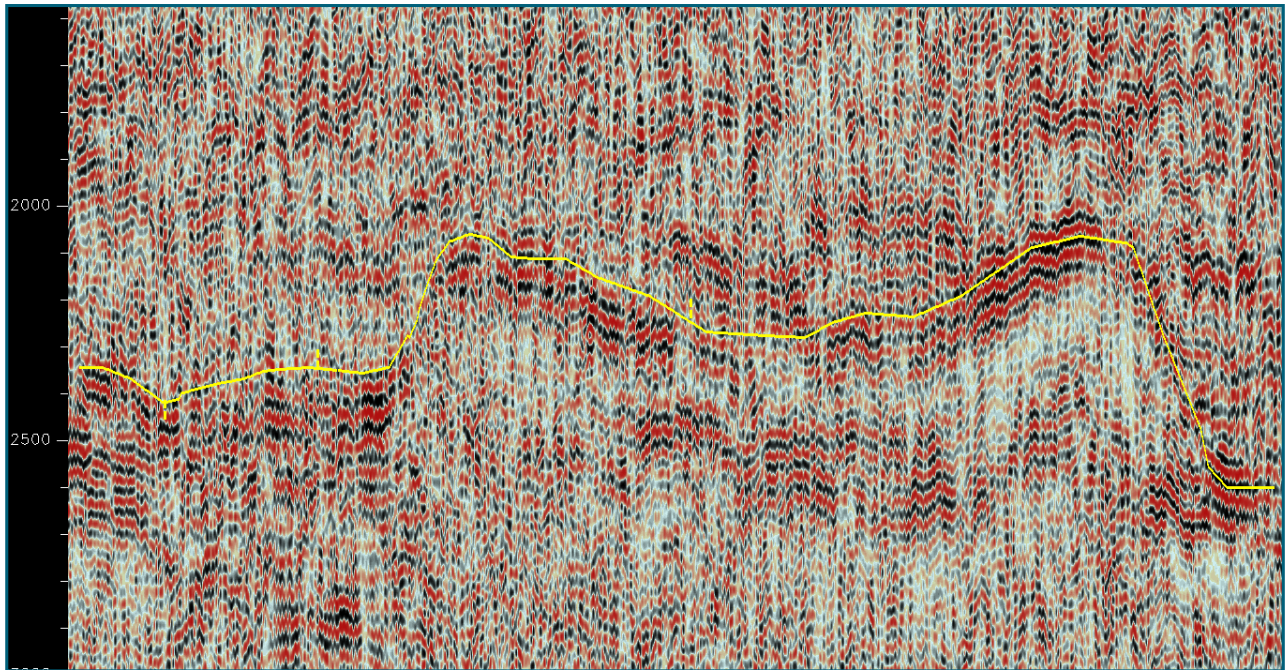
OIL SEARCH LIMITED

- 30



Indicative PPL338 Reefal Lead

OIL
SEARCH
LIMITED



- Sparse coverage of 1960's vintage seismic data
- Strong indication of reefal build-ups

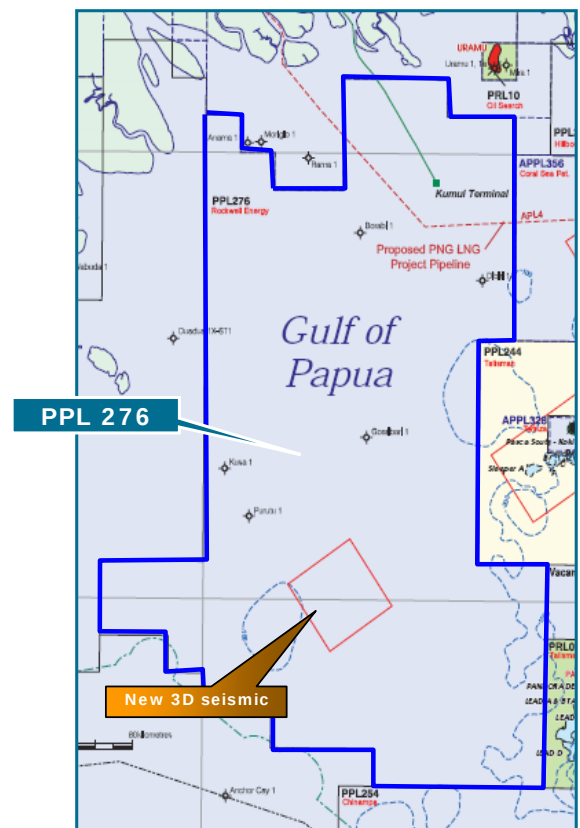
31



PPL276

OIL
SEARCH
LIMITED

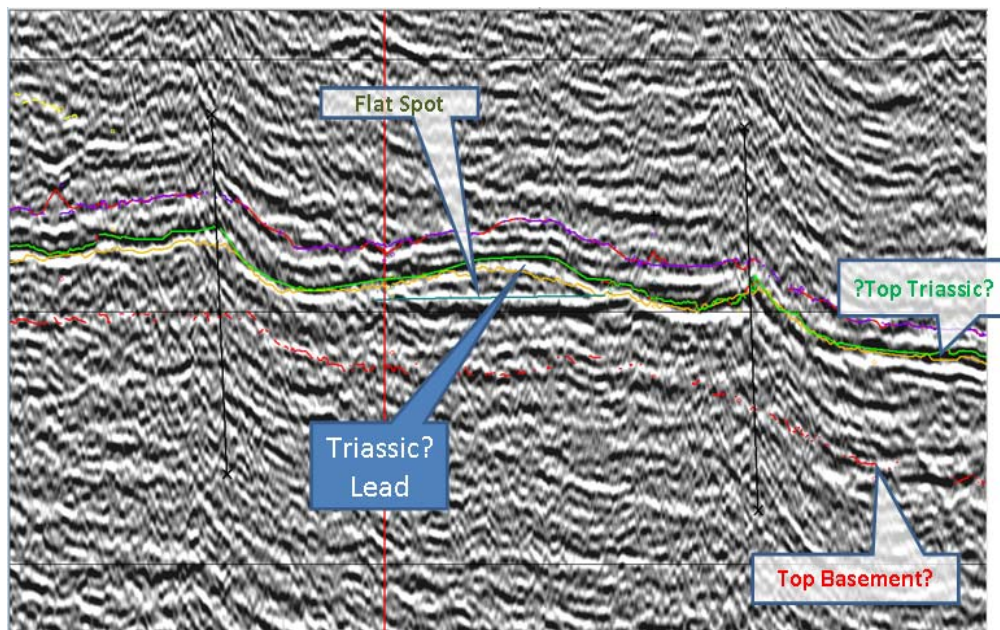
- PPL 276 farm in details:
 - Oil Search earns an initial 30% stake from Rockwell Energy for funding a 3D seismic survey in the licence
 - 3D Seismic to be acquired in Q1 2011
 - If seismic is promising, Oil Search has option for additional 50% equity for funding a well and becomes Operator



32



Offshore Mesozoic Plays



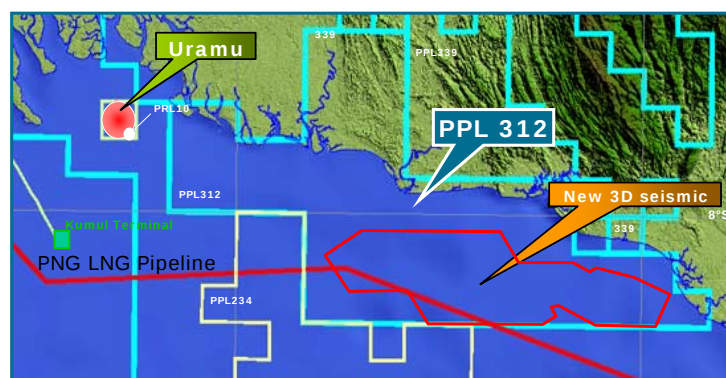
- Somewhere in Gulf of Papua:
 - Mesozoic play potential does exist offshore PNG
 - Flat-spot conformable with structure
 - Needs 3D seismic to fully evaluate prior to drilling

33



PPL312

- PPL312 farm in details:
 - Oil Search earns an initial 30% stake and operatorship from Hillsborough for funding a 3D seismic survey in the licence
 - Seismic to be acquired in Q1 2011
 - If seismic is promising, Oil Search has option for additional 45% equity for funding a well

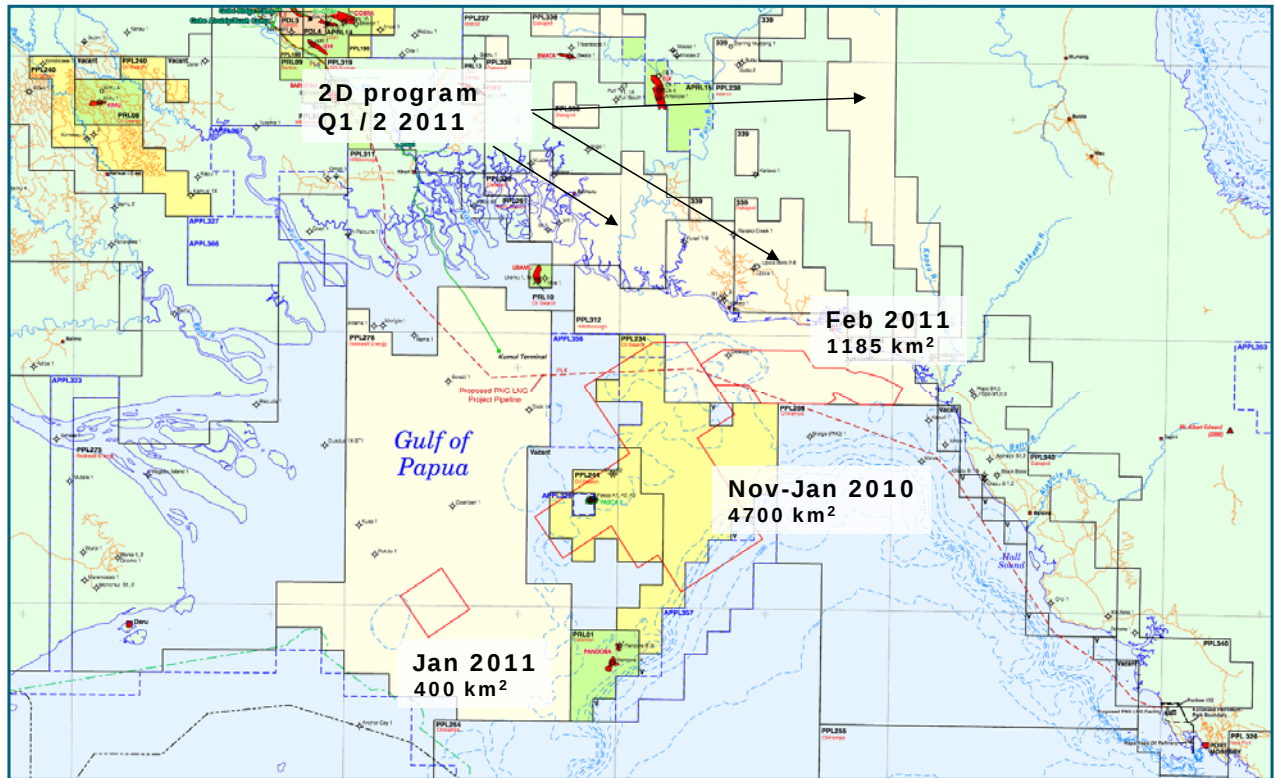


34



Gulf of Papua Evaluation Plan

OIL
SEARCH
LIMITED



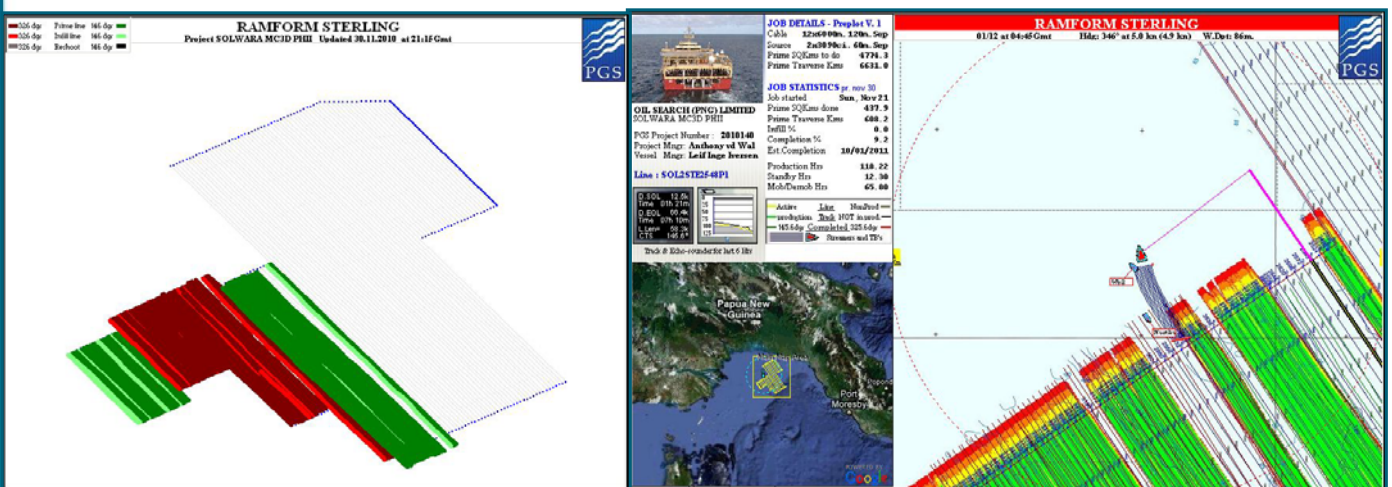
— 6285km² 3D seismic over all known offshore Leads plus Flinders Prospect

35



Gulf of Papua 3D seismic

OIL
SEARCH
LIMITED



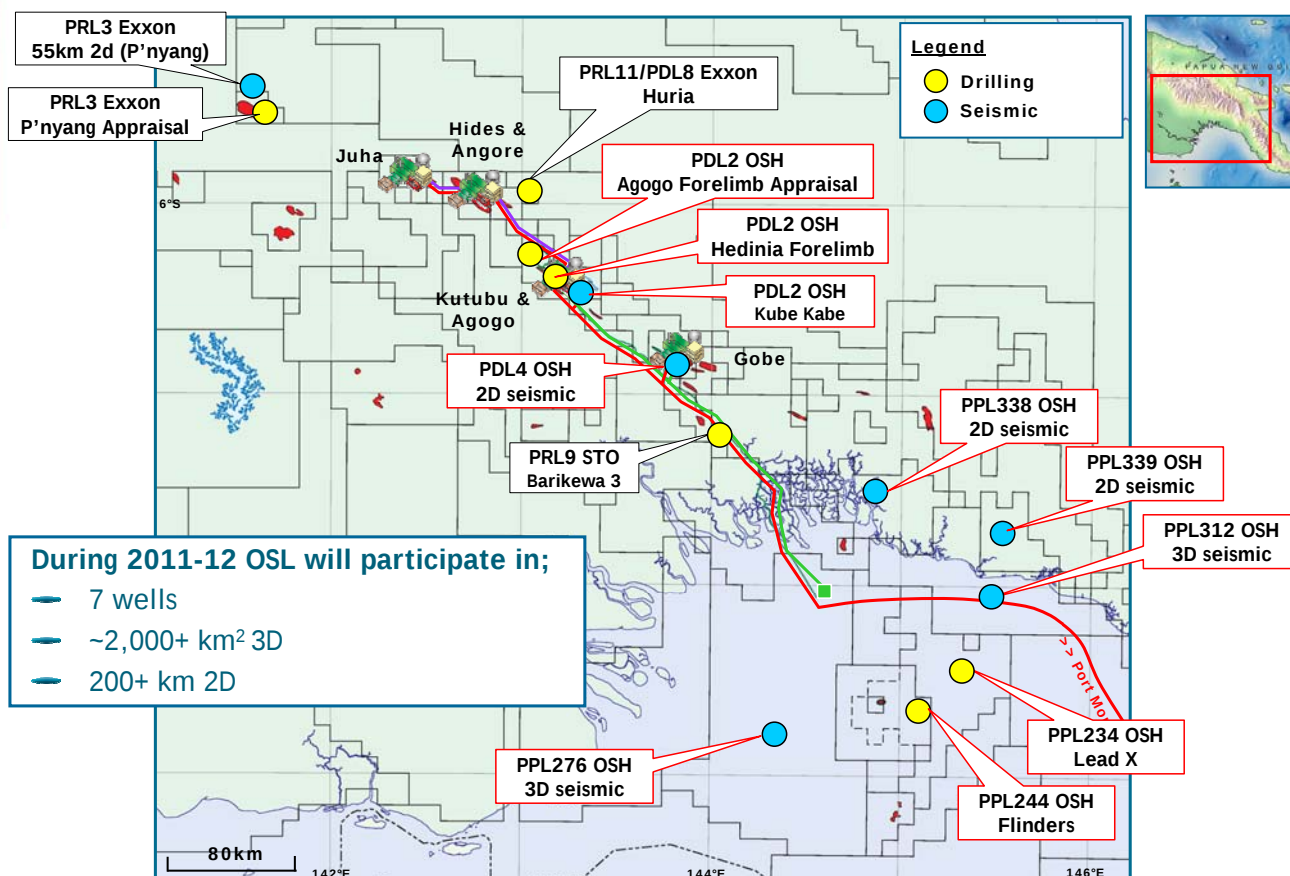
— Processed MC 3D seismic available from July 2011

36

Outline

1. OSL strategy and exploration's role
2. 2010 Exploration drilling review
 - Wasuma
 - Korka
 - Mananda
 - CBM wells
3. 2010 OSL exploration license refocus
4. **2011 exploration focus**
 - ADT2 appraisal and follow-up
 - Huria
 - Flinders
5. Summary

OSL Exploration Activity - 2011-12

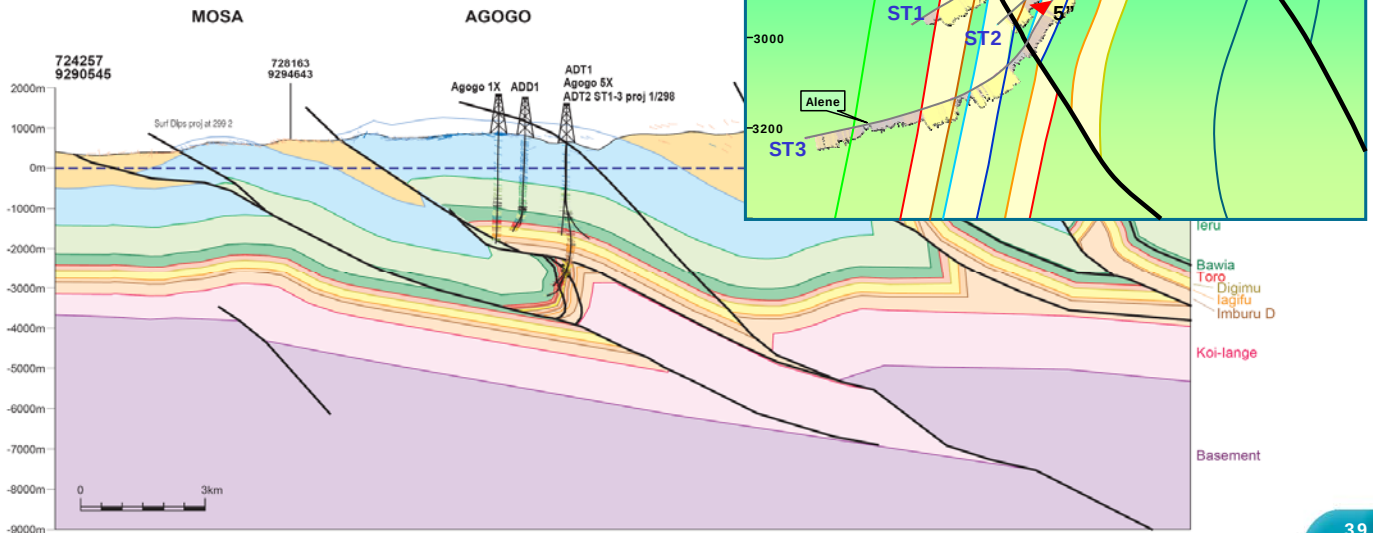




PDL2 - Agogo Forelimb

OIL SEARCH LIMITED

- Drilled 1100m+ overturned & steeply dipping Forelimb
- Underlies Agogo field & facilities
- Producing ~1,500 stb/d
- Forelimb trend can be traced 75km from Mananda in NW to Hedinia in the SE suggesting that Toro to Koi-lange targets may be present beneath other producing fields

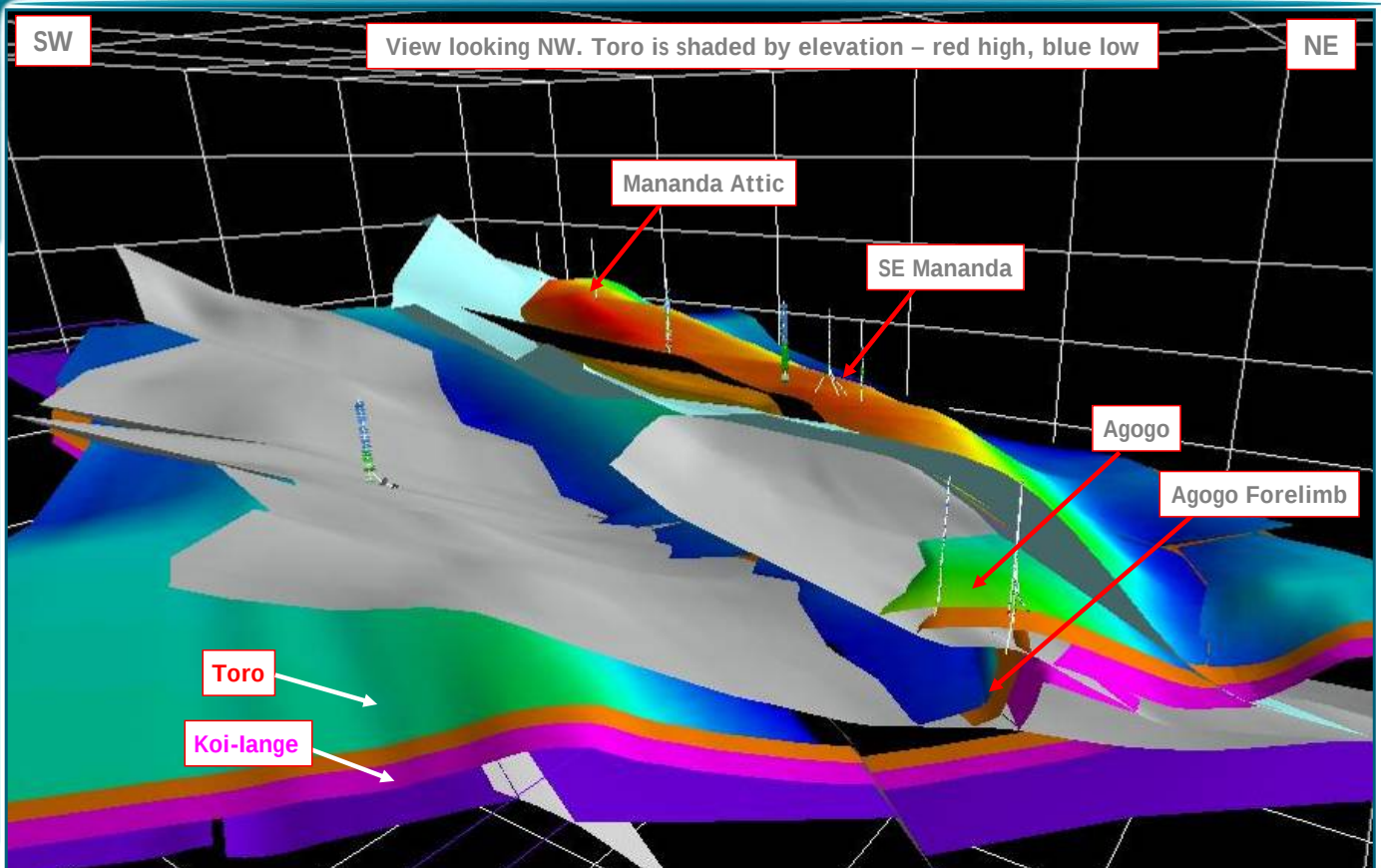


39



3D Structural Model Agogo Forelimb - Mananda Attic

OIL SEARCH LIMITED



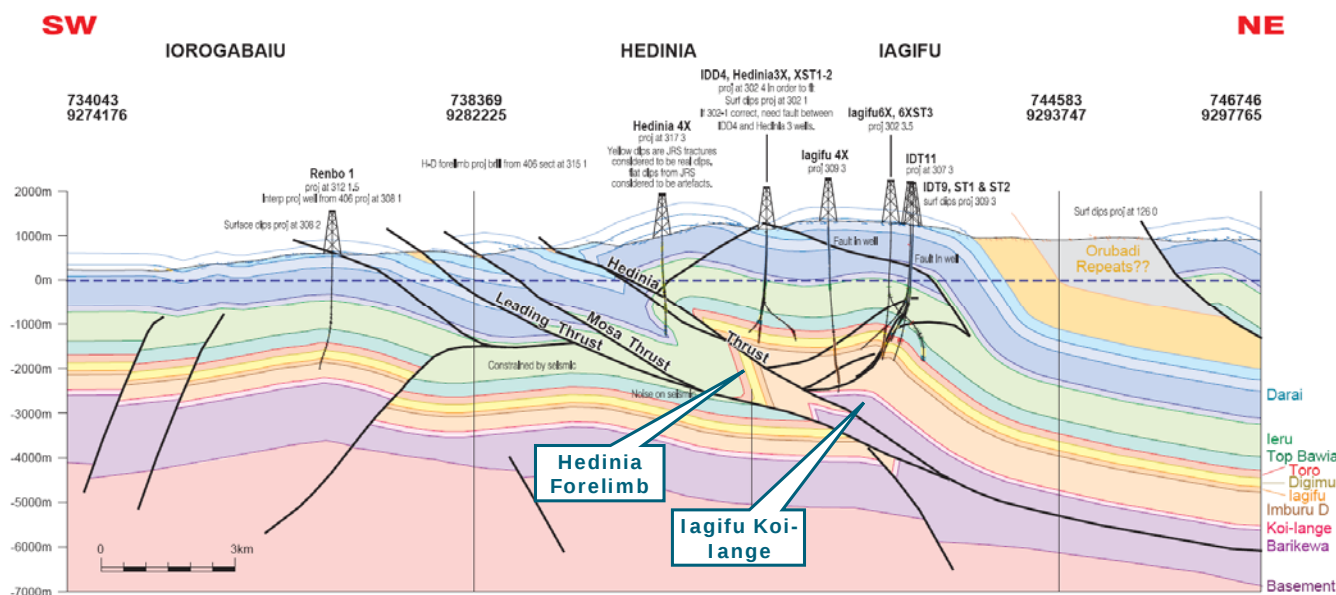
40



PDL2 - Near Field Exploration

OIL SEARCH LIMITED

- This section is constrained by the IAG-2 seismic line, numerous wells and surface outcrop data
- The Hedinia forelimb is constrained by the Hedinia-4X well and analogy with Agogo
- The forelimb is likely to be over 10 km long and ~1 km high
- Opportunity could be tested by deepening an existing well
- The Koi-lange sandstones, if present, beneath the lagifu Anticline provide another attractive target for deepening of an existing well

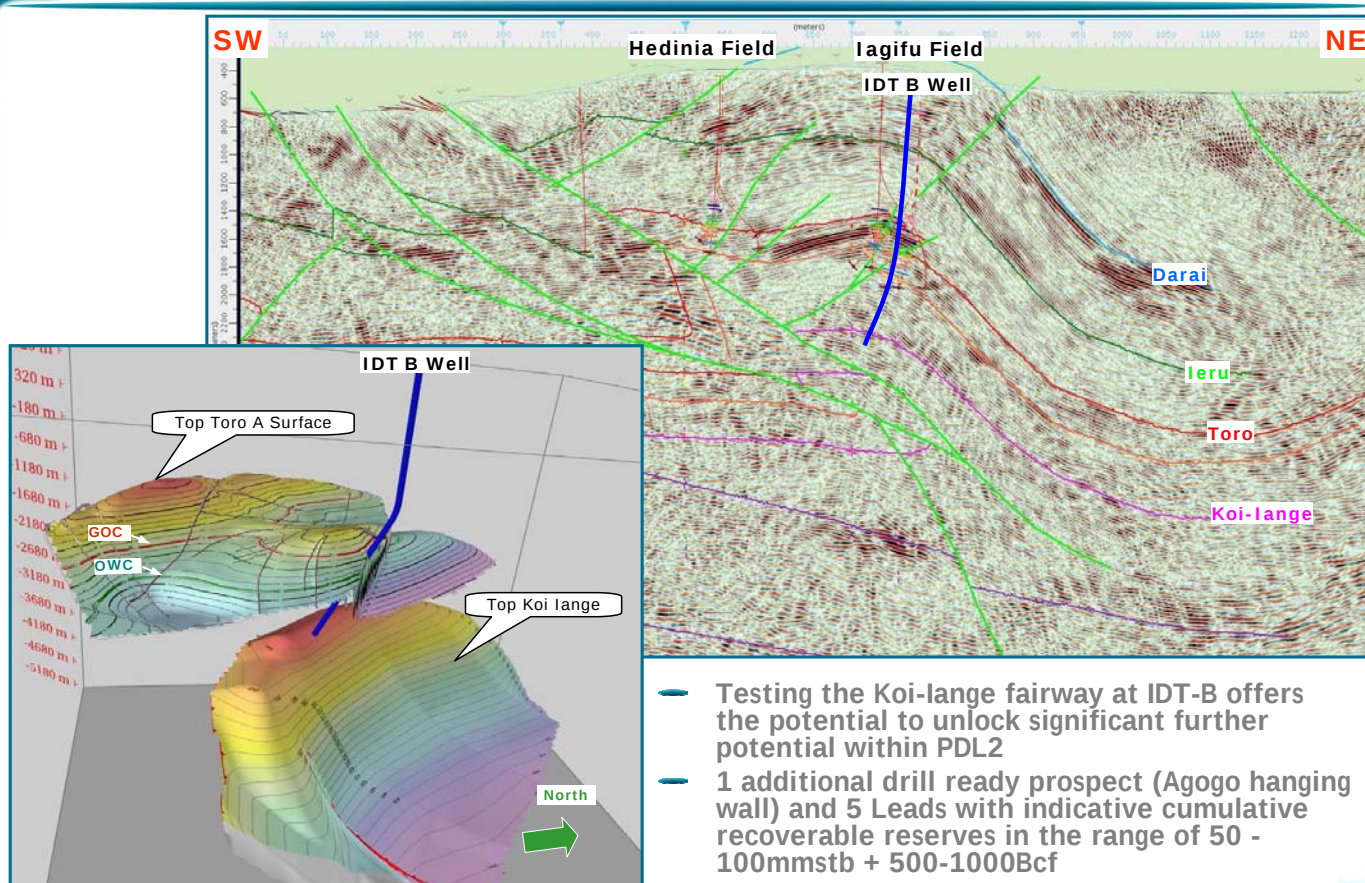


41



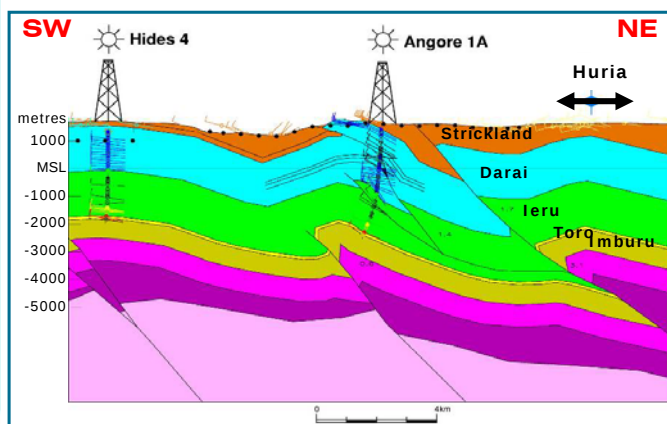
PDL2 - Koi-lange play under the lagifu Field

OIL SEARCH LIMITED



- Testing the Koi-lange fairway at IDT-B offers the potential to unlock significant further potential within PDL2
- 1 additional drill ready prospect (Agogo hanging wall) and 5 Leads with indicative cumulative recoverable reserves in the range of 50 - 100mmstb + 500-1000Bcf

42



PRL 11	WI %
Oil Search	52.50
Exxon	47.50

- Near field opportunity located adjacent to Angore and Hides gas fields
- Large, broad surface anticline
- Multi tcf potential
- Initial seismic completed, additional dip line currently being acquired
- Target drilling 4Q11

Outline

1. OSL strategy and exploration's role
2. 2010 Exploration drilling review
 - Wasuma
 - Korka
 - Mananda
 - CBM wells
3. 2010 OSL exploration license refocus
4. 2011 exploration focus
 - ADT2 appraisal and follow-up
 - Huria
 - Flinders
5. **Summary**

Summary

- Oil Search's ongoing exploration programme is closely linked to our strategy:
 - Grow our LNG Business:
 - Derisking and testing the Gulf Area LNG Opportunity
 - Maturing reserves in the Foldbelt for PNG LNG expansion
 - Adding value to our existing oil business:
 - Targeting near field exploration
 - Agogo Forelimb
 - Koi-lange
 - Hedinia Forelimb
 - Measured oil exploration
 - Mananda 5
- We remain committed to material exploration to the benefit of both OSL shareholders and PNG