



OIL SEARCH LIMITED

(Incorporated in Papua New Guinea)
ARBN – 055 079 868

DRILLING REPORT – 16 December 2010

WELL NAME: Mananda 5, PNG

Oil Search reports that as at 0600 hrs PNG time (-1 hr AEST) on 16 December, Mananda 5 was at a depth of 2,035 metres and running 9-5/8" casing. Drilling progress for the week was 205 metres.

During the week, the primary Toro and Digimu reservoir objectives were drilled. An initial formation evaluation and sampling programme over the Toro and Digimu interval indicates a 14 metre hydrocarbon column within the Toro sandstone. Down hole samples, containing both oil and gas, have been recovered from this interval. Based on the preliminary interpretation of pressure data, the hydrocarbon column within the Toro sandstone has the potential to extend over an additional 28 metres, making a total of 42 metres. Pressure data also indicates the potential development of a second 17 metre hydrocarbon column within the lower Toro sandstone.

Further evaluation is required to fully understand this section and testing, including Drill Stem Tests over the zones of interest, will be undertaken once drilling activities are complete.

Mananda 5 will now be deepened to evaluate the deeper Iagifu and Koi-lange sandstones and constrain an underlying footwall target. The revised planned total depth is approximately 3,900 metres.

Mananda 5 is located in PPL 219, approximately 18 kilometres north west of the SE Mananda oil field.

The participants in Mananda 5 are:

Oil Search (PNG) Limited	71.25%
Nippon Oil Exploration (Niugini) Limited	20.00%
Merlin Petroleum Company	8.75%
Total	100 %

AUSTRALIAN REGISTERED OFFICE

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DRILLING REPORT – 16 December 2010

WELL NAME: Al Meashar-2, Block 7, Yemen

Oil Search reports that as at 06:00 Yemen time on 15 December (-8 hrs AEST), the Al Meashar-2 well in Block 7, Yemen was at a depth of 3,170 metres and preparing to drill ahead after running 7" liner. Progress for the week was 153 metres

Al Meashar-2 is an appraisal well of the Al Meashar-1 oil discovery made in early 2010. The well is being drilled from the existing Al Meashar-1 well pad using Managed Pressure Drilling to minimise damage from drilling fluids in the reservoir. The planned total measured depth of the well is approximately 3,740 metres.

The participants in Block 7 are:

Oil Search (ROY) Ltd	34%, Operator.
Kuwait Foreign Petroleum Exploration Co. (Aden) Ltd	21.25%
ARC Energy Holdings Ltd*	21.25%
Mitsui Exploration & Production Middle East B.V	8.5%
Yemen General Corporation for Oil and Gas	15%
Total	100%

* A wholly owned subsidiary of AWE Limited

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