



OIL SEARCH LIMITED

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

OIL SEARCH EXERCISES OPTION TO CONVERT TAZA BLOCK (FORMERLY K42) TO PRODUCTION SHARING CONTRACT 28 July 2011

Oil Search is pleased to announce that its wholly owned subsidiary, Oil Search (Iraq) Ltd, has exercised its option under an Option Agreement signed in July 2009 with the Kurdistan Regional Government (KRG), to enter into a Production Sharing Contract (PSC) in respect of the Taza Block (formerly Block K42) in the Kurdistan Region of Iraq, and that this has now been approved.

Oil Search holds a 60% working interest in the PSC and is the operator. ShaMaran Petroleum BV (ShaMaran) holds a 20% working interest while the KRG holds a 20% working interest, with costs carried by Oil Search and ShaMaran.

The 511 square kilometres Taza Block lies between the Pulkhana Block to the southwest and the Kormor block operated by Dana Gas to the northeast. Under the Option Agreement, the Joint Venture acquired 232 line-kilometres of 2D seismic data in 2010, which identified a significant four-way dip closed structure. This closure lies on structural trend with the giant producing Jambur field to the northwest, with reported reserves of over 1 billion barrels of oil, and the recently announced Western Zagros Sarqala oil discovery to the southeast, with reported test rates of over 9,000 barrels of oil per day from the Jeribe formation. The Jeribe will be one of the main targets for the upcoming exploration well on the identified prospect which is expected to be drilled in 2012.

Mr Peter Botten, Managing Director of Oil Search said:

"We are very pleased to have signed the Taza Block PSC. The Block is located in the prolific petroleum province of the Kurdistan Region of Iraq and we believe it is very prospective. Kurdistan lies within the northern extension of the Zagros Fold Belt. The area is underexplored and a significant exploration and development campaign is currently ongoing by a number of mid to large size international oil companies.

The signing of the PSC is consistent with our strategy of focused exploration in areas that can provide material growth opportunities for Oil Search.

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We are looking forward to working with ShaMaran and the Kurdistan Regional Government of Iraq."

Peter Botten
Managing Director
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Location Map

