



OIL SEARCH LIMITED

(Incorporated in Papua New Guinea)

ARBN – 055 079 868

DRILLING REPORT – 25 August 2011

WELL NAME: Hedinia 10 ST1, PNG

Oil Search reports that as at 0600 PNG time on 25 August, the Hedinia 10 ST1 well was at a depth of 2,673 metres and drilling ahead in a 8-1/2" hole. During the week, the 12-1/4" hole was drilled to 2,425 metres and casing set over the open hole section. Drilling progress for the week was 439 metres.

Hedinia 10 ST1 is a near-field exploration well located within PDL 2. The well is targeting a footwall prospect underneath the producing Hedinia oil field, which is analogous with the ADT 2 ST3 oil discovery made underneath the Agogo oil field in late 2009.

The participants in Hedinia 10 ST1 are:

Oil Search (PNG) Limited	60.05%
Ampolex (PNG Petroleum), Inc.	11.61%
Merlin Pacific Oil Company Limited	2.91%
Merlin Petroleum Company	18.69%
Petroleum Resources Kutubu Limited	6.75%
Total	100%

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