



OIL SEARCH LIMITED

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

COMMENCEMENT OF PNG LNG PROJECT DEVELOPMENT DRILING

30 July 2012

Please see attached release from Esso Highlands Limited on the commencement of development drilling at the PNG LNG Project.

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PNG LNG PROJECT DRILLING STARTS AT HIDES

PNG LNG PROJECT ON TRACK TO DELIVER FIRST GAS IN 2014

Esso Highlands Limited has commenced drilling operations for the PNG LNG Project at the Hides natural gas field, located in the Southern Highlands Province of Papua New Guinea.

The drill wells will produce approximately 9 trillion cubic feet of natural gas over the life of the Project.

"The PNG LNG Project is unique and important for Papua New Guinea. The start of our drilling program is a key step in meeting our goal of first LNG deliveries in 2014," said drilling manager Jim McDermott.

The specially designed Nabors Rig 702 is being used to drill the initial well, the first of several natural gas production wells at Hides. The rig has incorporated best-in-class features to help safely and effectively drill PNG's world-class resource. It has been designed to withstand earthquakes and includes containment equipment and facilities to protect the environment.

A second rig to be used in the PNG LNG Project drilling program has arrived in PNG and is currently being transported to the Hides area.

"We have an exceptional team, including Papua New Guinean drilling engineers who recently returned from Melbourne, Australia, where they spent a year-and-a-half learning about ExxonMobil's drilling operations. They are now putting their training into practice," said Mr McDermott.

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The PNG LNG Project is an integrated development that includes gas production and processing facilities, onshore and offshore pipelines and liquefaction facilities. Participating interests are affiliates of Exxon Mobil Corporation (including Esso Highlands Limited as operator), Oil Search Limited, National Petroleum Company Papua New Guinea, Santos Limited, JX Nippon Oil and Gas Exploration, Mineral Resources Development Company and Petromin PNG Holdings Limited. Visit pnglng.com.

