Oil Search reports that as at 06:00 Yemen time (-7 hrs AEST) on 2 June, the Jebel Al Milh-1 well was at a depth of 1,928 metres and preparing to run 13 3/8" casing. Progress for the week was 602 metres.

Jebel Al Milh-1 is located 16 kilometres north-northeast of the Al Meashar-1 well, which recently discovered oil in the basement. The primary target is fractured Pre-Cambrian basement and the structure is well defined on 3D and 2D seismic. The well is expected to drill to a depth of approximately 3,700 metres.

The participants in Block 7 are:

<table>
<thead>
<tr>
<th>Company</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil Search (ROY) Ltd</td>
<td>34%, Operator</td>
</tr>
<tr>
<td>Kuwait Foreign Petroleum Exploration Co. (Aden) Ltd</td>
<td>21.25%</td>
</tr>
<tr>
<td>ARC Energy Holdings Ltd*</td>
<td>21.25%</td>
</tr>
<tr>
<td>Mitsui E&amp;P Middle East B.V.</td>
<td>8.5%</td>
</tr>
<tr>
<td>Yemen General Corporation for Oil and Gas</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

* A wholly owned subsidiary of AWE Limited

PETER BOTTEN, CBE
Managing Director

For further information please contact:

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