
Oil Search expands lease position further in Alaska North Slope

25 January 2019

SYDNEY (ASX:OSH | ADR: OISHY | POMSoX: OSH)

Oil Search has exercised its right to acquire a 50% interest in, and operatorship of, 120 leases covering approximately 195,200 gross acres in the eastern area of the Alaska North Slope.

These leases were successfully bid on by Lagniappe Alaska LLC, which is 100% controlled by Armstrong, in the November 2018 State lease sales. Oil Search will pay approximately US\$8 million for the leases, equivalent to 50% of the acquisition costs incurred by Lagniappe at an average acquisition cost of approximately US\$82 per acre. It is anticipated that the leases will be formally awarded by the State in mid-2019.

Peter Botten, Oil Search's Managing Director said:

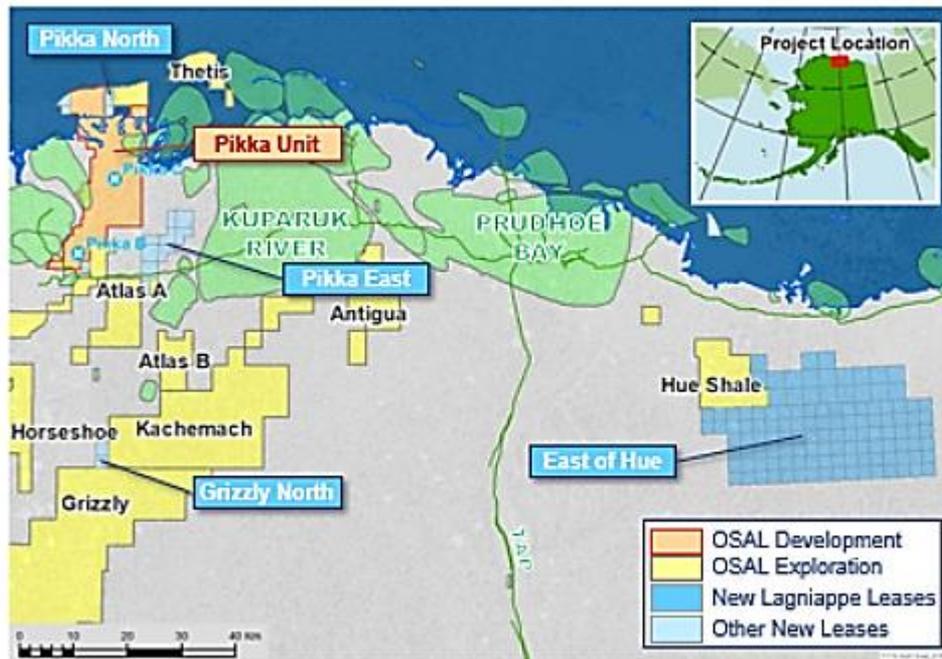
"When Oil Search acquired its initial interest in Alaska from Armstrong, we entered into an Area of Mutual Interest (AMI) agreement with the company, covering a broad section of the Alaskan North Slope. This was to ensure that Oil Search could continue to work closely with Armstrong, which has extensive knowledge of the Alaskan North Slope with a proven and successful exploration lease acquisition strategy. Under the AMI, we have the right to acquire 50% of any new areas acquired by Armstrong and its wholly-controlled subsidiaries on the North Slope.

We are delighted to be exercising our rights under the AMI to acquire a 50% interest in the leases recently successfully bid on by Lagniappe. This area was identified in a regional study, conducted jointly by Armstrong and Oil Search in 2018, as being highly prospective for oil. The leases acquired by Lagniappe capture the entire prospective trend identified by the study, which contains two separate plays. One of the plays identified is analogous to the Pikka oilfield, with similar potential materiality, while the other is also a proven and material play in the region. The area has existing 2D and 3D seismic data and nearby wells and pipeline infrastructure.

The potential of this new area is very exciting and, as Operator, we intend to explore it systematically. The forward programme will include reprocessing of existing seismic data and the acquisition of a new 3D survey. The eight-year term of the leases will allow a thorough evaluation and prioritisation of leads and prospects to occur prior to committing to drill.

This latest lease acquisition builds on the expansion of our lease position, both together with our partner Repsol and directly, in prospective acreage close and adjacent to the Pikka Unit, announced in December 2018. It is part of a measured growth strategy in the region, targeting high quality, highly prospective, material value opportunities, which will position the Company for a long and successful future in Alaska."

PETER BOTTEN, CBE
Oil Search Managing Director



For more information regarding this report, please contact:

Investors and International Media:

Ann Diamant
General Manager, Investor Relations and Communications
 Tel: +612 8207 8440
 Mob: +61 407 483 128

U.S. Media

Amy Burnett
Manager, U.S. Media & Communications
 Tel: +1 907 646 7001
 Mob: +1 907 529 1594

Investors:

Stephanie Chu
Investor Relations Manager
 Tel: +612 8207 8542
 Mob: +61 481 038 179