

ASX Announcement Pikka Project Enters FEED

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Oil Search is pleased to announce FEED entry for Phase 1 of the Pikka project. Phase 1 will include a single drill site and a production facility with 80,000 barrels of oil per day (bopd) capacity. This is an exciting and critical step toward delivering production and revenue from Oil Search's Alaska assets.

Phase 1 FEED scope focused on delivering 80,000 bopd starting in 2025

Front-end engineering and design (FEED) will consist of finalising the design scope, execution plan, budget and schedule, and will reduce project risk, ensuring the design supports optimal expansion to deliver full value from the giant Nanushuk reservoirs. Specifically, FEED will progress engineering and design for the production facility, infrastructure for a single initial drill site (Nanushuk Drill Site B, or NDB), pipelines, and operations pad infrastructure including camps. FEED will also deliver key drilling milestones including final designs for wells and drilling processes and systems. Procurement activities for key items will launch, helping to ensure timely delivery of pipelines, facilities, the drilling rig and other materials, supplies and services needed to support first oil, planned for 2025.

During FEED, the Company will also begin detailed engineering and procurement for the Seawater Treatment Plant (STP). The STP will provide high quality water to support the Pikka project reservoir waterflood utilising latest technology.

Resilient, low emissions design unlocks options for future, self-funded expansions

The Pikka project's Phase 1 is expected to cost approximately US\$3.0 billion (gross) and produce oil at a break-even cost of supply of less than US\$40 per barrel Brent inclusive of a 10% return. Material cost savings have been achieved by using a standardised modular process facility design and off-the-shelf equipment. Additionally, the modules can be transported by truck to the North Slope, allowing for more flexibility and reducing risk in the project schedule.

Importantly, the project will be developed close to existing infrastructure with an emissions footprint that is ~75% less than the current average for North Slope operations.¹ The project is low cost and has low GHG intensity, consistent with Oil Search's commitment to align the Company's growth portfolio with the objectives of the Paris Agreement.

The design allows the project to start production from the Pikka field utilising a facility that meets Phase 1 processing requirements, with the ability to add capacity in subsequent phases of the project. This design requires half the capital expenditure of the previous concept but preserves a pathway to realise the full value of the original development.

¹ Wood Mackenzie Emissions Benchmarking Tool

Experienced Alaska team preparing for project delivery

The Company is well positioned to proceed with the delivery of the single-drill site project having safely and efficiently completed a significant construction effort on the North Slope in 2020 including: pads for the Pikka NDB drill site, production facility and operations centre; a 59-metre (192-foot) bridge over the Miluveach River; and an 18.5 kilometre (11.5-mile) gravel road which allows Pikka year-round access to existing Alaska North Slope infrastructure.

Oil Search has assembled a world class team to its Alaska business unit with extensive experience delivering projects on the North Slope and globally. This experience is complemented with secondees from our working interest partner and our partner's participation in joint assurance reviews.

Keiran Wulff, Oil Search's Managing Director, said:

"This is an exciting time for Oil Search, our working interest partner and for the people of Alaska. This is a key milestone toward realising material value from our Alaska assets and creating long term benefits for the North Slope community and jobs for Alaskans. The team has already done a tremendous amount of work to deliver a project concept that is cost effective over a wide range of oil prices. Through FEED we expect to deliver a more detailed and robust project that further reduces risk and improves the project's value.

"With an 80,000 bopd capacity, Phase 1 of the Pikka project will provide a revenue stream to help support further Alaskan development. With confirmed 2C resources in Alaska of nearly a billion barrels of oil (gross) and further opportunity, we are exceedingly optimistic about Oil Search's future in Alaska.

"We recognise the importance of a successful sell-down of a 15% interest in the Pikka development area and on securing project level financing to fund at least 50% of the initial Phase 1 project costs. These two activities are a critical part of our capital management strategy which, combined with a strengthening energy demand outlook for projects with low breakevens and low emissions intensity, will provide confidence in our ability to make a final investment decision later this year."

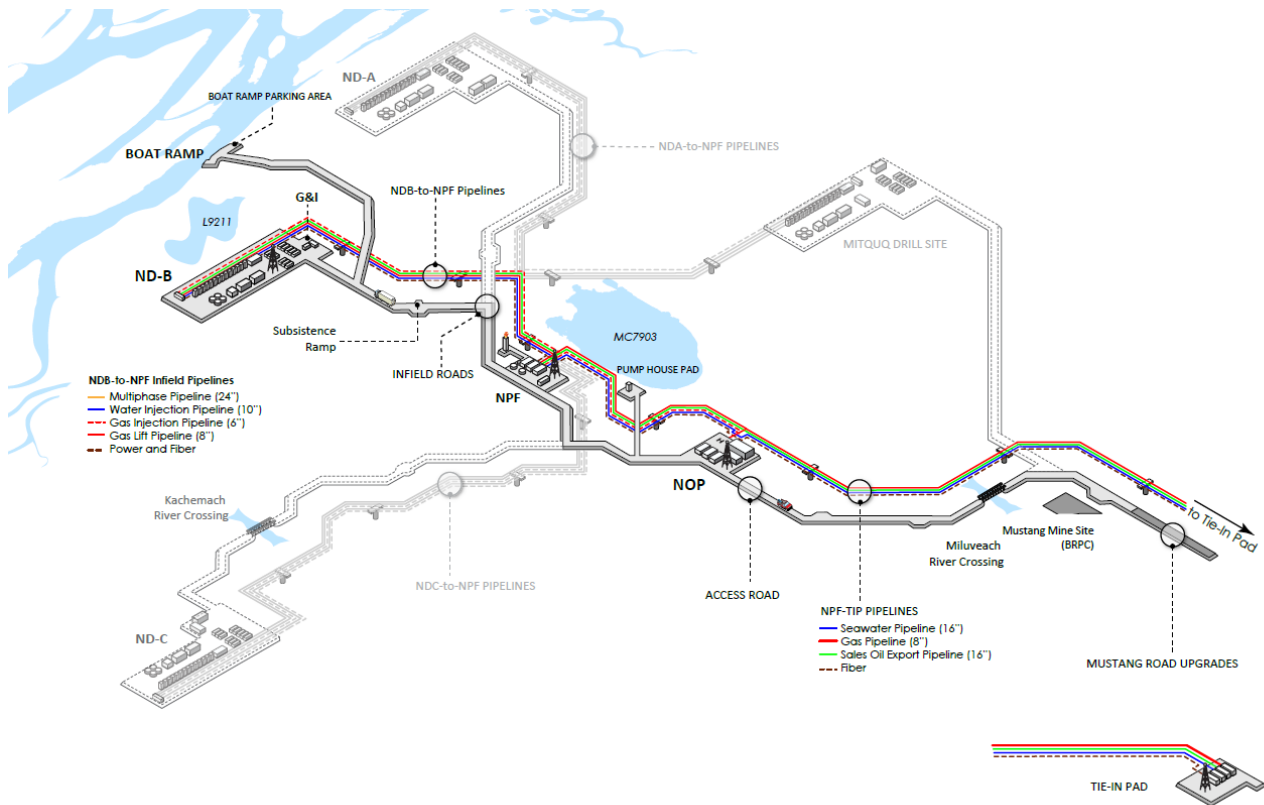
Bruce Dingeman, EVP & President, Oil Search Alaska, said:

"The Alaska team has done exceptional work to bring us to this important project milestone. I'm grateful for their efforts and for the support of our working interest partner as well as the State of Alaska and our neighbours on Alaska's North Slope including the local community.

The Company is committed to further improving the Pikka project and its resilience to a lower price environment. We have a solid project going into FEED, and I have every confidence the team will deliver beyond expectation.

The project is on track to create substantial long-term value for Oil Search shareholders, the communities on the North Slope and the State of Alaska. The project will generate jobs, business development opportunities, third party contracts, taxes, royalties and other revenues for the State and regional and local communities. With the positive outlook from our recent exploration results, Pikka is just the beginning for Oil Search in Alaska."

Pikka project - Phase 1



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This ASX announcement was authorised for release by Oil Search's Board of Directors.

About Oil Search

Established in January 1929, Oil Search has grown into PNG's largest single investor and most active explorer, operating all the country's producing oil fields and holding an extensive appraisal and exploration portfolio. Its 29 per cent interest in the ExxonMobil-operated PNG LNG Project has transformed Oil Search into a regionally significant oil and gas producer. The Company also holds material interests in the Elk -Antelope and P'nyang gas fields and is undertaking a range of activities to support further LNG expansion in PNG. Oil Search also holds world class oil assets in Alaska's prolific North Slope. Oil Search is listed on the Australian (OSH) and PNG (OSH) security exchanges and its ADRs trade on the US Over the Counter market (OISHY). For more information, please visit oilsearch.com.