

## Exploration and Appraisal Drilling Update March 2019

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

4 April 2019

<b>Well Name</b>	Muruk 2
<b>Well Type</b>	Appraisal
<b>Location</b>	PDL 9, Highlands, PNG (11.7 kilometres north-west of Muruk 1)
<b>Spud Date</b>	10 November 2018
<b>Rig</b>	High Arctic Rig 104

**Objective/Target** Cretaceous Toro Sandstone.  
The objective of Muruk 2 is to constrain the potential resource volumes in the field.

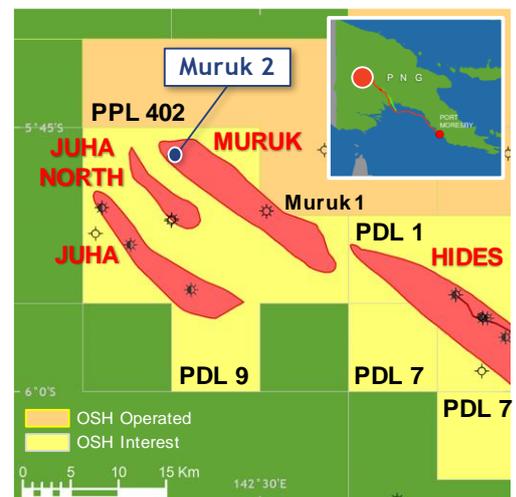
**Status** A Drill Stem Test (DST) over the Toro reservoir commenced in late March. Initial results of the DST have confirmed the presence of gas in the Toro A reservoir, with a similar composition to that tested in Muruk 1 ST3. Pressure data indicates that the gas is on the same pressure gradient as that in Muruk 1 ST3, confirming that Muruk 2 is an extension of the Muruk field.

The forward plan is to flow the well for approximately 10 days, followed by an extended shut-in period to allow pressure build up, which will assist in constraining the gas resource volume in the Muruk field.

**Operator** Oil Search (on behalf of Esso PNG Juha Ltd)

<b>Participants<sup>1</sup></b>		
	Oil Search (Tumbudu) Ltd	24.4%
	Esso PNG Juha Ltd	21.7%
	Ampolex (PNG) Ltd	21.7%
	Kumul Petroleum (Kroton) Ltd	20.5%
	Nippon PNG LNG LLC	9.7%
	Gas Resources Juha No. 1 Ltd	<u>2.0%</u>
	<b>Total</b>	<b>100%</b>

<sup>1</sup> Gross interests, pre-Government and landowner back-in rounded to 1 decimal place



**Well Name** Pikka B/Pikka B ST1

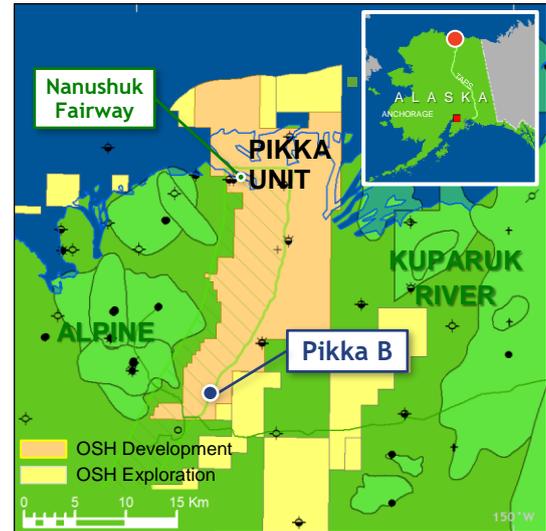
**Well Type** Appraisal

**Location** Pikka Unit, Alaska North Slope

**Spud Date** Pikka B ST1 – 23 January 2019

**Rig** Doyon Arctic Fox

**Objective/Target** Cretaceous Brookian Sandstone (Nanushuk). The objective is to assist defining potential resource volumes and reservoir deliverability.



**Status** All coring, wireline and pressure data acquisition was completed and on 5 March, a well test commenced in the 71-degree angle wellbore over a single stage stimulation in the Nanushuk reservoir. The flow test included clean-up, low flow rate and pressure build-up periods, prior to the final flow, with the test concluded on 19 March.

The well flowed at a stabilised rate of 2,410 barrels of oil per day (bopd) and was restricted by the capacity of the testing equipment. The final flow test was conducted over a two-hour period with a flowing bottom hole pressure of 1,270 psi and flowing well head pressure of 240 psi on natural flow with no artificial lift. Based on the productivity index calculated during the final flow test, the well flow rate potential is estimated at approximately 3,800 bopd at a flowing well head pressure of 50 psi. Demobilisation of the drilling rig and personnel for Pikka B has commenced and is expected to be completed by mid-April.

A detailed evaluation of the test results will be conducted to assist in planning ahead of a targeted FEED entry decision later in 2019.

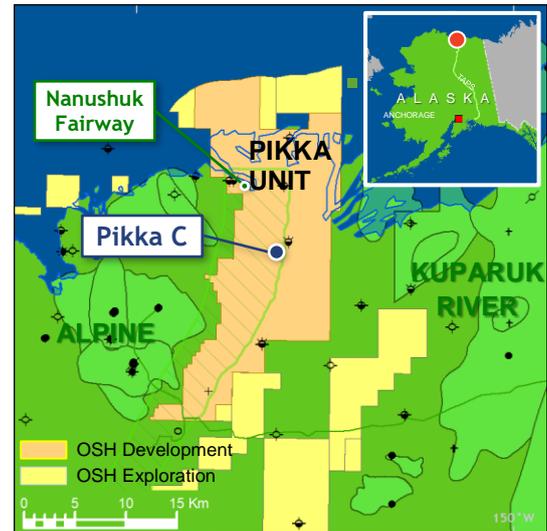
**Operator**

Oil Search

**Participants**

Oil Search (Alaska) LLC	25.5%
Repsol E&P USA, Inc.	49.0%
Armstrong Energy, LLC	19.1%
GMT Exploration Company, LLC	6.4%
Total	100.0%

<b>Well Name</b>	Pikka C/Pikka C ST1
<b>Well Type</b>	Appraisal
<b>Location</b>	Pikka Unit, Alaska North Slope
<b>Spud Date</b>	Pikka C ST1 –14 February 2019
<b>Rig</b>	Nabors 105E
<b>Objective/Target</b>	Cretaceous Brookian Sandstone (Nanushuk). The objective of Pikka C is to reduce uncertainty on well deliverability and test the northern extent of the Nanushuk reservoir trend.
<b>Status</b>	<p>During March, logging-while-drilling data was successfully acquired over Pikka C ST1. A flow test programme began on 14 March, which included testing of six stimulation stages within the 3,800-foot-long horizontal section.</p> <p>Mechanical problems with the test equipment delayed commencement of the test and down-hole blockages restricted flow rates and the ability to clean the well out properly. Despite the down-hole restrictions, stabilised rates of over 860 bopd were established at 800 psi flowing bottom hole pressure, with higher peak rates recorded during unloading the well. In addition, modelling of the geological properties recorded in the well indicate the potential for much higher flow rates than observed. While unlikely to be indicative of the full potential of the well, the test data, combined with the comprehensive data suite acquired, will be fully evaluated and integrated into the forward planning ahead of the FEED decision.</p> <p>Demobilisation of the drilling rig and support equipment is underway and is expected to be completed by mid-April.</p>
<b>Operator</b>	Oil Search



<b>Participants</b>		
Oil Search (Alaska) LLC		25.5%
Repsol E&P USA, Inc.		49.0%
Armstrong Energy, LLC		19.1%
GMT Exploration Company, LLC		6.4%
Total		100.0%

**All depths quoted are measured depth from rotary table (MDRT).**

**Commenting on the results of the Muruk and Pikka wells, Oil Search’s Managing Director, Peter Botten, said:**

*“The results of the Muruk 2 well in PNG and the four Pikka Unit well penetrations in Alaska are very pleasing, with hydrocarbons encountered in all five wells. Oil Search’s drilling and safety performance has been excellent in these very challenging environments and clearly demonstrates Oil Search’s capability and commitment to conduct safe and responsible operations.*

*The Muruk 2 well was a significant, 12 kilometre step out north-west of the Muruk 1 gas discovery well, designed to test the extent and materiality of the Muruk 1 gas discovery drilled in 2016. The original Muruk gas discovery was just 22 kilometres from the nearest Hides gas field infrastructure. Muruk 2 has penetrated gas-saturated Toro A sands in pressure communication with Muruk 1 ST3. Testing of the well will continue over the coming weeks to assist in determining the potential gas resources in the Muruk gas field. This is a positive outcome, indicating continuity of the trap over a significant distance, close to existing facilities.*

*In Alaska, we commenced our first drilling operation in December, only ten months after completing the acquisition of our Alaskan assets in February 2018. The Company’s performance in the 2018/2019 winter drilling season has met or exceeded expectations for planning, safety, drilling, subsurface data gathering and overall performance.*

*Confirmation of well deliverability was a key objective of the winter drilling programme. While Pikka C ST1 flow rates were impacted by well clean-up and mechanical issues, sufficient data was acquired from the well, which is located at the northerly limit of the field, to support our pre-drill expectations. Based on our initial evaluation of the Pikka C data, together with the excellent results from the Pikka B well, which have exceeded expectations, we anticipate deliverability from the development will, at a minimum, meet our project assumptions, with material upside potential, supporting a planned FEED entry later this year. We have established a highly experienced team in Alaska and are advancing our preparations across several other areas including permitting, cooperation discussions with other North Slope operators and evaluation and assurance of the development options, which take into consideration key stakeholder issues and concerns.*

*The results of the drilling in both PNG and Alaska represent an excellent start to 2019, which promises to be an exciting year.”*

**PETER BOTTEN, AC, CBE**

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