
2018 Reserves and Resources Statement

19 February 2019

Highlights

OIL SEARCH 2P AND 2C OIL, CONDENSATE AND GAS RESERVES AND RESOURCES REACH RECORD LEVELS, UNDERPINNING THE COMPANY'S GROWTH PROJECTS

- ❖ In 2018, Oil Search's total 2P (Proved and Probable) oil Reserves and 2C (Contingent) oil Resources rose 102% to 253.5 million barrels (mmbbl). Total 2P gas Reserves and 2C contingent gas Resources increased 6% to 6,742.2 billion cubic feet (bcf).
- ❖ The increase in Reserves and Resources reflected:
 - The booking of 127.5 mmbbl 2C oil Resources at the Pikka Unit for the first time, following the completion of the Company's acquisition of assets in the Alaska North Slope in February 2018.
 - Additions at the P'nyang field in the PNG Highlands of 319.8 bcf of 2C gas and 5.2 mmbbl of 2C condensate Resources, following the successful P'nyang South 2 ST1 appraisal well.
 - A 186.7 bcf upgrade in 2C gas Resources at Kimu, following the successful Kimu 2 appraisal well.
- ❖ The strong Resources position provides the platform for Oil Search's growth projects in both PNG and Alaska and supports the Company's ability to provide excellent long-term returns to shareholders.
- ❖ Based on 2018 production of 25.2 mmboe, Oil Search has a 1P Reserves life of 17 years, a 2P Reserves life of 20 years and a 2P Reserves and 2C Resources life of 63 years.

Commenting on the 31 December 2018 Reserves and Resources Statement, Oil Search's Managing Director, Mr Peter Botten said:

"Oil Search's total oil and gas 2C Reserves and Resources increased 15% over 2018. This increase reflected a more than doubling of our 2P plus 2C oil Reserves and Resources and a 6% lift in our 2P plus 2C gas Reserves and Resources. 2P and 2C Reserves and Resources are now at the highest level the Company has ever recorded.

Following the completion of our entry into the Alaska North Slope in February 2018, we made our first booking of 2C Resources within the Pikka Unit, of 127.5 mmbbl of oil. This reflects our 25.5% share of the pre-acquisition, 500 mmbbl, best estimate of gross recoverable oil in the Nanushuk oil play and

satellite fields. During 2018, we undertook detailed reservoir modelling, incorporating more data and the ConocoPhillips 2018 drilling results, which has given us confidence that there is material resource upside. A two-well, two-rig appraisal programme is currently underway to test the upside around the Pikka B and Pikka C locations. If successful, up to 250 mmbbl (gross) of recoverable oil could be added to Pikka Unit 2C Resources. The Horseshoe Block to the south of the Pikka Unit offers additional upside through the continuation of the Nanushuk play, which will be tested in late 2019 / early 2020 through the Horseshoe-2 well.

Following the incorporation of the results of the successful P'nyang South 2ST1 appraisal well, which proved up an extension to the south east, and additional seismic and core data, we have upgraded our P'nyang 2C Resource estimate from 3.7 tcf to 4.5 tcf, an increase of 22%. Our 2C Resource estimate is very similar to the Netherland, Sewell & Associates, Inc (NSAI) estimate, based on a recertification of the field Resources in early 2018. Combined with gas resources in the Elk-Antelope fields, we have approximately 11 tcf of gross certified undeveloped 2C gas Resources to support the proposed development of 8 MTPA of additional LNG capacity at the PNG LNG plant site.

At Kimu, additional 2C gas resources were assigned to the field, reflecting the successful drilling and testing of the Kimu 2 appraisal well in the first half of 2018. Evaluation of well results from the Barikewa 3 well, which was drilled shortly after, remains ongoing. Information from both wells will assist in determining the optimal route for potential commercialisation.

The Muruk 2 appraisal well recently entered the target Toro Formation, with preliminary results indicating the presence of hydrocarbons. This well will provide valuable information to help delineate the resource size of the Muruk field and could lead to the potential booking of additional 2C resources from the field at the end of 2019.

Today's Reserves and Resources Statement highlights the materiality of the Alaskan assets to our oil resource base, with further upside from current and future planned exploration and appraisal activity. Together with a strong gas resource position in PNG, which can support the next three-train LNG expansion and beyond, these Resources underpin our ability to deliver long-term growth for Oil Search.

PETER BOTTEN, CBE

Managing Director

19 February 2019

Oil and Gas Reserves

At 31 December 2018, the Company's Proved (1P) Reserves were 54.1 MMbbl of oil and condensate and 1,937.1 bcf of gas. Proved and Probable (2P) Reserves were 68.0 MMbbl of oil and condensate and 2,209.3 bcf of gas.

The key changes in 1P and 2P Reserves since 31 December 2017, which are summarised in Tables 1 and 2, are as follows:

- Reserves at 31 December 2018 have been adjusted for net production of 4.9 mmbbl of oil and condensate and 98.9 bcf of gas¹.
- There have been no changes to the estimated ultimate recovery (EUR) for oil and gas associated with the PNG LNG Project, or oil in the Kutubu, Agogo, and Moran fields. Reserves in both the 1P and 2P categories reflect the year-end 2017 position less 2018 production volumes.
- There were minor additions to the Hides GTE 1P Reserve booking, reflecting the 2017 gas nominations under the Hides Gas Sales Agreement.
- There have been minor reductions to the Gobe Main oil booking and SE Gobe bookings for oil and gas. These are the result of revised Operator forecasts, which incorporate changes to production assumptions since the last external audit in 2015.

Developed and undeveloped Reserves are shown in Table 3. Undeveloped gas and condensate Reserves are related to the PNG LNG Project, where the construction of additional infrastructure is required prior to the commencement of gas export, consistent with the approved development plan. This infrastructure is not currently required, as the developments on-line can provide sufficient gas to the LNG facilities.

Undeveloped oil Reserves are associated with future development drilling in producing oil fields.

Contingent Resources

At the end of 2018, the Company's 2C Contingent Resources comprised 4,533.0 bcf of gas, up from 4,027.4 bcf at the end of 2017, and 185.5 mmbbl of oil and condensate, up from 52.7 mmbbl.

The key changes in 2C Contingent Resources since 31 December 2017, which are summarised in Tables 1 and 2, are as follows:

- The addition of 127.5 mmbbl of oil Resources in Oil Search's Alaskan North Slope assets, after the acquisition of interests in the Pikka Unit.
- The addition of 319.8 bcf gas and 5.2 mmbbl condensate at P'nyang, after the successful drilling of the P'nyang South 2ST1 well (see below for further details).
- The addition of 186.7 bcf 2C gas at Kimu, which reflects the Company's successful Kimu 2 appraisal well drilled in 2018.
- Minor movements in Contingent Resources at Gobe Main and SE Gobe, associated with the production beyond economic life from the updated forecasts for these fields.

¹ Note that these production figures are based on Oil Search's net 16.67% share of PDL 1 Hides GTE production.

Reserves and Resources

As highlighted in Table 4, at the end of 2018, Oil Search's total 2P oil and condensate Reserves and 2C Contingent Resources were 253.5 mmbbl, up from 125.8 mmbbl at year-end 2017. The Company's total 2P gas Reserves and 2C Contingent Resources were 6,742.2 bcf, up from 6,341.1 bcf at the end of 2017.

Pikka Unit, Alaska North Slope – booking of 2C Contingent Resource

Following the completion of the acquisition of a 25.5% interest in the Pikka Unit in February 2018, 127.5 mmbbl of oil net to Oil Search have been assigned to the 2C Contingent Resource category. This reflects Oil Search's 25.5% share of the estimated gross resources for the Unit of 500 mmbbl.

The current mapping of the Nanushuk and satellite reservoirs in the Pikka Unit is based on an extensive grid of 3D seismic data and 19 well penetrations.

The presence of significant quantities of moveable hydrocarbons in the Pikka Unit has been confirmed from the following:

- Data acquired from well logging during and after drilling, which has been used to determine the fluid content and most likely fluid contacts in the sandstone reservoir. This approach includes the analysis of reservoir pressure data and samples of hydrocarbons brought to surface during wireline logging.
- The interpretation of data acquired from six production tests (notably the Qugruk 301 horizontal well and the Qugruk 8 vertical well), including the analysis of reservoir hydrocarbon samples recovered to surface.
- The interpretation of 3D seismic data and data from offset wells.

Oil Search has assessed all available data to reach a position on the Contingent Resource potential of the field. Contingent Resource volumes have been estimated by combining in-place volume estimates from geological modelling with recovery factor estimates from both reservoir simulation studies and analogue fields. A deterministic approach was used to estimate the reported volume.

These Resources are considered contingent on future appraisal results, development studies and project commerciality. The collection of additional well log, core and production test data is currently under way, with the drilling of two further appraisal wells with two penetrations each – Pikka B and C. The data from these wells will be appraised during 2019 to further assess the potential for commercial recovery and to further define the Company's resource estimates for the field.

P'nyang – increase in booked 2C Contingent Resource

The addition of 319.8 bcf of 2C gas and 5.2 mmbbl of 2C condensate reflects the interpretation of data gathered from the drilling of the successful P'nyang South 2ST1 appraisal well in 2018, as well as updates to the proposed field development plan.

The P'nyang Resource is considered to remain contingent on several factors, including: additional technical studies, the confirmation of a commercially viable development project, acceptable project financing and the negotiation of, and commitment to, future gas sales contracts.

Kimu – increase in booked 2C Contingent Resource

Additional 186.7 bcf of 2C gas has booked in the Kimu field, following the successful Kimu 2 appraisal well. The increase in booked volume has been determined by analysis of the results of the May 2018 drill-stem test, which produced gas from the Alene sandstone interval.

The Kimu Resource is considered to remain contingent on multiple factors, including the requirement for additional technical studies, a commercially viable development project, and future gas sales contracts.

Barikewa – no change to booked 2C Contingent Resource

The Barikewa 3 well drilled in 2018 successfully intersected hydrocarbons, in line with expectations. Initial analysis of the data collected with the well supports the existing Barikewa Resource booking. Further technical studies on Barikewa will be carried out through 2019 to review Resource size and assist in determining the optimal commercialisation options for this gas field.

Governance and 2019 Audit Plan

The governance arrangements for the reporting of hydrocarbon Reserves and Resources are based on Oil Search's Resources Management and Audit Process (RMAP), which consists of the following:

- A Technical Reserves Committee (TRC), which assesses all proposed changes and additions to the Company's Reserves and Resources database, utilising advice and contributions from peer review and subject matter experts, where appropriate.
- The TRC reports to the Reserves Operating Committee (ROC), consisting of senior management from technical and commercial disciplines, for the sanction of changes proposed by the TRC.
- Final statements are subject to review and endorsement by the Audit and Financial Risk Committee prior to approval by the Board.

Oil Fields

Under the Company's Reserves Management and Audit Process, operated oil fields are subject to independent audit every three years, or alternative intervals under some circumstances (for example, where anticipated changes may or may not be material). The Kutubu and Moran fields were audited at year-end 2017 by independent auditor, NSAI. No changes to the Kutubu and Moran fields' EUR are anticipated after the 2018 earthquake, due to the recovery programme implemented through 2018 and 2019. As such, no further audit is planned for 2019.

The Gobe oil fields were audited in 2015, also by NSAI. In 2018, an external audit was deferred, due to the low oil Reserves associated with these fields. The requirement for external audit of the Gobe oil fields will continue to be assessed under the Company's Reserves Management and Audit Process in 2019.

PNG LNG Project

A PNG LNG Project Resources re-certification is proposed for 2019, to provide an updated view of PNG LNG Resources to support the funding of the third LNG train and gas sales marketing. This work is intended to capture data gathered, including the significant improvements in production performance, since the last re-certification was conducted in 2016. As with the 2016 re-certification, while the PNG LNG Operator will coordinate and manage the overall certification process, Oil Search will take a leading role in the re-certification of the Associated Gas (AG) field Reserves.

PRL 15

Two separate audits of the Resources at Elk-Antelope were undertaken by NSAI and GCA in 2016 as part of the First PAC Certification. These audits were updated by the same auditors in 2017 to include the results of Antelope 7 for Oil Search internal purposes. There is no requirement for further audit in 2019.

The Second PAC Certification will occur one year after delivery of the first commercial LNG cargo.

Muruk

An independent certification of the Muruk field may occur in 2019, subject to the results of the Muruk 2 well.

PRL 3

Gas Resources at P'nyang (PRL 3) were recertified by the Joint Venture in 2018 following the drilling of the successful P'nyang South 2ST1 appraisal well. No further audit is planned for 2019.

Other gas fields

Following the successful Kimu 2 and Barikewa 3 appraisal wells and pending further internal technical work, independent certification of one or both fields may be undertaken if required to support progression of a viable development concept to commercialisation.

Alaska – Pikka Unit

External audit of the Pikka Unit Resources is proposed for 2019, which will provide certified numbers ahead of a Final Investment Decision on the Unit development, expected in 2020.

TABLE 1: 2018 oil and condensate Reserves and Resources reconciliation with 2017
Proved oil and condensate Reserves (million barrels)

Licence/Field	End 2017 Reserves	Production	Discoveries/ Extensions/ Revisions	Acquisitions/ Divestments	End 2018 Reserves
PDL 2 - Kutubu	12.9	1.6	-	-	11.3
PDL 2/5/6 - Moran Unit	6.4	0.3	-	-	6.1
PDL 4 - Gobe Main	0.0	0.0	-0.0	-	0.0
PDL 3/4 - SE Gobe	0.1	0.0	-0.0	-	0.0
PDL 1 – Hides GTE	-	-	-	-	-
PNG LNG Project	39.6	3.0	-	-	36.7
Total	59.1	4.9	-0.0	-	54.1

Proved and Probable oil and condensate Reserves (million barrels)

Licence/Field	End 2017 Reserves	Production	Discoveries/ Extensions/ Revisions	Acquisitions/ Divestments	End 2018 Reserves
PDL 2 - Kutubu	18.3	1.6	-	-	16.6
PDL 2/5/6 - Moran Unit	10.0	0.3	-	-	9.6
PDL 4 - Gobe Main	0.1	0.0	-0.0	-	0.0
PDL 3/4 - SE Gobe	0.2	0.0	-0.1	-	0.1
PDL 1 – Hides GTE	-	-	-	-	-
PNG LNG Project	44.6	3.0	-	-	41.6
Total	73.0	4.9	-0.1	-	68.0

2C Contingent oil and condensate Resources (million barrels)

Licence/Field	End 2017 2C Resources	Production	Discoveries/ Extensions/ Revisions	Acquisitions/ Divestments	End 2018 2C Resources
PNG LNG Project Fields oil and condensate	1.6	-	-	-	1.6
Other PNG oil and condensate	51.1	-	5.3	-	56.4
Alaska oil and condensate	-	-	-	127.5	127.5
Total	52.7	-	5.3	127.5	185.5

TABLE 2: 2018 gas Reserves and Resources reconciliation with 2017
Proved gas Reserves (billion standard cubic feet)

Licence/Field	End 2017 Reserves	Production	Discoveries/ Extensions/ Revisions	Acquisitions/ Divestments	End 2018 Reserves
PDL 2 - Kutubu	-	-	-	-	-
PDL 2/5/6 - Moran Unit	-	-	-	-	-
PDL 4 - Gobe Main	-	-	-	-	-
PDL 3/4 - SE Gobe	7.4	1.4	-4.9	-	1.1
PDL 1 – Hides GTE	3.2	1.0	0.4	-	2.6
PNG LNG Project	2,029.9	96.5	-	-	1,933.4
Total	2,040.5	98.9	-4.5	-	1,937.1

Proved and Probable gas Reserves (billion standard cubic feet)

Licence/Field	End 2017 Reserves	Production	Discoveries/ Extensions/ Revisions	Acquisitions/ Divestments	End 2018 Reserves
PDL 2 - Kutubu	-	-	-	-	-
PDL 2/5/6 - Moran Unit	-	-	-	-	-
PDL 4 - Gobe Main	-	-	-	-	-
PDL 3/4 - SE Gobe	10.9	1.4	-5.5	-	4.0
PDL 1 – Hides GTE	4.0	1.0	-	-	3.1
PNG LNG Project	2,298.8	96.5	-	-	2,202.3
Total	2,313.7	98.9	-5.5	-	2,209.3

2C Contingent gas Resources (billion standard cubic feet)

Licence/Field	End 2017 2C Resources	Production	Discoveries/ Extensions/ Revisions	Acquisitions/ Divestments	End 2018 2C Resources
PNG LNG Project Fields Gas	60.0	-	-	-	60.0
Other PNG Gas	3,967.4	-	505.6	-	4,473.0
Alaska Gas	-	-	-	-	-
Total	4,027.4	-	505.6	-	4,533.0

TABLE 3: Developed and undeveloped Reserves
Developed Reserves

(Net to Oil Search)

Licence / Field	Oil Search Interest	Developed Oil and Condensate ³	Developed Gas ^{4,5}	Developed Oil and Condensate ³	Developed Gas ^{4,5}
	%	mmbbl	bcf	mmbbl	bcf
Reserves		Proved (1P)		Proved and Probable (2P)	
PDL 2 - Kutubu	60.0%	9.4	-	13.2	-
PDL 2/5/6 - Moran Unit	49.5%	4.3	-	6.4	-
PDL 4 - Gobe	10.0%	0.0	-	0.0	-
PDL 3/4 - SE Gobe	22.3%	0.0	1.1	0.1	4.0
PDL 1 – Hides GTE	16.7%	-	2.6	-	3.1
Oil fields and Hides GTE Reserves		13.7	3.7	19.7	7.0
PNG LNG Project Reserves	29.0%	25.7	1,394.0	29.0	1,560.7
Sub-total developed Reserves		39.4	1,397.7	48.7	1,567.7

Undeveloped Reserves

(Net to Oil Search)

Licence / Field	Oil Search Interest	Undeveloped Oil and Condensate ³	Undeveloped Gas ^{4,5}	Undeveloped Oil and Condensate ³	Undeveloped Gas ^{4,5}
	%	mmbbl	bcf	mmbbl	bcf
Reserves		Proved (1P)		Proved & Probable (2P)	
PDL 2 - Kutubu	60.0%	1.9	-	3.5	-
PDL 2/5/6 - Moran Unit	49.5%	1.9	-	3.2	-
PDL 4 - Gobe	10.0%	-	-	-	-
PDL 3/4 - SE Gobe	22.3%	-	-	-	-
PDL 1 – Hides GTE	16.7%	-	-	-	-
Oil fields and Hides GTE Reserves		3.7	-	6.7	-
PNG LNG Project Reserves	29.0%	11.0	539.4	12.6	641.6
Sub-total undeveloped Reserves		14.7	539.4	19.2	641.6
Total developed and undeveloped Reserves		54.1	1,937.1	68.0	2,209.3

TABLE 4: Total Reserves and Resources summary
Reserves and Resources at 31 December 2018^{1,2}

(Net to Oil Search)

Licence / Field	Oil Search Interest	Total Oil and Condensate ³	Total Gas ⁴	Total Oil and Condensate ³	Total Gas ⁴
	%	mmbbl	bcf	mmbbl	bcf
Reserves		Proved (1P)		Proved & Probable (2P)	
PDL 2 - Kutubu	60.0%	11.3	-	16.6	-
PDL 2/5/6 - Moran Unit	49.5%	6.1	-	9.6	-
PDL 4 - Gobe	10.0%	0.0	-	0.0	-
PDL 3/4 - SE Gobe ⁵	22.3%	0.0	1.1	0.1	4.0
PDL 1 – Hides GTE ⁶	16.7%	-	2.6	-	3.1
Oil fields and Hides GTE Reserves		17.4	3.7	26.4	7.0
PNG LNG Project Reserves⁵	29.0%	36.7	1,933.4	41.6	2,202.3
Sub-total Reserves		54.1	1,937.1	68.0	2,209.3
Contingent Resources		1C		2C	
PNG LNG Project Fields gas, oil and condensate		-	-	1.6	60.0
Other PNG gas, oil and condensate ⁷		-	-	56.4	4,473.0
Alaska gas, oil and condensate ⁸		-	-	127.5	-
Sub-total Resources		-	-	185.5	4,533.0
Total Reserves and Resources		54.1	1,937.1	253.5	6,742.2

NOTES

- (1) Numbers may not add due to rounding.
- (2) Kutubu and Moran oil fields proved Reserves (1P) and proved and probable (2P) Reserves are as certified by independent auditor Netherland, Sewell & Associates, Inc. (NSAI) in 2017. 1P and 2P PNG LNG Project Reserves are based on Contingent Resources as certified in 2016 by independent auditor, NSAI, adjusted for economic limit using Oil Search's corporate assumptions. Gobe Main and SE Gobe 1P and 2P Reserves are based on Oil Search 2018 technical estimates.
- (3) Crude oil, and separator and plant condensates.
- (4) For the PNG LNG Project, shrinkage has been applied to raw gas for the field condensate, plant liquids recovery, and fuel and flare.
- (5) PNG LNG Project Reserves comprise the Kutubu, Moran, Gobe Main, SE Hedinia, Hides, Angore and Juha fields. Minor volumes associated with proposed domestic gas sales have been included as part of PNG LNG reserves. In addition, third party wet gas sales to the project at the Gobe plant outlet (inclusive of plant condensate) have been included for SE Gobe in 1P and 2P Reserves at the post-sales agreement field interest of 22.34%. SE Gobe estimates for gas are based on Oil Search 2018 technical estimates.
- (6) Hides Reserves associated with the GTE Project under existing contract. Production volumes shown in this Reserves report are based on Oil Search's entitlement in PDL 1 (16.67%).
- (7) Other gas, oil and condensate Resources comprise the Company's other PNG fields including Elk-Antelope, SE Mananda, Juha North, P'nyang, Kimu, Uramu, Barikewa, Iehi, Cobra, Mananda, Flinders, and Muruk and may also include Resources beyond the current economic limit of producing oil and gas fields. These gas Resources may include fuel, flare, and shrinkage depending on the choice of reference point.
- (8) Alaskan gas, oil, and condensate Resources comprise the Company's share in Alaskan assets, incorporating the Nanushuk and satellite reservoirs in the Pikka Unit.

This Reserves and Resources statement is based on, and fairly represents, information and supporting documentation that has been prepared by, or under the supervision of, one of the qualified petroleum reserves and resources evaluators listed in the table below. Drs J. Spilsbury-Schakel, a full-time employee of Oil Search Ltd. and qualified petroleum reserves and resources evaluator, has consented to publish this information in the form and context in which it is presented in this statement.

Qualified Petroleum Reserves and Resources Evaluators		
Name	Employer	Professional Organisation
J. Spilsbury-Schakel	Oil Search Ltd.	SPE, PESA, AAPG
A. Judzewitsch	Oil Search Ltd.	SPE
G. Johnson	Oil Search Ltd.	SPE
J. Rowse	Oil Search Ltd.	SPE, PESA, PESGB
M. Spiby	Oil Search Ltd.	SPE, PESA
M. Ireland	Oil Search Ltd.	SPE, SPEE, PE

ADDITIONAL NOTES

- The evaluation date for these estimates is 31 December 2018.
- Oil Search's Reserves and Contingent Resource estimates are prepared in accordance with the 2007 Petroleum Resources Management System (PRMS), sponsored by the Society of Petroleum Engineers (SPE).
- The following reference points are assumed:
 - Oil volumes: include both oil and condensate recovered by lease processing. The reference point is at the outlet of the relevant process facility. Volumes are adjusted to stock-tank using field standard conditions.
 - Hides GTE: the custody transfer point at the wellhead
 - PNG LNG Project: the outlet to the LNG plant
 - SE Gobe gas: the outlet to the Gobe facility
 - Fuel, flare and shrinkage upstream of the reference points have been excluded.
- Reserves and Contingent Resources are aggregated by arithmetic summation by category and therefore Proved Reserves may be a conservative estimate due to the portfolio effects of arithmetic summation.
- Reserves and Contingent Resources have been estimated using both deterministic and probabilistic methods.

For more information regarding this report, please contact:

Investors and Media:

Ann Diamant

General Manager, Investor Relations and Communications

Tel: +612 8207 8440

Mob: +61 407 483 128

Investors:

Stephanie Chu

Investor Relations Manager

Tel: +612 8207 8542

Mob: +61 481 038 179