



OIL SEARCH LIMITED

(Incorporated in Papua New Guinea)

ARBN – 055 079 868

21 April 2009

Mr Vincent Ivosa
Market Controller
PORT MORESBY STOCK EXCHANGE
Level 4
Defens Haus
Cnr Champion Pde/Hunter Street
Port Moresby
PAPUA NEW GUINEA

Dear Mr Ivosa

Re: Oil Search Limited

Quarterly report to 31 March 2009. 21 April 2009

The attached announcement, released to the Australian Securities Exchange today, is for release to the market.

Upon release of the information, please advise the undersigned on facsimile number 02 8207 8500 or on telephone number 02 8207 8400.

Yours sincerely

PETER BOTTEN, CBE
Managing Director

AUSTRALIAN REGISTERED OFFICE

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ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2009 21 April 2009

HIGHLIGHTS

- Gross production from the PNG oil fields averaged 36,814 barrels of oil per day during the first quarter of 2009. This was 12% lower than in the fourth quarter of 2008, primarily due to an unscheduled shut-in of the Kumul loading terminal for repairs and maintenance.
- Oil Search's total oil and gas production in the first quarter was 1.90 million barrels of oil equivalent (mmboe) compared to 2.15 mmboe in the fourth quarter of 2008, with oil production for the quarter of 1.63 million barrels. The Kumul shut-in led to the deferral of approximately 240,000 barrels of oil net to Oil Search, most of which is expected to be recovered over the course of the year.
- Field performance was strong during the quarter and Oil Search's forecast production for the 2009 full year remains on track with previous guidance, of between 8.0 – 8.3 mmboe.
- Operating revenue for the quarter was US\$71.4 million. This was based on total oil sales of 1.14 million barrels, which was approximately 0.47 million barrels lower than oil available for sale due to the timing of shipments. The average realised oil price for the period was US\$45.83 per barrel, 21% lower than in the fourth quarter of 2008 and 51% below the corresponding period of last year, reflecting the global oil price decline.
- Considerable progress was made by the PNG LNG Project participants on marketing during the quarter. This culminated in April in the PNG LNG Project reaching agreement on key terms for a Heads of Agreement (HOA) with a major Asian customer for offtake of two million tonnes per annum of LNG. The agreement is awaiting final Government approval. In addition, significant progress was made with other customers and it is expected that additional HOAs will be secured in the near term.
- Preparations for the PNG LNG Project landowner benefits sharing Development Forum were well advanced at the end of the quarter, with the first Forum meeting planned to commence in the last week of April.
- In January 2009, the Environmental Impact Statement (EIS) for the PNG LNG Project was lodged with the PNG Government. Other aspects of the PNG LNG Project also progressed during the period, including initial due diligence by potential financiers.
- In March 2009, the PNG Government announced the completion of the issue of exchangeable bonds over the PNG Government's 17.6% shareholding in Oil Search to International Petroleum Investment Company (IPIC). The Government received A\$1.68 billion, which has been placed in an escrow

account to be used solely for its equity share of PNG LNG Project development costs.

- In January, Oil Search received ISO 14001 certification for its PNG operations. This is a major endorsement of the Company's environmental management system and environmental practices in PNG.
- During the quarter, Oil Search optimised its PNG exploration portfolio. In addition to farming-down interests in four licences, the Company farmed-in to PPL 260, adjacent to the main PNG LNG gas fields, which contains a number of multi-tcf gas prospects. It also acquired an additional interest in the Uramu offshore gas field.
- At the end of March 2009, Oil Search had a cash position, excluding joint venture balances, of US\$481 million, compared to US\$517 million at the end of 2008. Key cash outflows for the period included US\$37.3 million spent on PNG LNG FEED, US\$6.5 million on other exploration activities and US\$45.6 million on development work. Due to the introduction of a Dividend Reinvestment Plan, the payment of the 2008 final dividend of four US cents per share has been delayed until 7 May 2009. The DRP will be underwritten, which will result in no net outflow of funds from Oil Search.

Commenting on the first quarter of 2009, Managing Director, Peter Botten, said:

"The first quarter of 2009 was challenging, with oil prices remaining depressed and some minor operational issues to deal with. Conditions improved towards the end of the period, with a good recovery in oil prices seen in late March/April, which, together with continued good field performance in PNG, point to a better second quarter performance.

While underlying production from the PNG oil fields, particularly Kutubu, was strong, output was impacted during the quarter by an unscheduled shut-down of the Kumul loading terminal. This reduced production, net to Oil Search, by approximately 240,000 barrels, most of which we expect to be recaptured later in the year. In addition, due to the timing of shipments, with a cargo completing loading in early April, oil sales were 0.47 million barrels lower than oil available for sale. Combined with a lower realised oil price, this resulted in a drop in oil sales revenue for the period. On a more positive note, the Company benefited from a full quarter of revenue from both of the two new drilling rigs operating in PNG.

With a strong focus on cash conservation during the period, the Company ended the quarter with a cash balance of US\$481 million, despite reduced revenues."

Progress on the PNG LNG Project

"While recent world events have impacted customers' near term supply positions, resulting in a more cautious approach from the buyers, the offtake fundamentals for the 2013/2014 timeframe remain robust. With PNG LNG increasingly seen as a credible supply project for this time window, the Project marketing team made considerable progress in the quarter. This culminated in April in the PNG LNG Project reaching agreement on key terms for a Heads of Agreement with a major Asian customer for the sale of two million tonnes per annum (mmtpa) of LNG. The agreement is awaiting final Government approval. In addition, significant progress has been made with other customers and it is expected that additional HOAs will be secured in the near term. This has given the Project increased confidence that the full 6.3 mmtpa capacity will be contracted by mid-year.

In late January, more than 70 members of the international lending community, including key export credit agencies, rating agencies and key advisors and lender consultants

visited PNG. The visit itinerary included Project briefings, Ministerial briefings and visits to the key Project sites near Port Moresby and in the Southern Highlands. The size and composition of this delegation confirmed the interest major lending institutions have in potential participation in providing financing for PNG LNG. The delegation left with a very positive impression of PNG and in particular the commitment of the Government to the successful delivery of the Project. Negotiations with lenders and due diligence by their consultants has remained on schedule throughout the quarter.

The Government also made significant progress on policy decisions relating to the Benefits Sharing Agreement. A Development Forum between the Government and all affected landowners is scheduled to commence in the last week of April in Kokopo. This will involve over 500 people, including all landowner leaders.

A key milestone was reached in January 2009 with the submission of the Project's Environmental Impact Study (EIS) to the PNG Department of Environment and Conservation. More than six thousand pages long, the EIS sets out the potential environmental and social impacts of the Project together with the planned management and mitigation measures that will be adopted by the Project participants.

Front End Engineering Design (FEED) continued during the quarter on both the upstream and downstream components of the Project. Preparatory work for early works activities also took place, with evaluation of bids for the early works construction activities completed during the quarter."

Completion of PNG Government/IPIC transaction

"In March, the agreement announced in November 2008 between the PNG Government and International Petroleum Investment Company (IPIC), an investment company wholly owned by the Abu Dhabi Government, was completed. Under this transaction, IPIC has acquired exchangeable bonds over the PNG Government's 17.6% shareholding in Oil Search for a principal amount of A\$1.68 billion (equivalent to A\$8.55 per share). This sum was deposited in an escrowed Government bank account with the funds to be used exclusively for the purposes of acquiring the PNG Government's equity and funding its contribution to the capital expenditure of the PNG LNG Project.

Upon conversion of the bond, IPIC will acquire PNG's entire 17.6% equity stake in Oil Search, becoming the Company's largest shareholder.

Based on recent meetings with IPIC, IPIC has confirmed its support of Oil Search's goals to develop the PNG LNG Project and commercialise its remaining gas. We believe that having IPIC as a stable, financially capable and strategic long term shareholder will be beneficial for both the Company and for all shareholders."

ISO 14001 certification, excellent safety performance achieved

"In addition to the submission of the Environmental Impact Statement (EIS) for the PNG LNG Project, another environmental milestone was achieved in the first quarter of 2009, with the receipt by Oil Search of ISO 14001 certification for its PNG operations. The certification audit of compliance with the International Standard for Environmental Management Systems was conducted by NATA Certification Systems International (NCSI) of Australia.

Significant work has taken place over the past few years to develop and fine tune the Company's environment management system to be compliant with ISO 14001. The formal certification is a vote of confidence in the environmental management programmes and practices of Oil Search in its operations in PNG.

The Company's environmental management programmes are part of an integrated Health, Safety, Environment and Security (HSES) system. As well as the ISO 14001 certification, excellent results were achieved in safety performance in 2008. The Total Recordable Injury Frequency Rate (TRIFR) for 2008 was 2.04 per million hours worked. This compares very favourably to the recently released 2008 APPEA peer group TRIFR of 6.78 and places Oil Search in the top quartile globally for safety metrics. These results provide a strong endorsement of the Company's systems. Nonetheless, Oil Search is committed to continuing to develop and mature its policies, management systems, controls and procedures to ensure it achieves its goals, which are Incident Free Operations and no lasting harm to the environment."

Portfolio Realignment

"Following a review of Oil Search's exposure to exploration licences in PNG, in January Oil Search farmed-down interests of between 10% and 20% in four exploration licences (PPLs 219, 234, 239 and 244) to NOEX, a subsidiary of Nippon Oil Corporation of Japan. Oil Search and NOEX also signed an Alignment Agreement under which, on a non-exclusive basis, the parties will seek to progress gas commercialisation opportunities in PNG by jointly participating in an active exploration programme in PNG as well as potentially expanding their interests beyond the common licences currently held. The agreements have reduced Oil Search's interest in these licences, where it had high equities, saving some US\$60 million in capital commitments over the next three years and strengthened the relationship with NOEX.

The Company also reached agreement to acquire Gedd (PNG) Ltd's 10% interest in PRL 10, which contains the Uramu offshore gas field and 10% in PPL 240, the licence that surrounds the Kimu gas field.

In addition, during the quarter, Oil Search entered into an agreement with Eaglewood Energy Inc. to farm-in to PPL 260, located in the Papuan Basin Fold Belt. Under the terms of the farm-in, Oil Search will earn a 10% interest in PPL 260 by completing a seismic programme on the licence. It also has an option to earn an additional 60% interest by paying 90% of the cost of drilling an exploration well. The farm-in is subject to the receipt of certain approvals from the PNG Government. Preparations for the seismic programme, which is expected to commence in the second quarter, have begun.

PPL 260 is adjacent to the principal PNG LNG gas fields and contains a series of large undrilled structures with multi-tcf gas potential. This farm-in provides Oil Search with a potential material equity position in very large gas prospects adjacent to the PNG LNG gas fields. It is part of our strategy to position the Company for further growth in the gas industry within PNG, in particular our commitment to delivering gas for additional LNG trains."

Factors affecting the first half of 2009

"Based on current shipping schedules, Oil Search expects to be approximately 350,000 barrels underlifted at 30 June 2009. As Oil Search books revenues only after production is lifted, this would reduce reported revenues for the first half of 2009 by approximately US\$17.5 million (based on a realised oil price of US\$50 per barrel). We anticipate that the underlift will be unwound in the second half of the year, with production and sales largely in balance at the end of 2009. Production guidance for 2009 full year remains unchanged, at between 8.0 – 8.3 mmbœ."

PETER BOTTEN, CBE
Managing Director
21 April 2009

2009 FIRST QUARTER PERFORMANCE SUMMARY

	Quarter End			Full Year
	Mar 2009	Dec 2008	Mar 2008	Dec 2008
PRODUCTION DATA				
Crude oil production ('000 bbls)	1,633	1,893	1,954	7,576
Gas production (mmscf)	1,404	1,330	1,295	5,236
Hides condensate ('000 bbls)	36	34	32	130
Barrels of oil equivalent ('000 boe)	1,903	2,148	2,202	8,579
SALES				
Internal Oil Usage ('000 bbls) ¹	20	23	22	88
Sales Volume ('000 bbls)	1,144	2,171	1,680	7,460
Gas equivalent sales (mmscf)	1,450	1,404	1,348	5,415
FINANCIAL DATA				
Sales Revenue from operations(US\$m)	57.4	130.6	160.3	765.0
Other field revenue	6.9	2.7	6.6	24.6
Rig Income	7.1	4.6	5.6	22.0
Total operating revenue	71.4	137.9	172.5	811.6
Realised oil price – PNG (US\$ per bbl)	45.83	58.15	92.79	100.21
Realised oil price – MENA (US\$ per bbl)	-	-	90.66	96.26
Average realised oil price (US\$ per bbl)	45.83	58.15	92.60	100.10
Cash (US\$m) ²	481.1	517.2	354.7	517.2
Debt (US\$m)	Nil	Nil	Nil	Nil
Net cash (US\$m)	481.1	517.2	354.7	517.2

- 1 Oil used within Oil Search's operations and not available for sale
- 2 Excludes share of cash balances of joint venture interests
- 3 Prior period comparatives updated for subsequent changes

2009 first quarter production was 1.903 million barrels of oil equivalent net to Oil Search, produced at an average rate of 20,685 barrels of oil equivalent per day. Production was impacted by a short shut down of the Central Processing Facility and the Agogo Processing Facility in order to allow repairs to the Kumul loading terminal.

Oil available for sale for the quarter (production less internal usage) was 1.613 million barrels, while oil sales for the period were 1.144 million barrels. The average oil price realised was US\$45.83 per barrel. The Company did not undertake any hedging transactions during the period and remains unhedged.

Sales revenue from operations was US\$57.4 million, while other revenue was US\$14.0 million, comprising mainly rig lease income and refined product sales.

Exploration and evaluation expenditure during the quarter was US\$43.8 million. This included US\$37.3 million relating to PNG LNG FEED activities with the balance comprising primarily drilling costs related to the Shakal well in Kurdistan and seismic activities in PNG and MENA. Development expenditure totalled US\$45.6 million, spent mainly on developments wells and workover activity at Kutubu and Moran.

At the end of the year, Oil Search had cash of US\$481.1 million (excluding joint venture balances), compared to US\$517.2 million at the end of 2008. The decrease reflected working capital movements and the underlifted crude position at the end of the quarter. Oil Search remained debt free and unhedged during the quarter

	Quarter End			Full Year
	Mar 2009	Dec 2008	Mar 2008	Dec 2008
CAPITAL EXPENDITURE SUMMARY (US\$ million)				
Exploration & Evaluation ¹				
PNG				
Capitalised ²	34.2	44.4	36.9	126.7
Expensed ³	5.0	6.4	4.6	64.1
Total PNG	39.2	50.8	41.5	190.8
MENA				
Capitalised ²	2.2	4.1	5.5	39.4
Expensed ³	2.4	2.9	8.6	27.1
Total MENA	4.6	7.0	14.1	66.5
Total Exploration & Evaluation	43.8	57.8	55.6	257.3
Development & Production	45.6	60.2	29.4	161.8
Other Property Plant & Equipment	1.8	12.9	4.4	32.0
TOTAL CAPITAL EXPENDITURE	91.2	130.9	89.4	451.1

- 1 Includes expenditure on gas commercialisation including the PNG LNG Project FEED costs.
- 2 Capitalised exploration is net of previously capitalised well costs reclassified to expense and represents permit acquisition costs, expenditure associated with the drilling of wells that result in a successful discovery of potentially economically recoverable hydrocarbons and expenditures on exploration and appraisal wells pending economic evaluation of recoverable reserves.
- 3 Exploration expensed includes costs of unsuccessful wells except where costs continue to be capitalised, as per Note 2 above, general administration costs, geological and geophysical costs and new venture activity.
- 4 Prior period comparatives updated for subsequent changes.

PRODUCTION

	Quarter End			Full Year
	Mar 2009	Dec 2008	Mar 2008	Dec 2008
Oil Production ('000 bbls)				
Kutubu	780	971	689	3,258
Moran Unit	653	728	851	3,184
SE Mananda	70	74	110	378
Gobe Main	15	16	17	72
SE Gobe	115	104	137	489
Total PNG ('000 bbls)	1,633	1,893	1,804	7,382
Nabrajah, Yemen	-	-	113	148
Area A, Egypt	-	-	11	15
East Ras Qattara, Egypt	-	-	26	32
Total oil ('000 bbls)	1,633	1,893	1,954	7,576
Hides gas production (mmscf)	1,404	1,330	1,295	5,236
Hides condensate ('000 bbls)	36	34	32	130
Total Production ('000 boe)	1,903	2,148	2,202	8,579

- 1 Prior period comparatives updated for subsequent changes
- 2 Numbers may not add due to rounding

Kutubu (PDL 2 – 60.0%, operator)

Although underlying performance from the Kutubu field remained strong during the first quarter of 2009, in February the Central Processing Facility (CPF) and the Agogo Processing Facility (APF) were shut down to allow repairs to the Kumul loading terminal. During the shut down, the opportunity was taken to undertake repairs, maintenance and optimisation of the production facilities, reducing the need for future production deferrals during the year. As a result of the shut down, net Oil Search production from the Kutubu field was 20% lower than in the fourth quarter of 2008 at 0.78 million barrels. Gross production rates averaged 14,435 bopd during the period, down from 17,577 bopd in the previous quarter.

Production continued to be enhanced by significant incremental production from the new Usano development wells. The fourth well in the development programme, UDT 11, was successfully brought on-line during the quarter and is producing at rates of over 2,000 bopd. At present, the four new Usano wells are contributing over 7,000 bopd to Kutubu production. A fifth Usano well, UDT 12, is planned for 2009.

In addition, a new development well, IDD 5, intersected undrained reserves in the Hedinia Digimu reservoir and was brought on-line during the quarter. Rates of up to 500 bopd were tested from the lower reservoir interval. Testing of the upper reservoir interval is due to commence shortly, where improved reservoir quality is expected to result in higher production rates. A further Kutubu well, IDT 24, was spudded during the quarter. The well is currently drilling an extended horizontal section through the Toro reservoir.

The work-over programme utilising the Hydraulic Workover Unit (HWU) continued during the quarter. Two workovers in the Agogo field, ADD 2 and ADD 3, were successfully completed and both have established production from the Hedinia reservoir for the first time in the Kutubu field area. The new completions also allow production from overlying reservoirs to be further optimised. During the quarter, the HWU was mobilised to the Moran field.

Moran Unit (49.5%, based on PDL 2 - 60%, PDL 5 – 40.7% and PDL 6 – 72.5%, operator)

Oil Search's share of 2009 first quarter production from Moran was 0.65 million barrels, which was 10% lower than in the fourth quarter of 2008, with the decline primarily due to the impact of the APF/CPF shut down. The field produced at a gross average rate of 14,671 bopd compared to 15,975 bopd in the fourth quarter of 2008.

During the quarter, Rig 103 was mobilised to Moran to commence operations on the Moran 14A ST1 well. Well re-entry commenced in late March. The well is targeting undrained oil reserves in the north west part of the field. Planning is also underway for up to two additional infill wells in Moran this year, one in the forelimb of the A Block and one in a downdip location of the J Block, between Moran 10 ST1 and Moran 9 ST4.

During the quarter, the HWU was mobilised to the Moran field for a two well workover programme. The first workover, Moran 9 ST4, was completed ahead of schedule and the well has now recommenced production, having successfully reinstated selectivity to the Toro and Digimu reservoirs. The second workover, Moran 6 ST2, is underway with the objective of removing a stuck valve from the tubing and reinstating selectivity to both the Toro and Digimu reservoirs.

A number of production optimisation activities are being planned or are in progress in 2009. These include:

- The optimisation of gas injection to key areas of the Moran field
- Maximising delivery of Agogo gas to Moran
- Converting the Moran 11 ST1 well from a production to an injection well
- Testing of the Toro reservoir potential in the Moran 10 ST1 well.

Gobe (PDL 3 - 36.4% and PDL 4 - 10%, operator)

Oil Search's share of production from the Gobe fields in the first quarter of 2009 was 0.13 million barrels, up 9% on fourth quarter levels. The gross average production rate for Gobe Main was 6% lower than the fourth quarter at 1,642 bopd. However, this was offset by an 11% improvement at SE Gobe, which produced at an average daily rate of 4,994 bopd.

Gobe Main field production rates remained close to expectation through the quarter, primarily due to sustained production from GM 1 ST2, GM 5 ST3 and GM 2 ST1.

Production at SE Gobe was significantly stronger than the preceding quarter, due to contributions from SEG 12, which came back on line at the end of the last quarter following the successful resolution of tubing restriction issues, and an improved performance from SEG 6 ST1. This more than compensated for reduced production due to a lack of gas lift availability during a scheduled LP engine change-out and HP compressor overhaul, both of which have now been completed.

SE Mananda (PDL 2 – 72.3%, operator)

Oil Search's share of first quarter production from the SE Mananda field was 0.07 million barrels, 6% below fourth quarter production levels. Gross average daily production rates from the field were 1,072 bopd, compared to 1,121 bopd in the fourth quarter.

SE Mananda production volumes were reduced during the quarter as a result of the APF/CPF shut down.

Hides Gas to Electricity Project (PDL 1 - 100%)

2009 first quarter production of sales gas for the Hides Gas to Electricity Project was 1.40 billion cubic feet, produced at an average daily production rate of 15.6 million cubic feet per day compared to 14.4 million cubic feet per day in the fourth quarter of 2008. 36,000 barrels of condensate was produced for use within the Hides facility and for local sales.

GAS COMMERCIALISATION

PNG LNG Project

PNG LNG Project activities during the first quarter of 2009 included the following:

- **Technical.** An Invitation to Tender package for the offshore pipeline and the major upstream facilities and the Project design basis for upstream project components was issued to a range of potential suppliers. In addition, technical proposals for line pipe supply were received. In preparation for the decision to commence early works, which include the construction of new roads and repairs to existing roads in the Hides area and building of camps, the evaluation of early works bids was completed. Towards the end of the quarter, offshore geotechnical surveys at the LNG plant site commenced.
- **Marketing and Shipping.** Heads of Agreement (HOA) negotiations continued with a number of selected customers in the Asia Pacific region during the quarter. Shortly after the end of the quarter, the PNG LNG Project reaching agreement on key terms for a Heads of Agreement with a major Asian customer for the sale of two mmtpa of LNG. The agreement is awaiting final Government approval. Significant progress was made with other customers and it is expected that additional HOAs will be secured in the near term. The pre-qualification of shipowner/operators and shipyards was completed and Shipping Invitation to Tender documents were finalised, which are expected to be issued to ship owner/operators and shipyards in April.
- **Financing.** During the quarter, a number of Export Credit Agencies (ECAs) and ratings agencies conducted due diligence on the PNG LNG Project. This process included a three day review and visit to key Project sites in PNG. A financing term sheet was issued to the ECAs for review and negotiations are advancing well.
- **Environmental and Government.** The Project's Environmental Impact Statement was finalised and was submitted to Government in late January. Shortly after the end of the quarter, the Fiscal Stability Agreement, which is part of the overall fiscal package for the Project, was executed.
- **Benefits Sharing Agreement and Community Affairs.** Awareness sessions in a number of local villages continued during the quarter and discussions were held with Local Business Development companies on early works contracting. In addition, the Government made significant progress on policy decisions relating to the Benefits Sharing Agreement and a Development Forum is scheduled for the second quarter.

Other Gas Initiatives

Oil Search continued to work with the PNG Government and other oil and gas companies on gas growth planning beyond the PNG LNG Project.

As part of Oil Search's gas positioning strategy, in January the Company announced the following transactions:

- A farm-down to NOEX of interests of between 10% and 20% in four exploration licences (PPLs 219, 234, 239 and 244).
- The acquisition from Gedd (PNG) Ltd of Gedd's 10% interest in PRL 10 (containing the Uramu gas field) and in PPL 240 (the licence that surrounds the Kimu gas field)

In early 2009, Oil Search also entered into an agreement with Eaglewood Energy Inc., which is listed on the Toronto Stock Exchange, to farm-in to PPL 260, located in the Papuan Basin Fold Belt

Under the terms of the farm-in, Oil Search will earn a 10% interest in PPL 260 by completing a seismic programme on the licence. It also has an option to earn an additional 60% interest by paying 90% of the cost of drilling an exploration well. Preparations for the seismic programme have begun.

PPL 260 is adjacent to the principal PNG LNG gas fields and contains a series of large undrilled structures with multi-tcf gas potential.

EXPLORATION ACTIVITY

PNG

During the quarter, a seismic base camp was constructed to support a 55 kilometre 2D seismic survey in PPL 260. Line cutting has commenced and seismic acquisition is programmed to continue into the second quarter. Interpretation of regional seismic data acquired in PDL 2, PPL 219 and PPL 233 continued during the period. The integration of this data with existing information will be utilised to high grade candidates for 2010 drilling.

In addition, plans for offshore seismic acquisition in the Gulf of Papua were finalised. 779 kilometres of 2D seismic data will be acquired in PPL 234 to mature several leads. The survey will be acquired by CGG-Veritas in the second quarter of 2009.

Yemen

During the quarter, processing of 800 square kilometres of 3D seismic data over Blocks 3 and 7 was completed. Detailed interpretation has defined a number of leads and prospects. The first drilling candidate for the 2009 campaign has been identified and well planning was underway at the end of the quarter. The first well will be in Block 3 (OSH 37%, Operator) and drilling will commence around mid-year.

Iraq

During the quarter, the drilling of the Shakal 1 exploration well continued to be delayed due to rig repairs. Drilling recommenced in late February and at the end of the quarter the well was drilling ahead. The Kurdistan Regional Government has requested tight hole (confidential) status for all activities within the Shakal EPSA. In the event of any material developments, Oil Search will provide further information to the market, in line with ASX reporting requirements. Oil Search holds a 15% interest in the licence.

Evaluation of the Bina Bawi permit during the quarter suggests that it is not material to Oil Search and, having met all obligations, Oil Search has commenced the process of withdrawing from the licence.

Libya

Preparations continued for the drilling of the Caliph-1 exploration well in the Libyan Area 18 EPSA. The Songa Saturn drillship arrived in Libya in September and is currently completing drilling for another operator. The estimated spud date for Caliph is now mid-late May.

The Caliph prospect is considered to be a high reward, high risk feature with potential reserves in excess of 1 billion barrels of oil equivalent and will be drilled by the operator, Petrobras. Oil Search holds a 30% interest in the licence.

Tunisia

Work continued on the Tajerouine exploration permit (OSH 100%, Operator) and the adjacent Le Kef exploration permit (OSH 25%, Primoil Operator) during the quarter. The reprocessing of all available seismic data and the integration of the results of geological fieldwork carried out in late 2008 was completed. A number of features have been high-graded for seismic acquisition, planned for the third quarter of 2009. During the quarter farm-out efforts were initiated on both blocks, where Oil Search has high equities.

Drilling of one well in each permit is likely to commence in late 2010.

DRILLING CALENDAR FOR 2009

Subject to Joint Venture approvals, the indicative 2009 exploration and development programme is as follows:

Well	Well type	Licence	OSH interest	Timing
PNG				
Moran 14A	Development	Moran Unit	49.5%	Drilling ahead
IDT 24	Development	PDL 2	60.0%	Drilling ahead
UDT 12	Development	PDL 2	60.0%	2Q 09
Moran MD	Development	Moran Unit	49.5%	2/3Q 09
Moran MB	Development	Moran Unit	49.5%	3Q 09
Wasuma	Exploration	PPL 219	91.25%	4Q 09

Iraq				
Shakal 1	Exploration	Shakal PSC	15.0%	Drilling ahead

Libya				
Caliph-1	Exploration	Area 18	30.0%	2Q 09

Yemen				
Well 1	Exploration	Block 3	60.0%	2/3Q 09
Well 1	Exploration	Block 7	34.0%	4Q 09

Note: Wells and timing subject to change

For further information or questions regarding this report, please contact:

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or

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