



OIL SEARCH LIMITED

(Incorporated in Papua New Guinea)
ARBN – 055 079 868

25 August 2009

Mr Vincent Ivosa, Market Controller
PORT MORESBY STOCK EXCHANGE LIMITED
P.O. Box 1531
Level 4, Defence Haus
Port Moresby
National Capital District
PAPUA NEW GUINEA

Dear Mr Ivosa,

Oil Search Limited Signs Seismic Option Agreement in Kurdistan

Attached please find announcement regarding Oil Search Limited signing Seismic Option Agreement in Kurdistan, released to the Australian Securities Exchange (ASX) today.

Please release to the market.

Yours sincerely
OIL SEARCH LIMITED

STEPHEN GARDINER
Group Secretary

Encl.

A U S T R A L I A N R E G I S T E R E D O F F I C E

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OIL SEARCH SIGNS SEISMIC OPTION AGREEMENT IN KURDISTAN 25 August 2009

Oil Search Limited is pleased to announce that it has signed a Seismic Option Agreement with the Kurdistan Regional Government (KRG), over Block K42 in Iraq.

The K42 Block, which covers 511 square kilometres, lies in the south-eastern fairway of the Zagros Fold Belt of Kurdistan, adjacent to the Pulkhana discovery and the Kor Mor gas condensate field, which is currently under development. The K42 Block has not previously been drilled, but is thought likely to contain the highly productive Cretaceous and Tertiary intervals present in the region and therefore has the potential to contain material reserves.

Under the agreement, Oil Search will acquire 200 kilometres of 2D seismic. These seismic acquisition activities, which Oil Search will operate and fund 100%, are expected to commence within the next six months.

Oil Search then has an option to sign a full Production Sharing Contract (PSC) on agreed terms, should the results of the seismic data be encouraging and if other conditions precedent are met. Should the Company elect to enter a PSC, its working interest will be 60%, paying approximately 75% of the Minimum Work Programme costs (one well).

Oil Search's Managing Director, Peter Botten, commented:

"This seismic option agreement in Block K42 provides Oil Search with an opportunity to expand its presence in a highly prolific fairway. It is in line with Oil Search's strategy to focus on licences that have material hydrocarbon potential, as Block K42 has an excellent address in a world class hydrocarbon province. Several companies have announced large new discoveries in this highly prospective region and oil exports have recently commenced from the Tawke and Taq Taq fields.

The option allows the Company to reduce subsurface risk prior to taking on drilling commitments. Knowledge gained from our past non-operated ventures in the region will be applied to Oil Search's first operated venture in Kurdistan.

Oil Search is extremely pleased to be operating in Kurdistan and is looking forward to bringing both its PNG Fold Belt expertise and community affairs skills to the K42 venture."

Peter Botten, CBE
Managing Director
OIL SEARCH LIMITED

AUSTRALIAN REGISTERED OFFICE

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LOCATION MAP FOR BLOCK K42, KURDISTAN, IRAQ

