



OIL SEARCH LIMITED

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

**PNG LNG PROJECT ANNOUNCES LNG PLANT EPC COMPEITION
16 October 2008**

Please see the announcement attached from the PNG LNG Project operator, ExxonMobil, regarding the commencement of a competitive bid process for Engineering, Procurement and Construction (EPC) for the LNG Plant and associated facilities.

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Media Release

16 October 2008

PNG LNG Project LNG Plant - EPC Competition Begins

PORT MORESBY – Esso Highlands Limited, an Exxon Mobil Corporation subsidiary, (ExxonMobil) as Operator of the PNG LNG Project, today announced that the Project has commenced a competitive bid process for Engineering, Procurement and Construction (EPC) for the LNG Plant and associated facilities.

The Plant will be constructed approximately 20 kilometres north-west of Port Moresby on the Gulf of Papua.

The PNG LNG Project is an integrated development which includes upstream (gas processing facilities and pipelines) and downstream (LNG plant facilities) components. The Project entered FEED in May 2008. The scope of the Downstream EPC contract will include the facilities for inlet processing, treating, liquefaction, storage, and loading of 6.3 million tonnes per annum of LNG. The two participants in the Downstream EPC competition process are Bechtel of Houston, Texas and Chiyoda of Yokohama, Japan.

The Project expects to formally award this EPC contract by late 2009. The successful bidders are expected to commence construction in 2010

“ExxonMobil is pleased to have the first phase of the LNG Plant FEED completed and we look forward to a successful tendering process leading to the Downstream EPC contract,” said Mr. Peter Graham, Venture Manager, ExxonMobil Development Company.

A joint venture of KBR and WorleyParsons, ‘Eos’, is undertaking the upstream FEED studies. EPC contracts for this work scope are also expected to be awarded by late 2009.

Current participating interests are; ExxonMobil (Esso Highlands Limited as Operator) 41.5%, Oil Search 34.0%, Santos 17.7%, AGL 3.6%, Nippon Oil 1.8%, MRDC 1.2%, Eda Oil 0.2%. (Interests will change when the PNG State nominees join as equity participants at a later date).

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