



OIL SEARCH LIMITED

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

PNG LNG PROJECT CLEARS FINAL CONDITIONS TO PROCEED 15 March 2010

Please see the attached release from ExxonMobil, the Operator of the PNG LNG Project, announcing that following the completion of the final Sales and Purchase Agreement with CPC Corporation and Financial Close, full Project execution is now proceeding.

Peter Botten, Oil Search's Managing Director said:

"Finalising all sales and purchase agreements with LNG buyers and completing the financing arrangements with lenders are major milestones for the Project.

A total of US\$14 billion of debt funding has been secured for the Project, with commitments from key export credit agencies, commercial banks and lending from co-venturers. Securing this financing during one of the most difficult financial markets seen in modern history was a major achievement.

At first drawdown, Oil Search will also receive approximately US\$300 million from the lenders, to reimburse 70% of eligible Project costs already incurred by the Company. "

**Peter Botten, CBE
Managing Director
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FOR IMMEDIATE RELEASE
MARCH 12, 2010

Papua New Guinea LNG Project Clears Final Conditions to Proceed
Completes Sales Agreements and Financing Arrangements

IRVING, Texas (March 12, 2010) - [Exxon Mobil Corporation](#) today announced that sales and purchase agreements with liquefied natural gas (LNG) buyers and financing arrangements with lenders are now complete and its affiliate, Esso Highlands Limited, is proceeding with full execution of the Papua New Guinea (PNG) LNG project.

The integrated development includes gas production and processing facilities in the Southern Highlands and Western Provinces of Papua New Guinea; liquefaction and storage facilities with capacity of 6.6 million tons per year, located northwest of Port Moresby on the Gulf of Papua; and over 450 miles (700 kilometers) of pipelines connecting the facilities.

Participating interests include affiliates of ExxonMobil including Esso Highlands Limited as operator (33.2 percent), Oil Search Limited (29.0 percent), Independent Public Business Corporation (PNG government, 16.6 percent), Santos Limited (13.5 percent), Nippon Oil Exploration (4.7 percent), Mineral Resources Development Company (PNG landowners, 2.8 percent) and Petromin PNG Holdings Limited (0.2 percent).

The investment for the initial phase of the project, excluding shipping costs, is estimated at US \$15 billion. Over its 30-year life, PNG LNG is expected to produce over 9 trillion cubic feet of gas. First LNG deliveries are scheduled to begin in 2014, following a construction period of about four years.

Neil Duffin, president of ExxonMobil Development Company, said, "The project will be developed in compliance with the highest standards for health, safety, environmental and social safeguards and will maximize the value of the resource, supporting the PNG government's objective to strengthen its economy and infrastructure base for the benefit of its people. The comprehensive national content plan focuses on development of the local workforce, expansion of supplier capability, and strategic community investment."

Funding for the PNG LNG project will come from the co-venturers and through market-rate loans arranged with export credit agencies and commercial sources. "The project team successfully negotiated this complex transaction for the project in a very difficult financial market. We believe our record of developing and operating world-class assets was a key component of this successful financing," Duffin added.

In May 2009, the Independent State of Papua New Guinea, representatives of project area landowners, and four provincial and 10 local-level governments approved the PNG LNG Umbrella Benefits Sharing Agreement, confirming support from landowners and all levels of PNG government. The overarching agreement outlines the sharing of revenue streams from royalties, development taxes and equity dividends totaling between US \$5.6-7.5 billion (15-20 billion PNG kina) over the project life.

The government of Papua New Guinea, through its Department of Environment and Conservation, approved the project's environmental impact statement that reviewed factors such as community needs, sensitive environmental habitats, and biodiversity.

The project will supply four major LNG customers in the Asia region through long-term sales, including: CPC Corporation, Taiwan; Osaka Gas Company Limited; The Tokyo Electric Power Company, Inc.; and Unipac Asia Company Limited, a subsidiary of China Petroleum and Chemical Corporation (Sinopec).

The PNG LNG project is a key part of ExxonMobil's strategy to capture opportunities in the growing natural gas markets around the world.

ExxonMobil expects that the demand for natural gas in Asia Pacific will more than double by 2030 and will rely on LNG imports that will satisfy more than one-third of the region's demand within this timeframe. Natural gas can help meet the growing need for electricity and it has fewer carbon dioxide emissions than other fuel sources.

CAUTIONARY STATEMENT: Estimates, expectations, and business plans in this release are forward-looking statements. Actual future results, including production rates and sales volumes, demand growth, project plans, schedules, revenues, and costs, and commercial arrangements could differ materially due to changes in long-term oil and gas price levels or other market conditions affecting the oil and gas industry; political or regulatory developments; reservoir performance; timely completion of development projects; technical or operating factors; the outcome of commercial negotiations; and other factors discussed under the heading "Risk Factors" included in Item 1A of ExxonMobil's most recent Form 10-K and posted on our website (www.exxonmobil.com). References in this release to quantities of gas include amounts that may not yet be classified as proved reserves but that we believe will ultimately be produced.

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