Alaska Winter Field Season update

22 January 2020

SYDNEY (ASX: OSH | ADR: OISHY | PNGX: OSH)

Oil Search is pleased to advise that the two well/two rig exploration drilling programme and road construction to support the Pikka Unit Development is progressing well and is currently ahead of schedule.

The Mitquq 1 exploration well, located nine kilometres east of the proposed central processing facility for the Pikka Unit Nanushuk Development, commenced drilling on 25 December 2019 (AKST). The well is currently at a depth of 2,099 metres (6,885 feet) and is preparing to set intermediate casing before drilling ahead to the Alpine C reservoir objective. The well has penetrated the primary objective, a Nanushuk reservoir interval (separate from the Pikka Development Nanushuk reservoir), as predicted. Based on preliminary evaluation of wireline logs with pressure and fluid sample data, the well intersected 60 metres (197 feet) of net hydrocarbon pay, comprised of five metres (17 feet) of net gas pay and 55 metres (180 feet) of net oil pay. No oil-water contact was encountered within the Nanushuk interval.

On completion of drilling to the Alpine C reservoir target, the well will be sidetracked to re-penetrate and core the Nanushuk reservoir. A flow test will then be conducted to assess deliverability and to provide a more accurate estimate of net pay thickness and commercial viability, with results of the test expected to be known in late March/early April.

The construction of the Stirrup ice road and well pad have been completed, the rig is on site and the Stirrup exploration well is expected to spud shortly. Stirrup 1 is targeting a Nanushuk formation prospect southwest of the Pikka development area, with well results expected in early April. If successful, this well would also be flow tested, if time allows.

Gravel laying operations have commenced in support of the early civil works programme for the Pikka project. Excellent progress is being made, with the objective of building the road to the Pikka ND-B well pad so that development drilling may commence in 2021.

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

"*Due to detailed planning, we were able to take advantage of early cold weather and commenced drilling the Mitquq 1 well ahead of schedule. Early interpretation of the data collected to date indicates hydrocarbon-saturated, porous sands within the Nanushuk formation. The forward plan is to drill deeper to evaluate a secondary reservoir and then side-track the well to appraise the Nanushuk discovery with core and a flow test, which will help establish deliverability. The early results from the Mitquq 1 well are encouraging, but we still require further information and validation, which will be gathered over the next few months.*

The objective of both Mitquq 1 and Stirrup 1 is to discover sufficient hydrocarbons to tie back to the Pikka development or to support new stand-alone oil developments.

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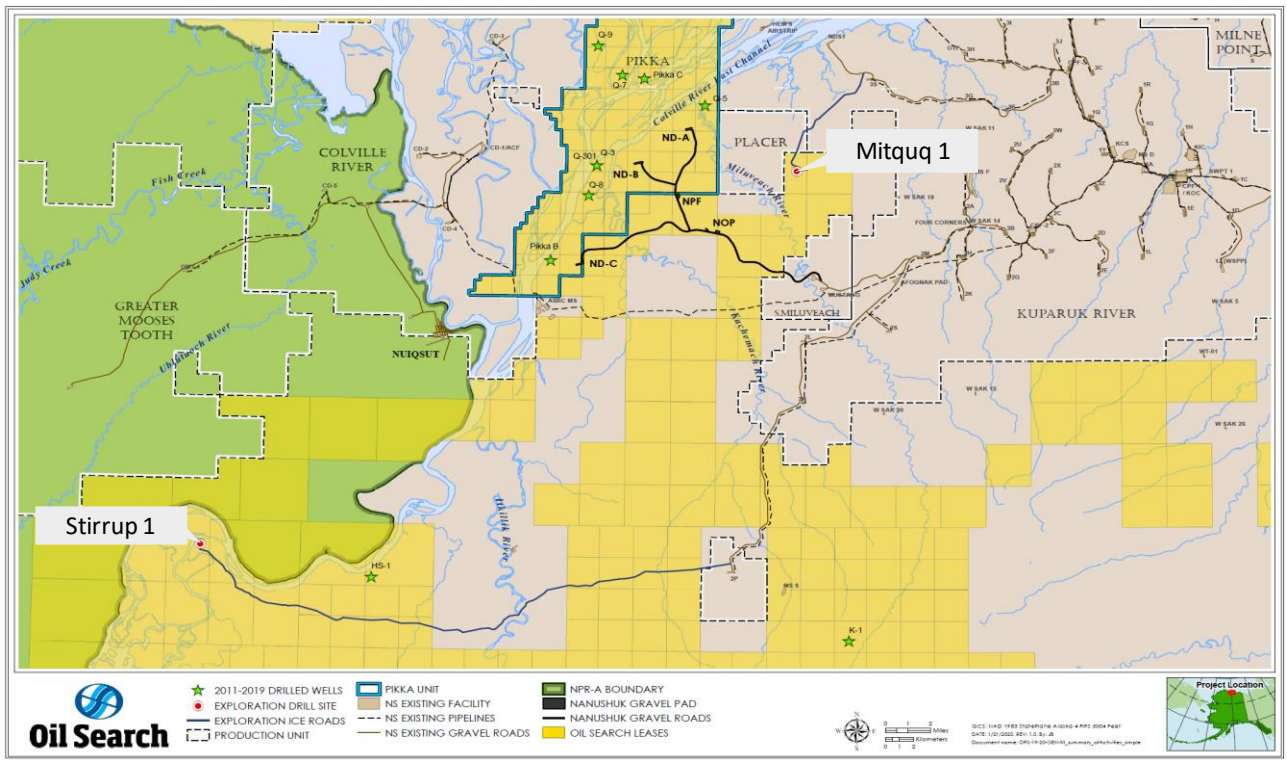
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Additionally, we are pleased to have initiated laying gravel for the roads and well pads required to support early development and production operations at the Pikka Unit Development. This is an important milestone, as it represents our transition to development activities in anticipation of first oil in late 2022."



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This ASX announcement was authorised for release by Oil Search Managing Director, Peter Botten.