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Appraisal well confirms significant resource upgrade for the Barossa gas field in the Bonaparte Basin

Santos today announced that the Barossa-3 appraisal well has confirmed significant upside to the resource position for the Barossa gas field in NT/RL5, located in the Bonaparte Basin offshore Northern Territory.

The Barossa-3 well is located approximately 300 kilometres north of Darwin, 9 kilometres from the discovery well Barossa-1ST1 and 14 kilometres from the successful Barossa-2 appraisal well drilled in mid-2014. The water depth at location is 268 metres.

The well intersected a gross gas bearing interval of 152 metres. Wireline logging has confirmed 104 metres of net pay over the Jurassic-aged Elang Formation sands between 4,032 and 4,184 metres measured depth relative to the rotary table (MDRT).

Barossa-3 flow tested gas to surface at a rate of 27 million standard cubic feet per day (MMscf/day) through a 68/64 inch choke with a flowing well head pressure of 1,304 psi. The test was conducted over a 139 metre interval between 4,031 and 4,170 metres MDRT, with three zones open to flow totalling 113 metres. Well test flow rates were constrained by the downhole production tubing size.

A condensate gas ratio in the range of 4-5 bbls/MMscf was measured at surface, with gas composition analysis indicating a carbon dioxide content of 18-19%.

Santos' General Manager for WA & NT, Brett Woods, described Barossa-3 as a significant result for the company, exceeding pre-drill resource estimates for the previously undrilled north-western sector of the Barossa structure.

"It is an exciting outcome which demonstrates the presence of high permeability sands over an extensive area of the field," he said.

"The Barossa-3 result strengthens our resource position in the Bonaparte Basin and ensures the Barossa gas field is well positioned to potentially supply gas for either back-fill or expansion at Darwin LNG."

Barossa-3 is the second well in a three-well campaign, with Barossa-2 intersecting 88 metres of net pay across a 217 metre gross interval in mid-2014. Barossa-3 will be immediately followed by the Barossa-4 appraisal well, which is anticipated to commence drilling in mid-January 2015. The Barossa appraisal drilling campaign is being funded by joint venture partner, SK E&S, up to a US\$260 million cap.

Santos holds a 25% interest in Barossa Caldita joint venture, with partners ConocoPhillips (37.5%, Operator) and SK E&S (37.5%).

Map attached.

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