

# Fourth Quarter Activities Report

For period ending 31 December 2019

ASX: STO | ADR: SSLZY

# Santos

22 January 2020

## Record annual production, sales volumes and sales revenue

- Annual production of 75.5 mmboe was a record for Santos and 28% above the prior year
- Record annual sales revenue of over \$4 billion, up 10%, generated from sales volumes of 94.5 mmboe
- Fourth quarter production of 18.7 mmboe was 5% lower than the prior quarter primarily due to domestic gas customer outages in Western Australia

## Disciplined operating model driving stronger onshore performance

- Cooper Basin annual production increased for the second consecutive year, driven by strong operating performance and a record 115 wells drilled
- Higher GLNG sales driven by stronger upstream equity gas production and a record 393 wells drilled. GLNG ~6.2 mtpa sales run-rate now expected from 2020

## Record free cash flow and lower production costs

- Record free cash flow of over \$1.1 billion in 2019
- Production costs of ~\$7.25/boe were 10% lower than the prior year and at the bottom end of guidance

## Acquisition of ConocoPhillips' business in northern Australia and Timor-Leste

- Value accretive acquisition of ConocoPhillips' operating interests in Darwin LNG, Bayu-Undan, Barossa and Poseidon announced in October for \$1.39 billion plus a \$75 million contingent payment subject to FID on Barossa
- Fully-funded from existing cash resources and new committed debt
- Completion expected in the first quarter of 2020, subject to third-party consents and regulatory approvals

Santos Managing Director and Chief Executive Officer Kevin Gallagher said Santos delivered record annual production and revenues in 2019, and lower unit production costs, clearly demonstrating the effectiveness of our disciplined, cash generative operating model.

"The year was highlighted by highest ever free cash flow of more than \$1.1 billion, record onshore drilling performance, lower unit production costs and significant progress on our diversified portfolio of growth projects."

"The acquisition of ConocoPhillips' natural gas assets in northern Australia and Timor-Leste announced in October is fully aligned with our growth strategy to build on existing infrastructure positions and delivers operatorship and control of strategic LNG infrastructure at Darwin."

"Also in the Northern Territory, better than expected gas flow rates from the ongoing Tanumbirini-1 vertical well test are very encouraging and an important step in Santos' appraisal of the significant resource potential of the McArthur Basin."

"Natural gas is forecast to supply a quarter of the world's total energy demand by 2040 and Santos, with its portfolio of long-life natural gas assets, is well positioned to benefit as we seek to deliver 120 mmboe of production by 2025."

"We are also investing in projects to lower emissions and assessing the significant potential for carbon capture and storage in the Cooper Basin," Mr Gallagher said.

## Comparative performance

Santos share	Unit	Q4 2019	Q3 2019	Change	2019	2018	Change
Production	mmboe	18.7	19.8	-5%	75.5	58.9	28%
Sales volume	mmboe	24.1	25.2	-4%	94.5	78.3	21%
Ave. realised oil price	\$/bbl	73.49	70.22	5%	71.99	75.05	-4%
Sales revenue	\$million	1,029	1,030	-1%	4,033	3,660	10%
Capital expenditure <sup>1</sup>	\$million	301	267	13%	1,016	759	34%

<sup>1</sup> Capital expenditure including restoration expenditure and acquisition of exploration assets but excluding capitalised interest.

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## Sales volumes (Santos share)

Product	Unit	Q4 2019	Q3 2019 <sup>1</sup>	Q4 2018	2019	2018
LNG	000 t	736.5	731.9	779.3	2,951.0	2,791.1
Domestic sales gas & ethane	PJ	65.1	77.5	53.4	272.4	211.9
Crude oil	000 bbls	3,755.4	3,553.3	2,493.9	12,872.6	10,088.4
Condensate	000 bbls	1,801.2	1,127.2	1,226.7	5,488.8	4,179.6
LPG	000 t	49.4	37.8	51.6	182.0	158.2
Sales						
Own product <sup>1</sup>	mboe	18.6	19.6	16.1	73.5	57.7
Third-party <sup>1</sup>	mboe	5.5	5.6	4.6	21.0	20.6
<b>Total sales volume</b>	<b>mboe</b>	<b>24.1</b>	<b>25.2</b>	<b>20.7</b>	<b>94.5</b>	<b>78.3</b>

<sup>1</sup> Q3 2019 own product and third-party sales volumes have been restated from that previously reported. There is no change to total sales volumes.

Fourth quarter sales volumes were lower than the prior quarter primarily due to seasonally lower domestic gas customer nominations from the Cooper Basin and gas customer outages in Western Australia.

## Sales revenues (Santos share)

Product	Unit	Q4 2019	Q3 2019 <sup>1</sup>	Q4 2018	2019	2018
LNG	\$m	351	387	449	1,514	1,453
Domestic sales gas & ethane	\$m	270	314	304	1,172	1,065
Crude oil	\$m	276	250	172	927	757
Condensate	\$m	109	64	85	335	300
LPG	\$m	23	15	25	85	85
Sales						
Own product <sup>1</sup>	\$m	735	777	809	3,011	2,663
Third-party <sup>1</sup>	\$m	294	253	226	1,022	997
<b>Total sales revenue</b>	<b>\$m</b>	<b>1,029</b>	<b>1,030</b>	<b>1,035</b>	<b>4,033</b>	<b>3,660</b>
Third-party purchase costs	\$m	264	218	231	885	847

<sup>1</sup> Q3 2019 own product and third-party sales revenues have been restated from that previously reported. There is no change to total sales revenues.

Fourth quarter sales revenues were in-line with the prior quarter as lower average LNG prices and lower sales gas volumes were offset by higher average oil prices and the favourable timing of condensate liftings.

## Average realised prices

Product	Unit	Q4 2019	Q3 2019	Q4 2018	2019	2018
LNG price	US\$/mmBtu	9.07	10.04	10.96	9.77	9.91
Domestic gas price	US\$/GJ	4.14	4.07	5.70	4.30	5.03
Crude oil price	US\$/bbl	73.49	70.22	68.81	71.99	75.05
Condensate price	US\$/bbl	60.72	57.27	69.11	61.09	71.87
LPG price	US\$/t	457.80	386.92	488.12	464.54	537.61

The average realised LNG price was lower than the prior quarter reflecting the linkage of sales contracts to a lagged Japan Customs-cleared Crude (JCC) price.

The average realised oil price in the quarter was significantly higher than the average Dated Brent due to Santos' high-quality crudes in Western Australia and the Cooper Basin commanding strong premiums.

## Production by asset (Santos share)

Asset	Unit	Q4 2019	Q3 2019	Q4 2018	2019	2018
Western Australia	mmboe	7.4	8.6	4.4	30.9	12.5
Cooper Basin	mmboe	4.1	4.0	4.0	15.8	15.5
Queensland & NSW	mmboe	3.4	3.3	3.2	13.0	12.2
PNG	mmboe	3.3	3.1	3.3	12.8	11.2
Nthn Australia & Timor-Leste	mmboe	0.7	0.8	1.0	3.1	3.7
Asia <sup>1</sup>	mmboe	-	-	-	-	3.8
<b>Total production</b>	<b>mmboe</b>	<b>18.7</b>	<b>19.8</b>	<b>15.9</b>	<b>75.5</b>	<b>58.9</b>

<sup>1</sup> Asian assets sold effective September 2018.

## Production by product (Santos share)

Product	Unit	Q4 2019	Q3 2019	Q4 2018	2019	2018
Sales gas to LNG plant	PJ	32.7	32.3	31.7	129.6	116.7
Domestic sales gas & ethane	PJ	58.2	64.0	46.5	233.7	167.1
Crude oil	000 bbls	1,760.6	1,857.2	1,222.0	7,736.3	5,870.2
Condensate	000 bbls	1,061.0	1,069.1	929.4	4,263.2	3,208.5
LPG	000 t	40.1	39.0	39.0	151.0	145.7
<b>Total production</b>	<b>mmboe</b>	<b>18.7</b>	<b>19.8</b>	<b>15.9</b>	<b>75.5</b>	<b>58.9</b>

Fourth quarter production was lower than the prior quarter primarily due to lower domestic gas production volumes in Western Australia due to customer outages.

## 2019 Guidance

2019 production and sales volumes were towards the upper end of guidance, while upstream production costs were at the lower end of guidance. All guidance is shown in the table below.

2019 guidance item	Previous guidance	Updated guidance
Sales volumes	93-95 mmboe	94.5 mmboe
Production	74-76 mmboe	75.5 mmboe
Upstream production costs <sup>1</sup>	\$7.25-7.50/boe	~\$7.25/boe
Capital expenditure (excluding capitalised interest)	~\$1,000 million	\$1,016 million
DD&A	N/A	~\$1,000 million

<sup>1</sup> Production cost guidance includes all planned shutdown activity and PNG LNG earthquake recovery costs.

Further detail of 2019 full-year capital expenditure, including exploration and evaluation expenditure, is reported in the table on page 10 of this report.

Guidance on 2019 financial outcomes above is preliminary and subject to finalisation of the company's accounting and audit processes, and Board review. As such, actual results for the year ended 31 December 2019 may differ from the guidance given in this update.

Santos will announce its results for the year ended 31 December 2019 on 20 February 2020. The full-year report (incorporating Appendix 4E) and associated investor briefing presentation will be available on Santos' website at [www.santos.com](http://www.santos.com). A live webcast briefing, including analyst/investor questions, will be available on Santos' website from 11:00am AEDT on 20 February 2020.

## 2020 Guidance

All 2020 guidance provided at the company's Investor Day in December is maintained and shown in the table below.

2020 guidance item	Base business (excl COP acquisition) <sup>1</sup>	COP acquisition (after expected 25% sell-down) <sup>2</sup>	Total
Production	73-80 mmboe	6-7 mmboe	79-87 mmboe
Sales volumes	93-100 mmboe	6-7 mmboe	99-107 mmboe
Capex – Base			~\$950 million
Capex – Major growth <sup>3</sup>			~\$500 million
Unit production costs	To be provided at 2019 full-year results on 20 February 2020		

<sup>1</sup> Completion of the acquisition is expected in the first quarter of 2020 and is subject to third-party consents and regulatory approvals.

<sup>2</sup> Assumes completion of the ConocoPhillips acquisition and expected 25% sell-down to SK E&S both occur on 31 March 2020.

<sup>3</sup> Major growth comprises the Barossa, Dorado and PNG LNG train 3 projects. Assumes sell-down of Barossa to Santos' targeted 40-50% interest range in 2020.

## 2020 Annual General Meeting

The 2020 Annual General Meeting will be held on Friday 3 April 2020 at the Adelaide Oval commencing at 10:00am ACDT. The closing date for receipt of nominations from persons wishing to be considered for election as director is 30 January 2020.

## Western Australia

Santos share	Units	Q4 2019	Q3 2019	Q4 2018	2019	2018
<b>Sales volume</b>						
Sales gas	PJ	34.1	40.3	21.6	141.4	63.9
Condensate	000 bbls	649.9	333.6	283.7	1,449.8	801.2
Crude oil	000 bbls	1,292.5	1,564.8	682.4	4,710.0	1,232.1
<b>Total sales volume</b>	<b>mmboe</b>	<b>7.8</b>	<b>8.8</b>	<b>4.7</b>	<b>30.4</b>	<b>13.0</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>243</b>	<b>262</b>	<b>159</b>	<b>922</b>	<b>408</b>
<b>Production</b>						
Sales gas	PJ	34.9	41.3	22.2	145.0	63.1
Condensate	000 bbls	334.6	399.9	237.3	1,507.6	710.6
Crude oil	000 bbls	1,070.5	1,073.7	373.0	4,540.1	967.0
<b>Total production</b>	<b>mmboe</b>	<b>7.4</b>	<b>8.6</b>	<b>4.4</b>	<b>30.9</b>	<b>12.5</b>
Capital expenditure	\$million	64	84	65	270	94

Fourth quarter sales gas sales volumes and production were lower than the prior quarter due to customer outages.

Condensate sales volumes were higher than the prior quarter due to the favourable timing of liftings.

Santos' heavy sweet crudes in Western Australia continue to receive strong premiums to industry benchmarks, with a Pyrenees March 2020 lifting sold at a premium of over US\$30/bbl to Dated Brent.

The Ningaloo Vision FPSO (Van Gogh and associated oil fields) is expected to commence planned shipyard maintenance in April 2020. Planning is progressing for the Van Gogh infill phase 2 project with three dual lateral wells targeting undrained parts of the field. First oil is targeted for late 2021.

The successful completion of appraisal of the Dorado field has de-risked development options with the project progressing towards a FEED-entry decision in the second quarter of 2020. The preferred concept is an FPSO and wellhead platform development, incorporating an initial phase of oil and condensate development followed by a future phase of gas export.

## Cooper Basin

Santos share	Units	Q4 2019	Q3 2019 <sup>1</sup>	Q4 2018	2019	2018
<b>Sales volume</b>						
Sales gas and ethane						
Own product	PJ	14.8	17.4	16.4	63.0	63.7
Third-party	PJ	1.8	1.3	0.9	4.9	3.7
Total	PJ	16.6	18.7	17.2	67.9	67.4
Condensate <sup>1</sup>						
Own product	000 bbls	190.7	297.1	376.6	1,527.3	1,561.4
Third-party	000 bbls	407.7	91.5	30.2	616.4	240.2
Total	000 bbls	598.4	388.6	406.9	2,143.7	1,801.6
LPG <sup>1</sup>						
Own product	000 t	24.6	28.3	30.3	129.4	112.0
Third-party	000 t	18.1	6.3	13.5	28.9	26.6
Total	000 t	42.7	34.6	43.8	158.3	138.6
Crude oil <sup>1</sup>						
Own product	000 bbls	694.9	631.2	709.3	2,849.6	2,344.3
Third-party	000 bbls	1,765.7	1,354.2	1,098.1	5,300.6	4,848.7
Total	000 bbls	2,460.6	1,985.4	1,807.4	8,150.2	7,193.0
<b>Total sales volume</b>	<b>mmboe</b>	<b>6.3</b>	<b>5.8</b>	<b>5.5</b>	<b>23.2</b>	<b>21.6</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>317</b>	<b>251</b>	<b>272</b>	<b>1,102</b>	<b>1,080</b>
<b>Production</b>						
Sales gas and ethane	PJ	16.2	15.7	15.6	61.5	60.6
Condensate	000 bbls	308.7	236.7	231.5	1,012.7	933.4
LPG	000 t	35.0	33.0	32.7	127.0	125.7
Crude oil	000 bbls	687.5	781.2	845.7	3,184.7	3,175.5
<b>Total production</b>	<b>mmboe</b>	<b>4.1</b>	<b>4.0</b>	<b>4.0</b>	<b>15.8</b>	<b>15.5</b>
Capital expenditure	\$million	100	78	80	308	245

<sup>1</sup> Q3 2019 own product and third-party sales volumes for condensate, LPG and crude oil shown in italics have been restated from that previously reported. There is no change to total sales volumes for each product.

Cooper Basin production increased in the fourth quarter driven by strong operating performance and new gas wells brought online. Annual production increased for the second consecutive year.

Gas sales volumes decreased as a result of lower customer nominations while condensate sales volumes were higher than the prior quarter due to the timing of liftings.

Crude oil production was lower than the prior quarter due to the expected natural field decline from the Watkins field development.

Thirty-four wells were spudded during the fourth quarter: 17 development wells, 13 appraisal wells and 4 near-field exploration wells.

A record 115 wells were drilled in 2019 compared to 85 wells in 2018. In 2020, we expect to drill ~95 wells, including six horizontal wells.

The Moomba South project Phase 2 eight-well development program is expected to commence in Q1 2020.

Pre-FEED was completed on the Moomba Carbon Capture and Storage (CCS) project and a FEED-entry decision is targeted in 2020 on a 1.7 mtpa CCS project. The Cooper Basin is uniquely placed for CCS given Santos' long experience with gas injection combined with depleted reservoirs with proven rock seal.

## Queensland & NSW

Santos share	Units	Q4 2019	Q3 2019	Q4 2018	2019	2018
<b>Sales volume</b>						
GLNG Joint Venture						
LNG	000 t	394.0	380.1	378.1	1,562.5	1,452.2
Domestic contracts	PJ	4.9	7.5	5.5	21.7	25.5
Eastern Qld (non-GLNG) <sup>1</sup>	PJ	8.5	5.2	6.1	23.2	23.6
<b>Total sales volume<sup>2</sup></b>	<b>mmboe</b>	<b>6.0</b>	<b>5.8</b>	<b>5.5</b>	<b>22.4</b>	<b>22.0</b>
<b>Total sales revenue<sup>2</sup></b>	<b>\$million</b>	<b>239</b>	<b>267</b>	<b>282</b>	<b>1,022</b>	<b>1,004</b>
<b>Production</b>						
GLNG Joint Venture						
Sales gas to LNG	PJ	12.6	12.1	9.7	48.2	39.5
Domestic contracts	PJ	1.1	0.9	2.7	3.8	8.2
Eastern Qld (non-GLNG) <sup>1</sup>	PJ	5.9	5.8	5.8	22.6	22.6
NSW	PJ	0.1	0.3	0.2	0.8	0.8
<b>Total production<sup>2</sup></b>	<b>mmboe</b>	<b>3.4</b>	<b>3.3</b>	<b>3.2</b>	<b>13.0</b>	<b>12.2</b>
Capital expenditure	\$million	63	64	70	260	244

<sup>1</sup> Combabula, Scotia (Santos legacy domestic volumes), Spring Gully and Denison.

<sup>2</sup> Total sales volume, sales revenue and production include sales gas from NSW assets.

GLNG operational data (gross)	Units	Q4 2019	Q3 2019	Q4 2018	2019	2018
Sales gas to domestic market	PJ	20	30	24	90	101
LNG produced <sup>1</sup>	000 t	1,391	1,196	1,271	5,163	4,898
Sales gas to LNG plant						
GLNG equity gas	PJ	41.9	40.5	36.3	160.4	143.5
Santos portfolio gas	PJ	14.5	15.0	14.6	57.9	59.5
Third-party	PJ	26.3	19.1	26.7	95.3	94.4
<b>Total sales gas to LNG plant</b>	<b>PJ</b>	<b>82.7</b>	<b>74.6</b>	<b>77.5</b>	<b>313.7</b>	<b>297.4</b>
LNG cargoes shipped		22	21	20	87	80

<sup>1</sup> Includes LNG produced from GLNG equity gas, Santos portfolio gas and third-party quantities.

LNG production in the fourth quarter was the highest of 2019, supported by strong upstream production growth. The GLNG target to deliver 6 mtpa equivalent run-rate was achieved in the month of October, with an annualised sales run-rate, including volumes redirected to the domestic market, exceeding 6 mtpa annualised. Santos now expects a GLNG annualised sales run-rate of ~6.2 mtpa from 2020.

Gross GLNG-operated upstream sales gas production increased to 622 TJ/d at the end of the quarter, supported by continued steady growth from Roma and Arcadia. Gross daily production from Fairview was 397 TJ/day at the end of the quarter. Production continues to be supported by a focused program of development and well optimisation projects.

Continued steady production growth from Roma resulted in gross daily production increasing to 137 TJ/day at the end of the quarter. Production continues to build, supported by growth in both legacy and new development areas of the field. Drilling continues in the Roma East project with 327 wells drilled and 302 wells online to date.

Gross daily production from the Scotia field was 73 TJ/d at the end of the quarter. Production from the field is projected to remain stable.

Production from the Arcadia field grew to 15 TJ/d by the end of the quarter, supported by a growing contribution from the new Arcadia Valley wells. Drilling continues in the Arcadia Valley project with 126 wells drilled and 104 wells online to date.

Santos' share of production from the non-operated Combabula and Spring Gully fields was 44 TJ/day.

104 wells were drilled across the GLNG acreage in the fourth quarter. A record number of wells were drilled and connected in 2019: 393 wells were drilled (29% higher than 2018) and 431 wells were connected (44% higher than 2018). Sixty-two development wells were drilled across Santos' non-operated Eastern Queensland acreage in the quarter.

In Eastern Queensland, two appraisal wells, Warrinilla-9 (PL 451) and Wodonga-1 (ATP 868), commenced production testing.

## PNG

Santos share	Units	Q4 2019	Q3 2019	Q4 2018	2019	2018
<b>Sales volume</b>						
PNG LNG						
LNG <sup>1</sup>	000 t	286.2	287.6	314.0	1,123.6	1,001.8
Condensate	000 bbls	459.7	325.3	460.4	1,471.6	1,289.8
Crude oil	000 bbls	2.5	3.0	4.1	12.4	12.1
<b>Total sales volume</b>	<b>mboe</b>	<b>3.2</b>	<b>3.0</b>	<b>3.4</b>	<b>12.1</b>	<b>10.8</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>168</b>	<b>159</b>	<b>215</b>	<b>652</b>	<b>621</b>
<b>Production</b>						
PNG LNG						
Sales gas to LNG <sup>1</sup>	PJ	17.0	16.5	17.1	67.0	58.5
Condensate	000 bbls	331.0	327.3	363.6	1,330.9	1,250.5
Crude oil	000 bbls	2.4	2.6	3.3	11.4	12.0
<b>Total production</b>	<b>mboe</b>	<b>3.3</b>	<b>3.1</b>	<b>3.3</b>	<b>12.8</b>	<b>11.2</b>
Capital expenditure	\$million	23	8	8	51	39

<sup>1</sup> Includes SE Gobe

PNG LNG operational data (gross)	Units	Q4 2019	Q3 2019	Q4 2018	2019	2018
<b>Production</b>						
LNG	mt	2.2	2.1	2.2	8.5	7.4
Sales gas to LNG plant	PJ	127	123	129	502	439
Condensate <sup>1</sup>	000 bbls	2,444	2,429	2,664	9,840	9,243
Sales gas (SE Gobe) <sup>2</sup>	PJ	2	1	2	8	7
LNG cargoes shipped		28	27	30	111	98

<sup>1</sup> Measured at the Kutubu entry point.

<sup>2</sup> Purchased by PNG LNG.

Fourth quarter production was higher than the prior quarter primarily due to a return to strong operating performance following loading buoy issues at the Kumul Marine Terminal in the third quarter. The PNG LNG plant operated at an annualised rate of ~8.5 mtpa during the fourth quarter.

Operations for the Greater Juha 2D seismic program commenced late December. The survey, across multiple licences, includes objectives such as refinement of the Muruk field interpretation and maturation of the adjacent Karoma prospect.

Long-term pressure build-up monitoring continues at the Muruk-2 appraisal well. As previously reported, results from the drill stem test confirmed the presence of gas in the Toro A reservoir with pressure data and gas composition informing volumetric estimates and establishing a likely connection to the Muruk-1 discovery.



## Northern Australia & Timor-Leste

Santos share	Units	Q4 2019	Q3 2019	Q4 2018	2019	2018
<b>Sales volume</b>						
Darwin LNG						
LNG	000 t	56.3	64.2	87.2	264.9	337.1
Bayu Undan						
Condensate	000 bbls	93.6	95.8	76.5	426.7	283.6
LPG	000 t	6.9	3.4	8.0	24.3	19.9
<b>Total sales volume</b>	<b>mmboe</b>	<b>0.7</b>	<b>0.7</b>	<b>1.0</b>	<b>3.1</b>	<b>3.6</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>38</b>	<b>42</b>	<b>57</b>	<b>165</b>	<b>183</b>
<b>Production</b>						
Darwin LNG						
Sales gas to LNG	PJ	3.1	3.5	4.8	14.4	18.7
Bayu Undan						
Condensate	000 bbls	86.7	105.2	97.0	412.0	307.1
LPG	000 t	5.2	6.0	6.3	24.1	20.0
<b>Total production</b>	<b>mmboe</b>	<b>0.7</b>	<b>0.8</b>	<b>1.0</b>	<b>3.1</b>	<b>3.7</b>
Capital expenditure	\$million	21	11	13	50	66

Darwin LNG / Bayu-Undan operational data (gross)	Units	Q4 2019	Q3 2019	Q4 2018	2019	2018
<b>Production</b>						
LNG	000 t	652	727	927	2,939	3,349
Sales gas to LNG plant	PJ	40	44	56	178	204
Condensate	000 bbls	1,236	1,492	1,230	5,909	3,577
LPG	000 t	63	76	65	298	212
LNG cargoes shipped		11	12	16	46	54

Sales and production volumes in the fourth quarter were 6% lower than the prior quarter, due to the LNG cargo lifting schedule but offset by additional liquids.

During the quarter, Santos announced the acquisition of ConocoPhillips' business in northern Australia and Timor-Leste with operating interests in Darwin LNG, Bayu-Undan, Barossa and Poseidon for \$1.39 billion plus a \$75 million contingent payment subject to FID on Barossa. Completion is expected in the first quarter of 2020, subject to third-party consents and regulatory approvals.

The Barossa project achieved several milestones in the fourth quarter and is progressing towards a final investment decision around the end of the first quarter of 2020. The FPSO contract was awarded to MODEC and is the project's largest contract, comprising engineering, procurement of materials, equipment and services, construction, installation, commissioning and testing of the facility. This follows the award of the Subsea Production System (SPS) contract earlier to Technip Oceania Pty Ltd and the gas export pipeline contract to Allseas group. Evaluation of tenders for the subsea umbilical riser and flowline (SURF) package and drilling rig are progressing well.

Santos' appraisal of the significant resource potential of the onshore McArthur Basin (Beetaloo Sub-basin) in the Northern Territory re-commenced in November with a four-stage stimulation program at the previously drilled Tanumbirini-1 vertical well. Production testing is ongoing, with test results confirming a gas discovery in the Middle Velkerri shale gas play. Gas flow rates of rates of over 1.2 mmscf/d have been recorded, exceeding initial expectations for the vertical well. Preliminary gas composition analysis indicates >90% methane, less than 5% total inert content and 3% ethane.

The results at Tanumbirini-1 provide critical data to inform the next phase of appraisal, which is expected to include the drilling and multi-stage stimulation of two horizontal wells commencing in the first half of this year.

## Corporate, exploration and eliminations

Santos share	Units	Q4 2019	Q3 2019	Q4 2018	2019	2018
<b>Total sales volume</b>	<b>mmboe</b>	<b>0.3</b>	<b>1.0</b>	<b>0.6</b>	<b>3.4</b>	<b>3.8</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>25</b>	<b>49</b>	<b>49</b>	<b>171</b>	<b>182</b>
Capital expenditure	\$million	28	24	35	75	64

Sales volumes and revenues in the corporate segment primarily represent gas trading activities.

## Capital expenditure

Total exploration, evaluation and development expenditure is summarised in the table below.

\$million	Q4 2019	Q3 2019	Q4 2018	2019	2018
<b>Capital expenditure</b>					
Exploration <sup>1</sup>	15	58	26	105	79
Evaluation	60	46	34	207	92
Development and other capex (inc restoration)	226	163	211	704	588
<b>Capital expenditure excl capitalised interest</b>	<b>301</b>	<b>267</b>	<b>271</b>	<b>1,016</b>	<b>759</b>
Capitalised interest	9	1	4	15	7
<b>Total capital expenditure<sup>1</sup></b>	<b>310</b>	<b>268</b>	<b>275</b>	<b>1,031</b>	<b>766</b>
<b>Exploration and evaluation expensed</b>					
Exploration	13	54	18	91	67
Evaluation	6	3	25	12	38
<b>Total current year expenditure</b>	<b>19</b>	<b>57</b>	<b>43</b>	<b>103</b>	<b>105</b>
Write-off of amounts capitalised in prior years	-	-	-	-	-
<b>Total expensed</b>	<b>19</b>	<b>57</b>	<b>43</b>	<b>103</b>	<b>105</b>

<sup>1</sup> Includes acquisition of exploration assets

## Oil price hedging

2.7 million barrels of oil hedging expired in the fourth quarter.

The following oil price portfolio hedging positions were in place as at 31 December 2019.

Open oil price positions	2020
Re-participating 3-Ways (barrels) <sup>1</sup>	6,180,000
Brent long call price (\$/bbl)	US\$76.78
Brent short call price (\$/bbl)	US\$69.03
Brent long put price (\$/bbl)	US\$54.19

<sup>1</sup> When Brent price is above the weighted average long call price, Santos realises Brent price less the difference between the long call price and the short call price. When Brent price is between the short call price and long call price, Santos realises short call price. When Brent price is below the long put price, Santos realises long put price.

## Seismic activity

The table below details seismic activity during the quarter and status.

Permit	Basin/area	Survey	Type	km <sup>2</sup>	Status
ATP1189AA/PL131, 150, 254 255	Cooper	Bearcat	3D	27	12% complete

## Drilling summary

### Near-field exploration (NFE) / Appraisal wells

Cooper Basin oil			
Well name	Basin/area	Santos	Well status
Dilkera-4	QLD	100%	C&S, successful
Dilkera-5	QLD	100%	P&A
Thungo North-1	QLD	100%	P&A
McKinlay-19	SA	66.6%	C&S, successful
Teringie-5	SA	100%	Drilling

Cooper Basin gas			
Well name	Basin/area	Santos	Well status
Cherokee-1	QLD	60.06%	C&S, successful
Coolah-12*	QLD	60.06%	P&A
Leghorn-1	QLD	60.06%	C&S, successful
Piute-1	QLD	60.06%	C&S, successful
Ute-1	QLD	60.06%	C&S, successful
Wackett-21	QLD	60.06%	C&S, successful
Wackett East-1*	QLD	60.06%	C&S, successful
Cascade-1*	SA	66.6%	C&S, successful
Moomba-236	SA	100%	Drilling
Moomba-237	SA	100%	C&S, successful
Moomba-247	SA	66.6%	C&S, successful
Moomba-248	SA	66.6%	C&S, successful
Moomba-249	SA	66.6%	C&S, successful
Moomba-250	SA	100%	C&S, successful
Moomba-251	SA	100%	C&S, successful

Western Australia gas			
Well name	Basin/area	Santos	Well status
Dorado-3*	Bedout	80%	P&A, successful appraisal

\*Spud in Q3, completed in Q4

### Development wells

Cooper Basin gas			
Well name	Basin/area	Santos	Well status
Barrolka North East-4	QLD	60.06%	C&S, successful
Barrolka North East-5	QLD	60.06%	Drilling
Coolah-9	QLD	60.06%	C&S, successful
Coolah-10	QLD	60.06%	C&C, successful
Coolah-11	QLD	60.06%	C&S, successful
Tartulla-9	QLD	60.06%	C&S, successful
Vega-6*	QLD	60.06%	C&S, successful
Vega-7	QLD	60.06%	C&S, successful
Wackett-19	QLD	60.06%	C&S, successful
Wackett-20	QLD	60.06%	C&S, successful
Gooranie-13*	SA	66.6%	C&C, successful
Gooranie-14	SA	66.6%	C&S, successful
Gooranie-15	SA	66.6%	C&S, successful
Gooranie-16	SA	66.6%	C&S, successful
Gooranie-17	SA	66.6%	C&S, successful
Moomba-246	SA	66.6%	C&S, successful

Cooper Basin oil			
Well name	Basin/area	Santos	Well status
Dilkera-6	QLD	100%	C&S, successful
Dilkera-7	QLD	100%	P&A
Dilkera-8	QLD	100%	C&S, successful

Queensland - GLNG gas			
Well name	Basin/area	Santos	Well status
AC23-21-4	Arcadia	30%	C&S, successful
AC23-30-1	Arcadia	30%	C&S, successful
AC23-32-1	Arcadia	30%	C&S, successful
AC23-33-1	Arcadia	30%	C&S, successful
AC23-34-1	Arcadia	30%	C&S, successful
AC23-35-1	Arcadia	30%	C&S, successful

AC23-36-1	Arcadia	30%	C&S, successful	RM49-119-1	Roma	30%	C&C, successful
AC23-37-1	Arcadia	30%	C&S, successful	RM49-120-1	Roma	30%	C&C, successful
AC23-38-1	Arcadia	30%	C&S, successful	RM49-122-1	Roma	30%	C&C, successful
AC23-39-1	Arcadia	30%	C&S, successful	RM49-128-1	Roma	30%	C&C, successful
AC23-40-1	Arcadia	30%	C&S, successful	RM49-129-1	Roma	30%	C&S, successful
AC23-41-1	Arcadia	30%	C&S, successful	RM49-130-1	Roma	30%	C&C, successful
AC23-42-1	Arcadia	30%	C&S, successful	RM49-131-1	Roma	30%	C&C, successful
AC23-43-1	Arcadia	30%	C&S, successful	RM49-132-1	Roma	30%	C&C, successful
AC23-44-1	Arcadia	30%	C&S, successful	RM49-138-1	Roma	30%	C&C, successful
AC23-45-1	Arcadia	30%	C&S, successful	RM49-139-1	Roma	30%	C&S, successful
AC23-47-1	Arcadia	30%	C&S, successful	RM49-139-2	Roma	30%	C&S, successful
AC23-48-1	Arcadia	30%	C&S, successful	RM49-140-1	Roma	30%	C&C, successful
AC23-49-1	Arcadia	30%	C&S, successful	RM49-141-1	Roma	30%	C&C, successful
AC23-50-1	Arcadia	30%	C&S, successful	RM49-142-1	Roma	30%	C&S, successful
AC23-51-1	Arcadia	30%	C&S, successful	RM49-147-1	Roma	30%	C&C, successful
AC23-55-1	Arcadia	30%	C&S, successful	RM49-151-1	Roma	30%	C&C, successful
AC23-115-1	Arcadia	30%	C&S, successful	RM49-152-1	Roma	30%	C&C, successful
Fairview-531ST1	Fairview	23.85%	C&S, successful	RM49-153-1	Roma	30%	C&C, successful
FV06-41-1	Fairview	23.85%	C&S, successful	RM49-157-1	Roma	30%	C&C, successful
FV07-06-4	Fairview	23.85%	C&S, successful	RM49-158-1	Roma	30%	C&S, successful
FV07-33-1	Fairview	23.85%	C&S, successful	RM49-159-1	Roma	30%	C&S, successful
FV07-34-1	Fairview	23.85%	C&S, successful	RM49-159-2	Roma	30%	C&S, successful
FV08-02-1	Fairview	23.85%	C&S, successful	RM49-159-3	Roma	30%	C&S, successful
FV08-02-2	Fairview	23.85%	C&S, successful	RM49-161-1	Roma	30%	C&C, successful
FV08-03-1	Fairview	23.85%	C&S, successful	RM49-162-1	Roma	30%	C&C, successful
FV08-05-1	Fairview	23.85%	C&S, successful	RM50-156-1	Roma	30%	C&S, successful
FV08-07-1	Fairview	23.85%	C&S, successful	RM50-156-2	Roma	30%	C&S, successful
FV11-104-1	Fairview	23.85%	C&S, successful	RM68-23-2	Roma	30%	C&S, successful
FV12-73-1	Fairview	23.85%	C&S, successful	RM68-32-2	Roma	30%	C&C, successful
FV16-63-1	Fairview	23.85%	C&S, successful	RM68-43-2	Roma	30%	C&C, successful
FV17-56-1	Fairview	23.85%	C&S, successful	RM68-45-1	Roma	30%	C&S, successful
FV17-57-1	Fairview	23.85%	C&S, successful	RM68-55-2	Roma	30%	C&C, successful
RM21-10-1	Roma	30%	C&S, successful	RM68-65-2	Roma	30%	C&C, successful
RM21-11-1	Roma	30%	C&S, successful	RM68-73-2	Roma	30%	C&C, successful
RM21-12-1	Roma	30%	C&S, successful	RM90-11-1	Roma	30%	C&C, successful
RM21-13-1	Roma	30%	C&S, successful	RM90-12-1	Roma	30%	C&S, successful
RM21-14-1	Roma	30%	C&S, successful	RM90-15-1	Roma	30%	C&C, successful
RM21-15-1	Roma	30%	C&S, successful	RM90-16-1	Roma	30%	C&C, successful
RM21-16-1	Roma	30%	C&S, successful	RM90-26-1	Roma	30%	C&C, successful
RM21-18-1	Roma	30%	C&S, successful	RM90-27-1	Roma	30%	C&C, successful
RM49-88-1	Roma	30%	C&C, successful	RM90-28-1	Roma	30%	C&C, successful
RM49-89-1	Roma	30%	C&S, successful	RM90-29-1	Roma	30%	C&S, successful
RM49-98-1	Roma	30%	C&C, successful	RM90-44-1	Roma	30%	C&S, successful
RM49-99-1	Roma	30%	C&C, successful	RM90-45-1	Roma	30%	C&S, successful
RM49-108-1	Roma	30%	C&C, successful	RM90-56-1	Roma	30%	C&S, successful
RM49-110-1	Roma	30%	C&C, successful	RM90-114-1*	Roma	30%	C&C, successful
RM49-111-1	Roma	30%	C&C, successful	RM90-116-1	Roma	30%	C&C, successful
RM49-118-1	Roma	30%	C&C, successful	RM90-117-1	Roma	30%	C&C, successful

RM90-118-1	Roma	30%	C&C, successful
RM90-121-1	Roma	30%	C&C, successful

### Queensland - Eastern Queensland gas (EQ)

Well name	Basin/area	Santos	Well status
Combabula-375 <sup>#</sup>	Combabula	7.28%	Drilling
Combabula-377 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-378 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-379 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-396 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-397 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-398 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-399 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-401 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-402 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-418 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-419 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-420 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-421 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-422 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-424 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-491 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-492 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-493 <sup>#</sup>	Combabula	7.28%	C&S, successful
Combabula-494 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-16 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-17 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-18 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-22 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-29 <sup>#*</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-32 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-33 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-44 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-45 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-47 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-59 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-60 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-276 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-277 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully-280 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-69 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-115 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-130 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-134 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-136 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-143 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-163 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-174 <sup>#</sup>	Combabula	7.28%	C&S, successful

Reedy Creek-192 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-193 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-194 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-220 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-226 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-227 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-230 <sup>#*</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-231 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-254 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-261 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-262 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-263 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-264 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-284 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek-285 <sup>#</sup>	Combabula	7.28%	C&S, successful
Durham Ranch-776 <sup>#*</sup>	Spring Gully	4%	C&S, successful
Durham Ranch-869 <sup>#*</sup>	Spring Gully	4%	C&S, successful
Durham Ranch-870 <sup>#</sup>	Spring Gully	4%	C&S, successful

<sup>#</sup> Not operated by Santos

\* Spud in Q3, completed in Q4

## Abbreviations and conversion factors

Abbreviations		Conversion factors	
C&C	cased and completed	Sales gas and ethane, 1 PJ	171.937 boe x 10 <sup>3</sup>
C&S	cased and suspended	Crude oil, 1 barrel	1 boe
gas	coal seam gas	Condensate, 1 barrel	0.935 boe
DES	delivered ex ship	LPG, 1 tonne	8.458 boe
FPSO	floating production, storage and offloading	LNG, 1 PJ	18,040 tonnes
GJ	Gigajoules	LNG, 1 tonne	52.54 mmBtu
kbbls	thousand barrels		
kt	thousand tonnes		
LNG	liquefied natural gas		
LPG	liquefied petroleum gas		
m	Million		
mmbbl	million barrels		
mmboe	million barrels of oil equivalent		
mmBtu	million British thermal units		
mmscf	million standard cubic feet		
mt	million tonnes		
mtpa	million tonnes per annum		
NFE	near-field exploration		
P&A	plugged and abandoned		
pa	per annum		
PJ	petajoules		
PSC	production sharing contract		
t	tonnes		
TJ	terajoules		

## Disclaimer

This report contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

All references to dollars, cents or \$ in this document are to United States currency, unless otherwise stated.

This ASX announcement was approved and authorised for release by Kevin Gallagher, Managing Director and Chief Executive Officer.