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Halyard-1 gas comes on line

Santos today announced that gas production had commenced from the Halyard-1 well, located in the Greater East Spar development area offshore Western Australia.

Halyard gas will be produced via the East Spar pipeline and processed through the Varanus Island gas plant, which also processes Santos' gas from the John Brookes field. Santos' overall production and sales through the Varanus Island hub will remain around current levels until incremental processing capacity is available to Santos at Varanus Island.

Santos Chief Executive David Knox said first gas from the Greater East Spar project had been delivered on time and budget.

"This is the first of four new projects in our base business to commence production this year. The other three - Chim Sao, Reindeer and Wortel - are all progressing on schedule for first production in the second half of the year," Mr Knox said.

Santos Vice President WA & NT John Anderson said the commencement of gas production from the Halyard well reinforces Santos' position as a major contributor of gas to the local market.

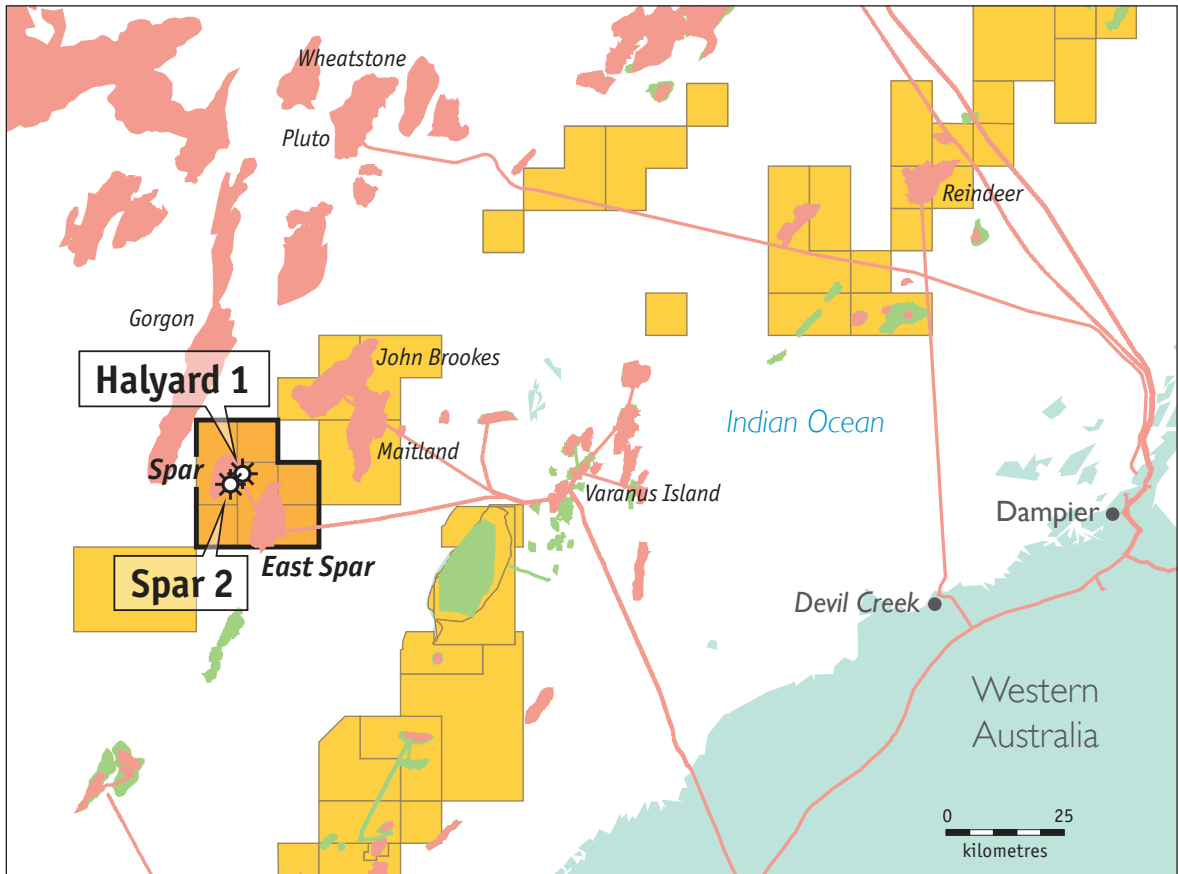
"Halyard gas represents an important new energy source for Western Australia. Santos already supplies domestic gas from the John Brookes field through Varanus Island and later this year we will begin delivering gas from the Reindeer field through the new Devil Creek plant," Mr Anderson said.

The Halyard-1 well is located approximately 70 kilometres due west of Varanus Island (map attached).

Santos has a 45% interest in Halyard-1. Apache Energy owns the remainder and is operator.

Ends.

Greater East Spar



LEGEND

- Greater East Spar area
- Santos acreage
- Oil field
- Gas field
- Oil pipeline
- Gas pipeline

