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## Santos Announces Liquids Marketing Alliance with BP

Santos Limited announced today that it has entered into a non-binding Heads of Agreement with BP Singapore Pte Limited to market Santos' crude oil and natural gas liquids (naphtha and export LPG).

Santos will now work to negotiate and conclude a Marketing Services Agreement with BP.

Marketing of crude oil and natural gas liquids has become more global, where scale, market coverage and flexibility are vital. The BP alliance allows Santos to tap into worldwide networks and global markets through a marketing major like BP.

Santos had previously either directly marketed or had a management role in the marketing of its crude oil and natural gas liquids. The new marketing arrangements are in response to the significantly higher volumes of crude oil that Santos will receive from the Mutineer-Exeter project, due to come on-stream in 2005, and the increasing globalisation of the marketplace.

"This groundbreaking strategic alliance allows Santos to access markets in an innovative way while delivering significant productivity improvements and cost efficiencies," said Mr John Ellice-Flint, Santos' Managing Director.

"This will be a great advantage for Santos when the Mutineer-Exeter oil field comes on-line in mid 2005, increasing Santos' total oil and liquids production by over 40 per cent."

"Santos is delighted to be working with such a well respected and highly experienced company as BP. We hope this is the beginning of a long and fruitful relationship," said Mr Ellice-Flint.

BP has a major presence in significant trading markets such as Australia, Singapore, Japan, China, UK, USA and the Middle East.

BP also has significant downstream assets in Asia, including two refineries in Australia. Access to refineries is particularly important when introducing new crudes, such as Mutineer-Exeter.

Santos' Port Bonython operations will continue as normal, processing all of Santos' Cooper Basin liquids.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

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Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR)