

6 May 2004

Cooper Basin and Origin in major gas swap agreement

Santos Limited and the other South West Queensland Gas Producers (Producers) have signed a Heads of Agreement with Origin Energy Retail (Origin) for the swapping of gas between Queensland and the Moomba Gas Hub.

The conditional agreement is designed to provide Origin with access to up to 200 petajoules (PJ) of gas at the Moomba Gas Hub in central Australia, with a mechanism to increase these quantities.

Details in the agreement will be finalised through ongoing negotiations.

It is expected that the first gas to be swapped under the agreement will occur within the next three months. The amount of gas to be swapped in 2004 will depend on South Australian and New South Wales requirements.

Under the agreement, gas swapping would continue until the end of 2011.

Nature of the gas swap

Origin has agreed to deliver gas produced in its central Queensland fields to the Producers at Roma in Queensland. The Producers will then use this gas to meet part of their customer requirements in south-east Queensland.

In return for the gas from Origin, the Producers will redirect (swap) an equal quantity of Cooper Basin produced gas to Origin at the Moomba Gas Hub.

Benefits to Origin by swapping gas

These swapped gas volumes are expected to be used by Origin to supply its customer base in South Eastern Australia in conjunction with other supplies of gas, including Cooper Basin gas already purchased by Origin.

Having access to swapped gas at the Moomba Gas Hub eliminates the need for Origin to construct major additional pipeline infrastructure in the short term.

Benefits to the Producers in swapping gas

Under the Heads of Agreement, the Producers will receive swap fees from Origin for the quantities of gas to be delivered to Origin at the Moomba Gas Hub. The Producers will also receive increased gas liquids revenue as a result of processing incremental gas at the Moomba Gas Hub, which recovers higher

levels of gas liquids than the Producers' processing facilities at Ballera in south-west Queensland.

Moomba Gas Hub

This unique gas swap arrangement confirms the Moomba Gas Hub's important ongoing role in continuing to supply gas to the eastern seaboard states.

"This is a significant agreement for the Cooper Basin as it confirms Moomba's standing as a key Australian gas hub," Santos' Managing Director, Mr John Ellice-Flint, said today.

"It brings pipeline cost savings and greater supply flexibility to Origin Energy, along with additional Moomba Gas Hub revenue for the Producers," he said.

"The Cooper Basin processing, transport and storage assets are in a unique position to provide value-adding services to gas customers in the eastern seaboard states," he said.

The interests of the South West Queensland Gas Producers are:

| | |
|-----------------|----------|
| Santos Limited | 60.0625% |
| Origin Energy | 16.7375% |
| Delhi Petroleum | 23.2000% |

FOR FURTHER INFORMATION PLEASE CONTACT:

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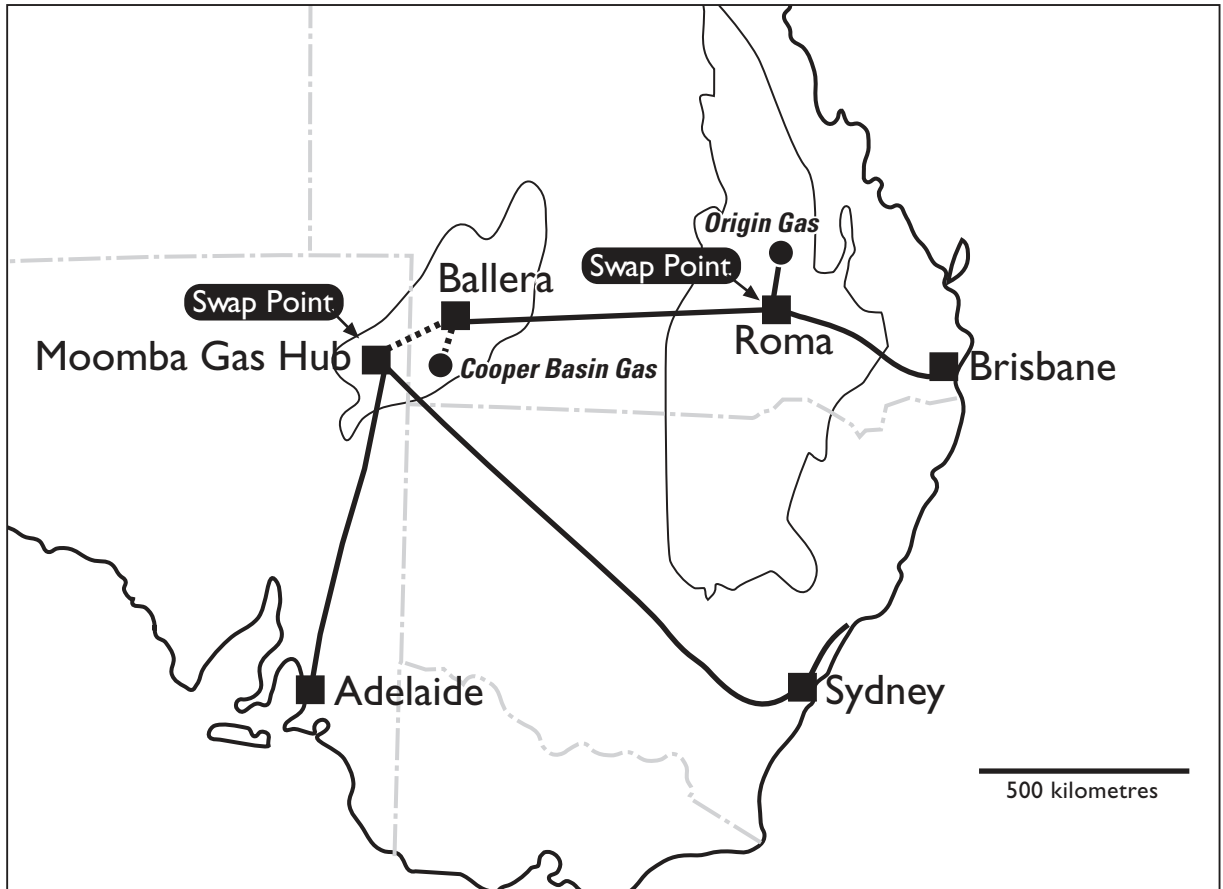
Santos Limited

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

Map attached

Santos and Origin Gas Swap



LEGEND

- Sales Gas Pipeline
- ... Raw Gas Pipeline
- Basin outline

