

20 July 2004

Santos and ConocoPhillips in new Timor Sea exploration venture

Santos Limited and ConocoPhillips - already joint venturers in the giant Bayu-Undan liquids and LNG projects - have joined forces to explore another Timor Sea prospect.

Santos announced today that its subsidiary, Santos Offshore Pty Ltd, has concluded a farmout arrangement with ConocoPhillips' subsidiary, ConocoPhillips Australia Exploration Pty Ltd, to jointly participate in exploring a major gas prospect in the NT/P61 licence area in the Timor Sea.

ConocoPhillips will earn 60% equity and become Operator of the NT/P61 exploration permit area under the terms of the arrangement. It will fund elements of the permit area work program including the Caldita 1 well (previously shown by Santos as the Melville prospect).

Santos, which was granted the NT/P61 exploration permit in 2001 as 100% equity holder and Operator, will retain a 40% interest in the permit area. The agreement is subject to approval by relevant authorities.

The NT/P61 permit area covers over 5,300 square kilometres and is adjacent to the Evans Shoal gas field in which Santos holds 40% equity and is the Operator.

It is approximately 390 kilometres from the Bayu-Undan Liquids and LNG fields in which Santos and ConocoPhillips have an existing joint venture relationship. Bayu-Undan is already producing gas liquids and will commence exporting LNG early in 2006.

"Santos and ConocoPhillips have reached an understanding with respect to the use of existing infrastructure in the event of a significant gas discovery," Santos Managing Director, Mr. John Ellice-Flint, said today.

"This is a most pleasing extension of Santos' business endeavours with ConocoPhillips," Mr Ellice-Flint said.

"The Timor Sea region is developing as an important gas province and both companies are very familiar with the geology and the domestic and export gas market opportunities in the area.

"We look forward to working closely with ConocoPhillips to add further large reserves that may add to the encouraging outlook for this region."

Interest holders in the NT/P61 exploration licence will be:

ConocoPhillips Australia Exploration Pty Ltd (operator)	60%
Santos Offshore Pty Ltd	40%

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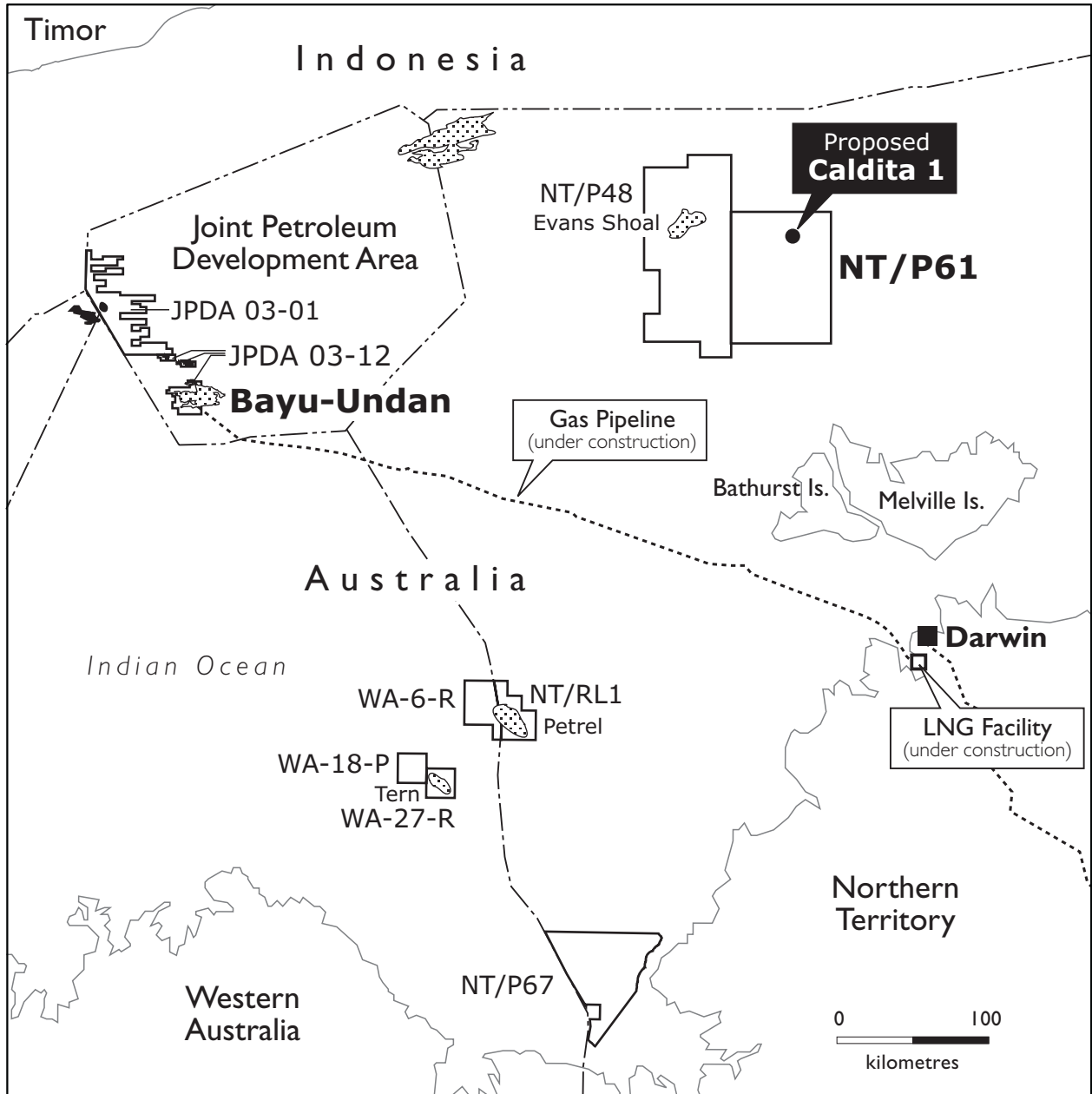
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Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR)

See map attached

Timor Sea



Legend

- Santos acreage
- Oil Field
- ▣ Gas Field
- Gas Pipeline

