

20 August 2004

Santos increases offshore Victorian gas interests

Santos Limited today announced that it will expand its offshore Victorian gas interests having agreed to increase to 50% its equity interests in both the Patricia Baleen and the Sole gas fields in offshore Victoria.

Santos will obtain from Trinity Gas Resources Pty Ltd (TGR) an additional 30% interest in the Patricia Baleen gas field and associated processing facilities in eastern Victoria and an additional 15% interest in the Sole gas field.

TGR is 75% owned by Mitsubishi Corporation and 25% owned by Tokyo Gas Co., Ltd.

The acquisition increases Santos' interest in the Patricia Baleen and Sole gas fields as follows:

Field	Pre acquisition interest	Post acquisition interest
Patricia Baleen	20%	50%
Sole	35%	50%

The Patricia Baleen gas field is located in VIC/L21, 20 kilometres off the Victorian coast and the Sole gas field is located in VIC/RL3, 45 kilometres off the Victorian coast in the Gippsland Basin.

Santos will earn its 30% additional equity in the Patricia Baleen gas field by meeting TGR's remaining share of drilling costs on Baleen 4 which is a side track well of Baleen 3.

The Ocean Bounty semi-submersible offshore drilling rig has been contracted to drill the horizontal Baleen 4 production well. The well is scheduled to commence in the middle of September this year.

Santos will earn its 15% additional equity in the Sole gas field by meeting certain development costs on behalf of TGR, if and when the Sole joint venture partners proceed to develop this gas resource.

The joint venture participants will then hold the same interests in both Patricia Baleen and Sole, aligning their interests for future development and ongoing operations.

“This acquisition provides Santos with a material position in the Patricia Baleen gas processing facility which is important to the eastern Australia gas market”, said Santos’ Managing Director, Mr John Ellice-Flint.

“It also provides Santos with additional exposure to any commercialisation of the Sole gas field.

“Coupled with our Casino gas development and the offshore Otway Basin exploration program, the increased 50% interests in Patricia Baleen and Sole significantly expands our Victorian based business”, he said.

The increased Santos interests are effective from 30 June 2004. The transaction is expected to be completed by the end of the third quarter.

This transaction follows Santos’ recent announcement that it had sold its non-core onshore Otway Basin assets to Origin Energy Resources Limited for \$25.75 million.

The interests in VIC/L21 are:

	<u>New</u>	<u>Old</u>
Santos Limited	50%	20%
Basin Oil Pty Ltd (OMV) (operator)	35%	35%
OMV Timor Sea Pty Ltd	5%	5%
TGR	10%	40%

The interests in VIC/RL3 are:

	<u>New</u>	<u>Old</u>
Santos Limited	35%	35%
Santos Offshore Pty Ltd	15%	0%
Basin Oil (OMV) (operator)	40%	35%
TGR	10%	30%

FOR FURTHER INFORMATION PLEASE CONTACT:

Media enquiries:

Kathryn Mitchell

(08) 8218 5260 / 0407 979 982

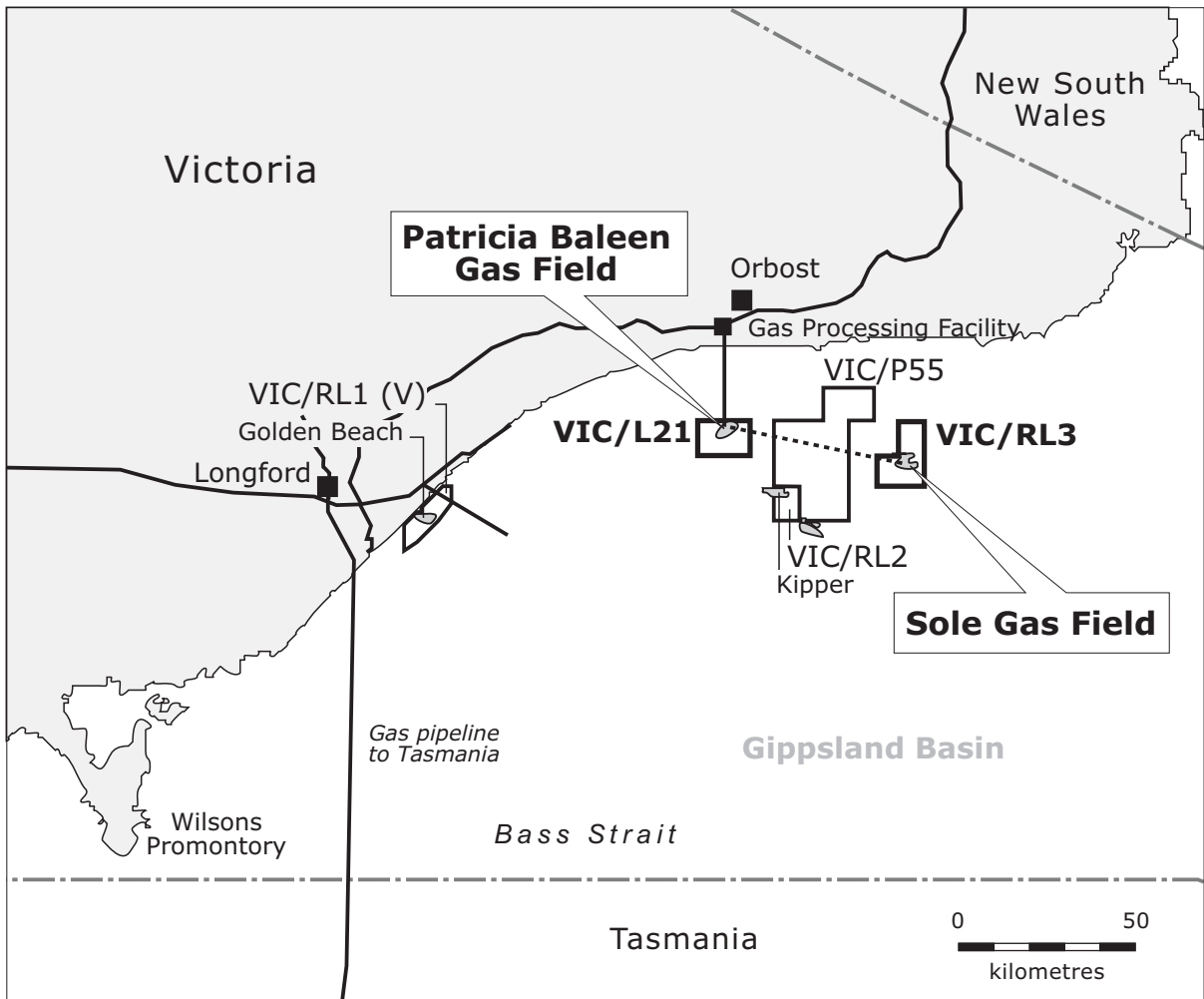
Investor enquiries:

Graeme Bethune

(08) 8218 5157 / 0419 828 617

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

Gippsland Basin



LEGEND

- Santos Acreage
- Gas Field
- Gas Pipeline
- Proposed Gas Pipeline

Location Map

