

18 October 2004

East Java oil discovery: Jeruk 2 ST-2

Santos Limited advises that oil and gas have flowed from its Jeruk 2 ST-2 well being drilled in the Sampang Production Sharing Contract, offshore East Java.

An open-hole Drill Stem Test (DST) was performed in the well during Saturday 16th and Sunday 17th of October 2004. The test was performed over an 18 metre interval from 5,134m to 5,152m measured depth.

Preliminary results from the DST are:

- A flow rate of 7,488 barrels of oil (1,190 kilolitres) per day was recorded through a 1/2 inch (12.7 millimetre) surface choke accompanied by 2.21 million cubic feet (62.6 thousand cubic metres) per day of gas during a 5 1/2 hour flow period.
- The flow rate was constrained by the throughput capacity of the surface production test facilities.
- A flowing tubing head pressure of 2,762 pounds per square inch (19,043 kilopascals) was recorded.

Following completion of the flow test the well was shut-in for measurement of pressure build-up, after which the testing equipment will be removed from the hole. Jeruk 2 will then be deepened in order to ascertain the full extent of the hydrocarbon column. Logs will be run when the well has reached total depth.

"These preliminary results from Jeruk 2 are very encouraging and we look forward to the final evaluation of the well," Santos' Managing Director, Mr. John Ellice-Flint, said today.

Jeruk 2 was drilled to follow up the Jeruk 1 well, which finished drilling in early April 2004 about 1.6 kilometres west of Jeruk 2. The well is in the Sampang PSC in water depth of 44 metres and it is located approximately 42 kilometres from the Indonesian city of Surabaya.

Interests in the field are:

Santos Group (operator)	50%
PT Medco Sampang	50%

FOR FURTHER INFORMATION PLEASE CONTACT:

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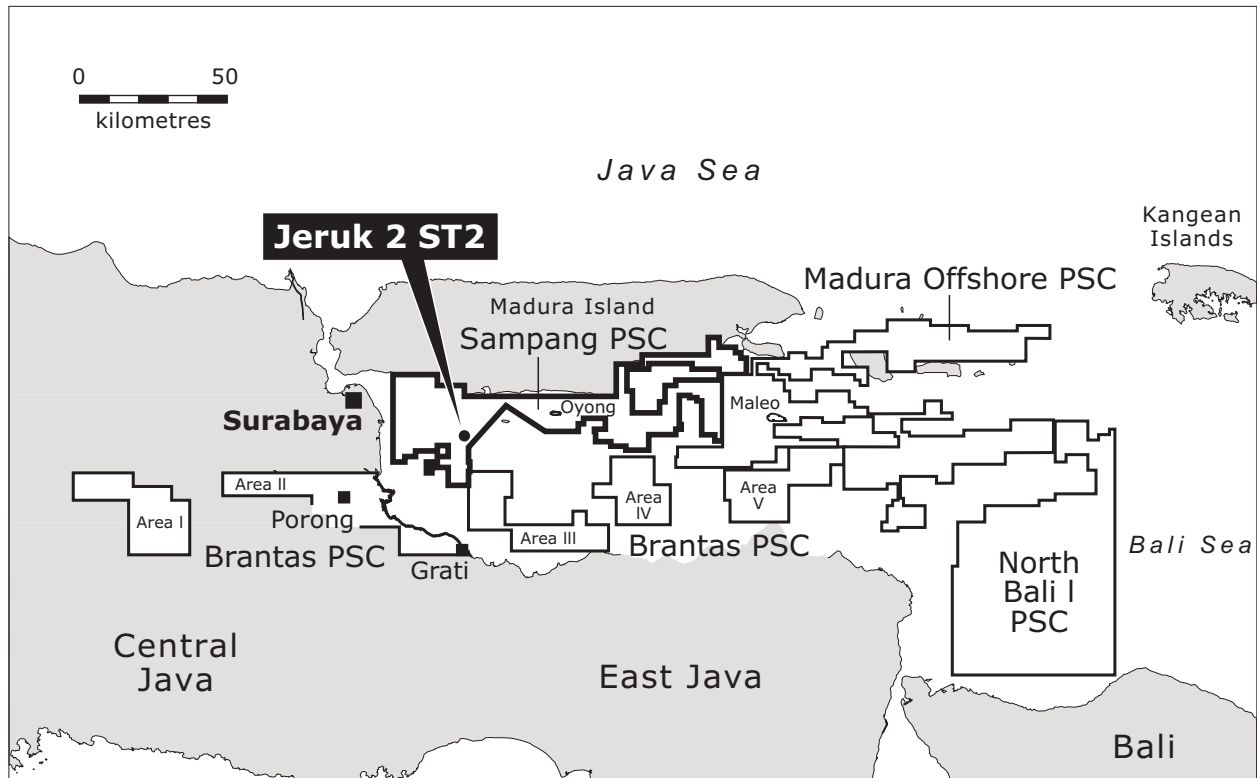
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Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR) Map attached

Jeruk 2 Sampang Production Sharing Contract



LEGEND

□ Santos Acreage

