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Santos goes direct with its own marketing of Minerva gas

Santos Limited today announced that its wholly-owned subsidiary, Santos Direct Pty Ltd, would market gas directly into the Victorian market for the first time using its recently awarded retail gas licence. This follows production start-up from the Minerva gas field in the offshore Otway Basin, Victoria, earlier this week.

The retail gas licence, which was awarded by the Victorian government in 2004, allows Santos to fully participate in the Victorian gas market.

Santos proposes to sell its 10% share of gas production from the Minerva field through Santos Direct to industrial customers and into the Victorian spot market.

Marketing and selling gas directly into the retail market is a first for Santos, which is already one of Australia's largest gas producers supplying gas at the wholesale level to major industrial customers and specialist marketers in all mainland Australian states under long-term contracts.

"The Minerva gas project is an important project for Santos as it continues to build our interests in the highly competitive Victorian gas market," Santos Managing Director, Mr John Ellice-Flint, said today.

"The retail gas licence expands Santos' marketing options by giving us another channel for selling gas directly to industrial customers and into the spot market.

"Having greater flexibility and the option to market separately from the joint venture builds on Santos' commercialisation and marketing expertise to deliver better returns for our shareholders," Mr Ellice-Flint said.

The Minerva project will provide sales gas to the South Australian and Victorian gas markets.

When full design rate is reached shortly, the new development will produce up to a maximum gross production rate of 150 terajoules of sales gas per day (TJ/d) and up to 500 barrels per day (gross) of stabilised condensate.

The project consists of two sub-sea well completions in 60 metres of water, approximately 10 kilometres offshore from the township of Port Campbell.

The gas is being piped to an onshore gas processing facility near Port Campbell.

The Minerva gas field, located in permit VIC/L22, is a natural gas field with a small amount of liquid condensate. It contains estimated Proven and Probable gas reserves of 301 billion cubic feet (BCF) of gas (Santos share 30 BCF). The field also contains 1.24 million barrels of liquids (Santos share 0.13 million barrels).

Interests in the Minerva gas field are

Santos Limited	10%
BHP Billiton (operator)	90%

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