

3 February 2005

## Santos discovery in Indonesia's Kutei Basin

Santos Limited advises that oil and gas has been discovered at the Hiu Aman 1 well being drilled by the operator, Unocal Donggala Ltd, in the Donggala Production Sharing Contract area (PSC) in the Kutei Basin, offshore Indonesia.

The well reached total depth (TD) of 4039 metres in 14 days.

Interpretation of the LWD and wireline logs, including MDT pressures and samples run in the lower part of the well, has resulted in a preliminary net pay of approximately 25 metres. Initial analysis indicates most of the pay is gas.

Hiu Aman 1 is Santos' first well in the Donggala PSC of a planned three well drilling program in the block.

Following completion of wireline logging, the well will be plugged and abandoned as per the program and the rig will be released to move to drill the next three wells in the Santos Kutei Basin drilling program. The first will be the Orca 1 well, in the Donggala PSC which is expected to spud on Monday 6<sup>th</sup> February followed by the Pangkal 1 well in the Papalang PSC and the Raksasa 1 well in the Donggala PSC.

Santos' Managing Director, Mr. John Ellice-Flint said today that the Kutei Basin is a prolific hydrocarbon province and this discovery is located seaward of the West Seno field, Indonesia's first deep-water producing oil-field.

"This is frontier exploration acreage and the results of Hiu Aman 1 are very encouraging as they indicate an active petroleum system in the trend.

"We hope the next wells will confirm the early indication that the proven, prolific petroleum system active in the basin's shallow water extends into the deep water trend.

"While it is early days, and the significance of the discovery won't be confirmed until further appraisal, the initial signs are positive," said Mr Ellice-Flint.

"Santos has a large acreage position in the Kutei Basin, having embarked on a program to build a high-impact portfolio with the potential to open up frontier opportunities."

"Hiu Aman 1 confirms that this strategy is on track."

The Donggala PSC covers an area of 3,821km<sup>2</sup> and is located in the north eastern Kutei Basin, offshore East Kalimantan in water depths ranging from 1650 to 2450 metres.

The Donggala PSC lies between the Popodi and Papalang PSC's in each of which Santos has a 20%, non-operating interest.

Subject to the approval of the Indonesian regulatory authority BPMIGAS, Santos will take up a total equity interest of 65.45% in the Donggala PSC. Subject to further agreements with the existing PSC participants Santos plans to farm-out 15.45% of its new equity interest. Santos will become Operator of the Donggala PSC after December 2005

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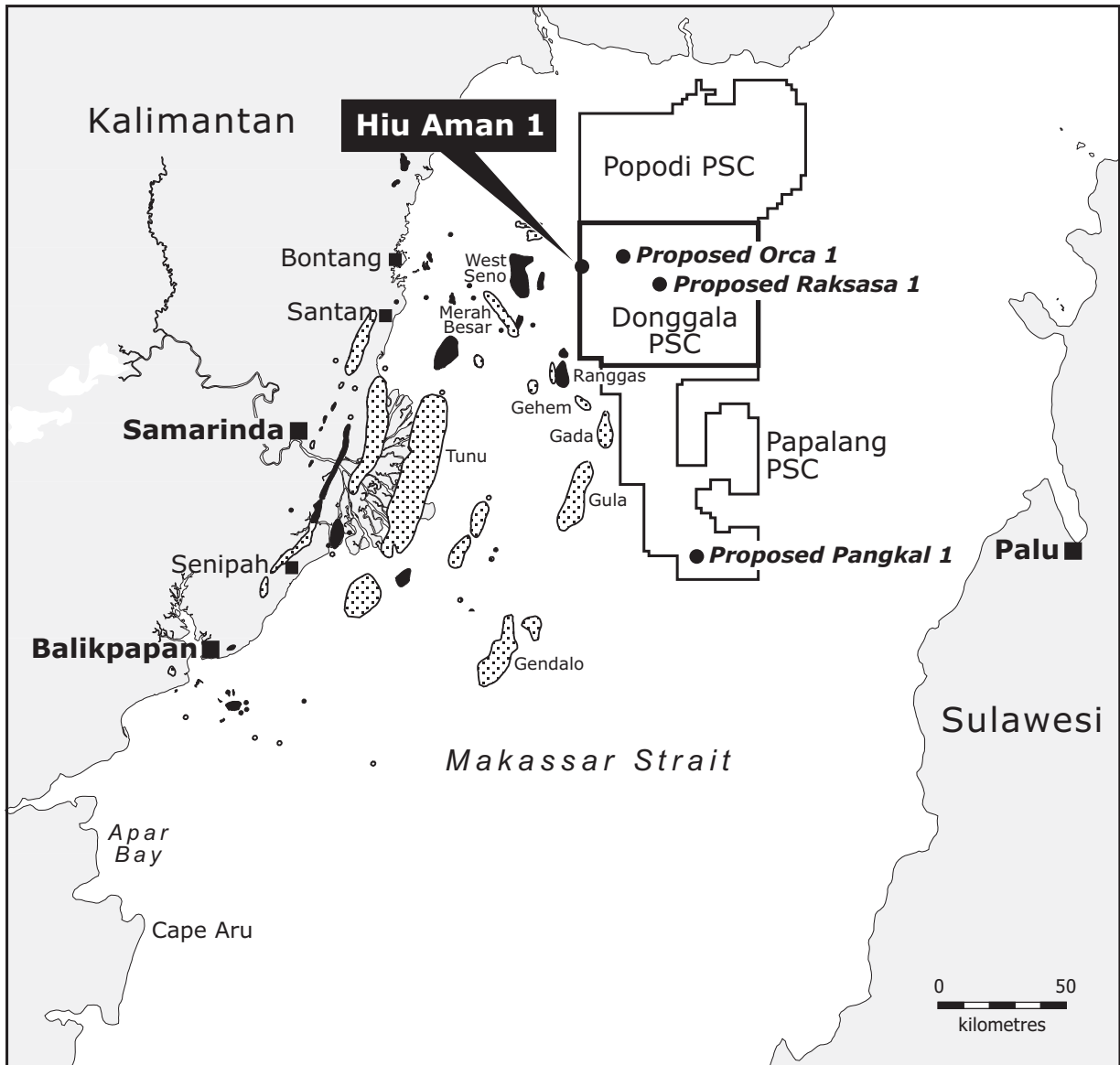
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**Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR)**

**Map attached**

**Kutei Basin**



**LEGEND**

- Santos Acreage
- Oil Field
- ▣ Gas Field

