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Santos acquires OMV's Gippsland and Cooper Basin assets

Santos Limited (Santos) has expanded its interests in key Victorian and South Australian gas hubs with the announcement today of the acquisition of Basin Oil Pty Ltd (Basin Oil), which holds all of OMV Petroleum Pty Ltd's (OMV) Gippsland Basin and Cooper Basin assets.

The acquisition will see Santos build its position in the Gippsland gas hub by becoming the largest interest holder (90%) and operator of the Patricia Baleen and Sole gas fields and associated processing facilities at the Orbost plant in eastern Victoria.

It takes Santos' interests in the South Australian Cooper Basin oil and gas fields, which supply gas under long term contracts to Adelaide, Sydney and Canberra, to over 66%.

The OMV interests to be acquired by Santos are:

- VIC/L21 Patricia Baleen gas field and associated processing facilities (40%)
- VIC/RL3 Sole gas field (40%)
- VIC/RL1 Golden Beach gas field (33%)
- VIC/P55 exploration block (33%)
- South Australian Cooper Basin (2.1%)

Santos will become operator of the Patricia Baleen and Sole gas fields. Santos is already operator of the Golden Beach gas field, the VIC/P55 exploration permit and the Cooper Basin oil and gas fields.

The sale of Basin Oil to Santos has an effective transfer date of 1 January 2005. The acquisition is subject to relevant government approvals, with the transaction expected to be completed in the second quarter of 2005.

The increase in Santos' Victorian and Cooper Basin oil and gas assets was today described as "a strategic move" by Santos' Managing Director, Mr John Ellice-Flint.

"There is good upside for Santos in picking up these assets as a total portfolio as it maintains our position as a key gas supplier to gas markets in the southern and eastern states," he said.

"It is a strategic transaction that provides Santos with operating interests in the emerging alternative gas hub in the Gippsland Basin," said Mr Ellice-Flint.

“The Gippsland hub is at a strategic pipeline crossroad with connections to Victorian, NSW and Tasmanian markets while our Moomba hub has been supplying customers for over three decades.”

“Importantly, as an incumbent party in all of the assets, we have a good understanding of their distinct value through our current joint venture activity.”

“The move to become the operator of the Patricia Baleen field and processing facilities will form a strong foundation asset for the development of the Sole gas field, as well as gas discoveries in neighbouring blocks.”

“As Santos’ Golden Beach interests are now 100%, options are being assessed and may include a farm down to other interested parties,” he said.

Mr Ellice-Flint said acquisition of Basin Oil’s Cooper Basin assets meant there would now be only three parties (Santos, Delhi Petroleum and Origin Energy) across the key Cooper Basin Joint Ventures.

“This helps facilitate administrative efficiency and joint venture alignment in future Cooper Basin activities,” he said.

As a result of the transaction, Santos will add 8 mmboe of proven and probable reserves from Patricia Baleen and Cooper Basin with additional 2005 production of approximately 1.3 mmboe. This does not include Sole or Golden Beach fields.

The interests of parties in these assets pre and post these transactions are:

South Australian Cooper Basin

	New	Old
Santos (operator)	66.60	64.5%
Delhi Petroleum Pty Ltd	20.21	20.21%
Origin Energy Resources Ltd	13.19	13.19
Basin Oil Pty Ltd (OMV)	-	2.10%

VIC/L21 (Patricia Baleen Gas Field)

	New	Old
Santos	90% & operatorship	50%
Basin Oil Pty Ltd (OMV) (operator)	-	35%
OMV Timor Sea Pty Ltd	-	5%
Trinity Gas Resources	10%	10%

VIC/RL3 (Sole Gas Field)

	New	Old
Santos	90% & operatorship	50%
Basin Oil Pty Ltd (OMV) (operator)	-	40%
Trinity Gas Resources	10%	10%

VIC/RL1 (Golden Beach Gas Field)

	New	Old
Santos Offshore Pty Ltd	100%	66.67%
Basin Oil Pty Ltd (OMV) (operator)	-	33.33%

VIC/P55 Exploration Permit

	New	Old
Santos	66.67%	33.33%
Basin Oil Pty Ltd (OMV) (operator)	-	33.34%
Diamond Gas Resources	33.33%	33.33%

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