

30 March 2005

First production from Mutineer-Exeter

First commercial production commenced yesterday from Australia's newest oil field development – the Santos operated Mutineer-Exeter development in the offshore Carnarvon Basin, Western Australia.

The \$440 million project is the first offshore oil development to be operated by Santos since the Company's formation in 1954.

First production has been achieved only three years from the drilling of the Norfolk 1 well which confirmed the commerciality of the Mutineer-Exeter fields and just 17 months from development approval.

The project has been delivered three months ahead of schedule and approximately 10% under budget.

Production will be from four horizontal development wells, with the production rate expected to be 70,000 to 90,000 barrels of oil per day during the start-up phase.

"Yesterday's Mutineer-Exeter start-up represents a significant addition to Australia's oil production," said Santos' Managing Director, Mr John Ellice-Flint.

"It is an important project for Santos as it will be a fundamental contributor to the Company's near-term growth – with a payback period of less than two years," he said.

"What we have achieved with Mutineer-Exeter is a fast-track development, premised on an appropriate concept which has maximised the value of the oil in the ground.

"The early production and lower costs have been achieved through the total support and commitment of our employees, suppliers and contractors.

"Together they have done an excellent job bringing this world-class development into production safely, ahead of schedule and under budget."

The Floating Production Storage and Offtake vessel – the MODEC Venture 11 – is a converted double hull trading tanker with a disconnectable turret mooring system. It has provision for 930,000 barrels of processed crude oil storage with a design throughput of 100,000 barrels of oil per day.

The MODEC Venture 11, including the fixed mooring system, is leased by the joint venturers and was contracted under a services agreement which covers the supply of the vessel, maintenance, production operations, demobilisation and abandonment at the end of the field life.

The first cargo of oil from Mutineer-Exeter has been sold under a marketing agreement with BP at a premium to the Tapis benchmark.

Interests in the Mutineer-Exeter project (WA-26-L and WA-27-L) are:

Santos Ltd (Operator)	33.4%
KUFPEC	33.4%
Nippon Oil exploration	25.0%
Woodside Petroleum Ltd	8.2%

FOR FURTHER INFORMATION PLEASE CONTACT:

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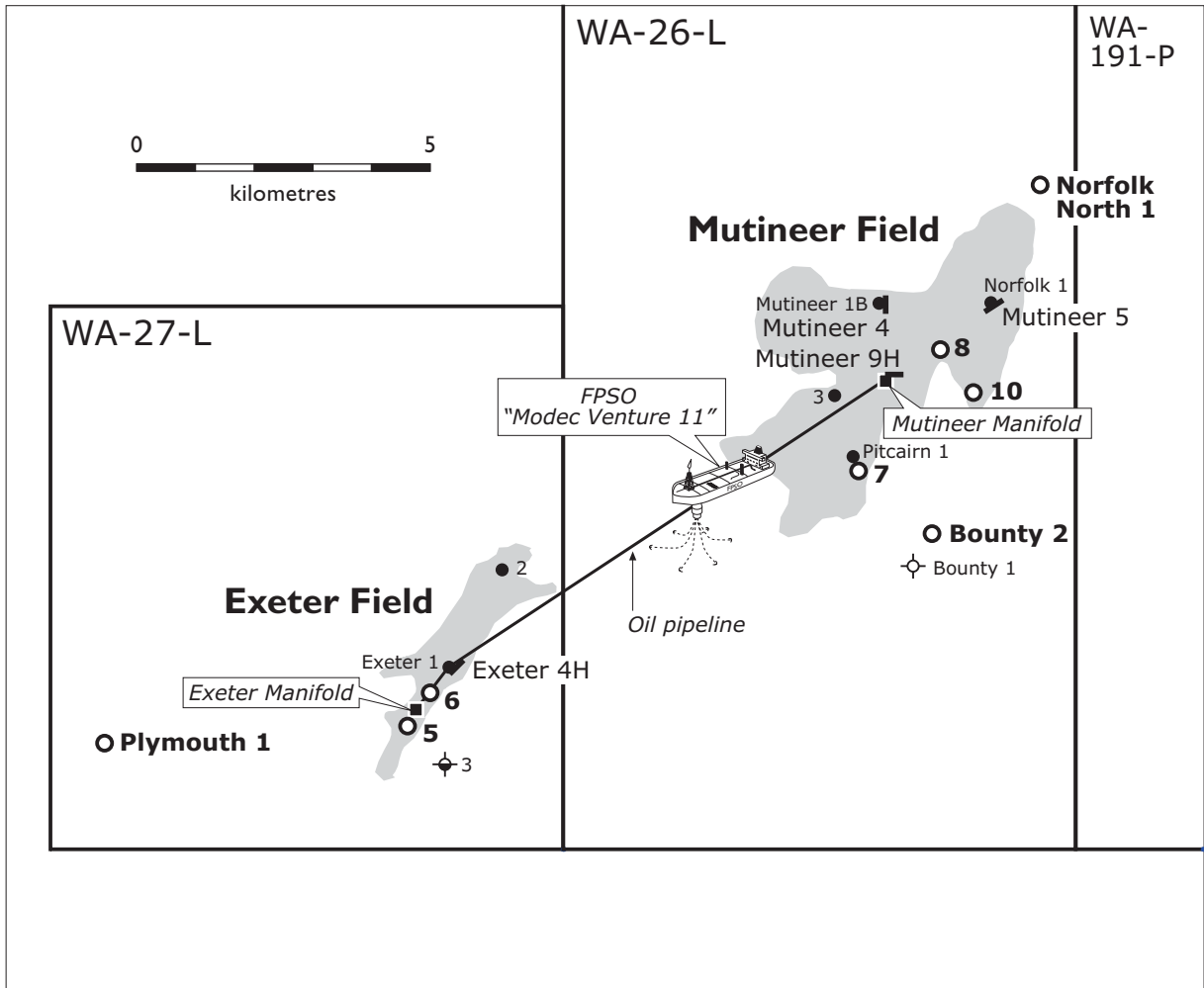
Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR)

**Map attached.
Photographs available on request**

FACT SHEET
Mutineer-Exeter Oil Field Development

- Located in exploration permits WA-26-L and WA-27-L, 150 kilometres north of Dampier, offshore Carnarvon Basin, Western Australia.
- Located in water depths of 140-160 metres.
- Mutineer field was discovered in 1997 with Pitcairn 1.
- Exeter field was discovered in 2002 with Exeter 1.
- Appraisal drilling program, commencing with Norfolk 1, was undertaken in 2002 in order to prove up the commercial volumes in the area and properly define the fields for development.
- Mutineer and Exeter fields are separate accumulations, with the smaller Exeter field located 10 kilometres south west of Mutineer field.
- The oil discovered at Mutineer and Exeter is contained within sandstone of the Jurassic upper Angel Formation.
- The Mutineer and Exeter fields are estimated to contain total (gross) proved and probable (2P) reserves of 61 million barrels (mmbbls). This figure was revised down from 101 mmbbls in February 2005.
- The Mutineer-Exeter development is the first offshore oil field project to be operated by Santos since the Company's formation 51 years ago.
- Mutineer-Exeter crude is very high quality and achieves a premium to the Tapis benchmark.
- The initial budget for the development was \$480 million and the final cost is approximately \$440 million.

Mutineer-Exeter Field Development



LEGEND

- Santos Acreage
- Oil Field
- / Horizontal Development Well
- 2004/2005 Exploration or Appraisal Well

