

1 July 2005

Santos To Acquire Premier Coal Seam Methane Position

Santos Limited today announced the execution of a definitive merger agreement to acquire Tipperary Corporation, as well as Slough Estates USA, Inc.'s 10% interest in Tipperary Oil and Gas Australia Pty Ltd. (a 90% subsidiary of Tipperary Corporation). The acquisition will provide Santos with an approximate 75% operated working interest in the producing Fairview Coal Seam Methane ("CSM") field, located north of Roma in Queensland.

Total cash consideration for the acquisition, including the assumption of debt, is approximately US\$466 million (A\$612 million). The transaction is to be effected by way of a merger and is subject to Tipperary Corporation shareholder approval which is expected early in the fourth quarter, and other customary conditions to completion.

The Fairview field is one of the largest and highest quality CSM assets in Australia, with field properties similar to those found in the highly productive San Juan Basin in the USA.

The Fairview net revenue interest Proven (1P) reserves were 578 bcf (103 mmbob) as at 31 December 2004. This reserves estimate was prepared on behalf of Tipperary Corporation by Schlumberger Technology Corporation for its SEC reporting requirements.

Fairview is currently producing at the facility limit of approximately 38 TJ per day from 53 producing wells, with well capacity of up to approximately 48 TJ per day.

As a result of this acquisition, Santos' overall production is expected to increase by approximately 12 PJ (2 mmbob) in 2006, with further incremental increases thereafter.

Upon completion, the acquisition will also deliver Santos over 4,000 km² of additional exploration acreage in the Comet Ridge area of the Bowen Basin. Combined with Santos' existing Surat Basin acreage, the Company will hold significant strategic positions close to existing infrastructure in both of Queensland's key CSM producing regions.

Santos' Managing Director, John Ellice-Flint said today that the Fairview field is a world class CSM asset with material reserves and production, a demonstrated low cost operating history, and high quality, long term gas sales contracts.

“The acquisition of Fairview represents a unique opportunity to become one of the largest participants in Australia’s emerging CSM industry. It will have an immediate and positive impact on both production and reserves, and underpins our core position as a major supplier of gas to Eastern Australia” he said

“Together with Santos’ existing CSM field at Scotia and conventional gas interests in the Cooper, Surat, Otway and Gippsland Basins and in Papua New Guinea, the Company is well positioned in all the current and potential supply regions to the growing Eastern Australian gas markets.

“The long life and stable cash flows generated by this asset complement our strategy of enhancing our base Australian business, whilst continuing to grow our international exploration and production operations.”

All of the Tipperary Corporation shareholders will be entitled to participate in the merger at this price, which has been recommended by the Independent Directors of the Board of Tipperary Corporation.

The shareholders of Tipperary Corporation are expected to meet early in the fourth quarter of 2005 to vote on the merger. A two-thirds majority of the shares is required to approve the merger and Santos has obtained an undertaking that the 54% shareholding held by Slough Estates USA Inc. will be voted in favour of the cash merger.

Santos intends to initially finance the acquisition using its internal resources, and the Company’s financial ratios are expected to remain within target levels.

Merrill Lynch acted as exclusive financial advisers to Santos on this transaction.

Attachments:

1. Current Tipperary and Fairview Ownership Structure.
2. Fairview location map.

FOR FURTHER INFORMATION PLEASE CONTACT:

Media enquiries:
Kathryn Mitchell

(08) 8218 5260 / 0407 979 982

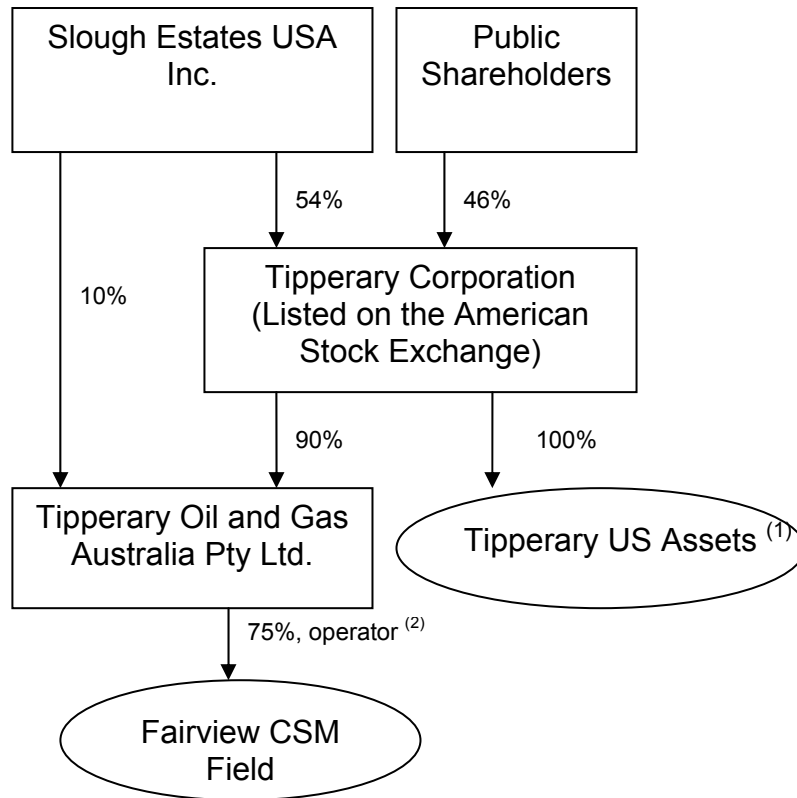
Investor enquiries:
Andrew Seaton

(08) 8218 5157 / 0410 431 004

Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR), Ref #82-34 (Securities Exchange Commission)

ATTACHMENT 1

Current Ownership Structure (Simplified)



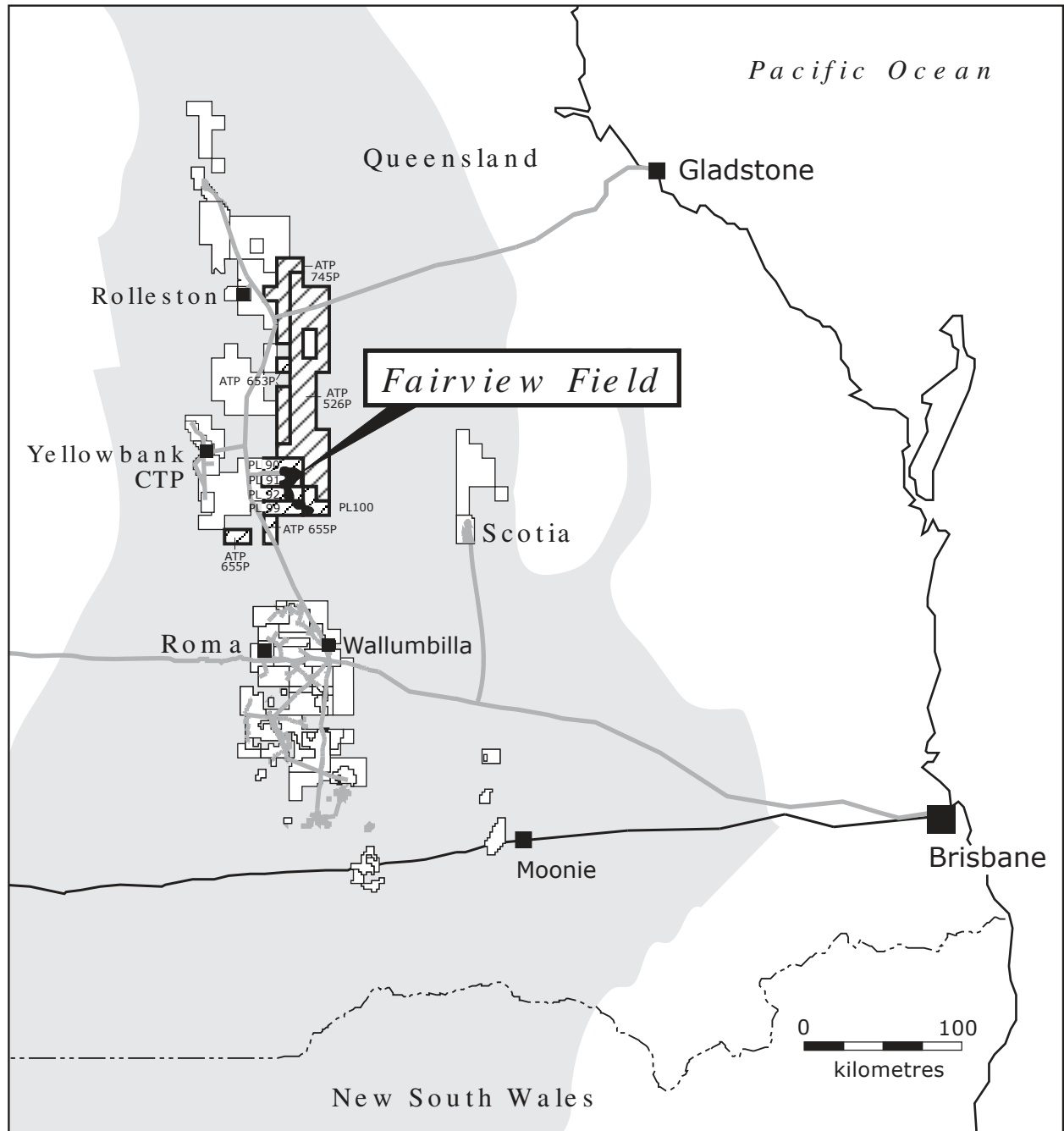
Notes:

1. US assets include conventional gas as well as CSM assets in the Rocky Mountains.
2. Tipperary has an approximate 75% equity interest and a 72% revenue interest in Fairview field, reducing to a 64% revenue interest over time.

ATTACHMENT 2 – TIPPERARY PERMITS MAP

(Refer Overleaf)

Tipperary Permits



Legend

- Santos acreage
- Tipperary acreage
- Extent of Bowen & Surat Basins
- Gas pipeline
- Oil pipeline

