

2 August 2005

Santos confirms new gas discovery offshore Victoria

Santos Limited, as operator of the VIC/P44 joint venture, confirms that a new gas field has been discovered in the offshore Otway Basin, Victoria, with the drilling of the Henry 1 wildcat exploration well.

Overnight analysis of gas samples acquired by wireline logging has confirmed that the gas is good quality with a similar composition to that at Casino.

The Henry 1 exploration well was drilled to its current total depth of 2032 metres (measured depth) and intersected approximately 21 metres of net gas pay within a 30 metre gross section in the primary objective. A 27.8 metre core was cut in the reservoir with 100% recovery.

“Henry 1 is a very pleasing result especially given its proximity to the Casino development and the good quality of the gas,” said Santos Managing Director, Mr John Ellice-Flint.

“We expect the location of the well close to existing infrastructure, combined with our innovative gas contracting for the Casino field, should enable us to commercialise the gas discovered at Henry 1,” he said.

To date, three exploration wells have been drilled in the block by the joint venture since Santos acquired its 50% interest in 2001. The third of these, Henry 1, gives a 100% exploration success rate for VIC/P44.

Previous discoveries include the Casino 1 well which discovered commercial volumes of gas in 2002 and the Martha 1 well which yielded gas in 2004 but is still being reviewed regarding its commercial potential.

“The success at Henry 1 augurs well for the other prospects we have identified in the region through our ongoing active exploration program,” said Mr Ellice-Flint.

Henry 1 is located in VIC/P44, 8.5 kilometres north-west of the Casino gas field which is currently being developed to commence gas supplies early next year under long-term contract to TruEnergy (formerly TXU).

The participants in VIC/P44 are:

Santos Limited (operator)	50%
Peedamullah Petroleum Pty Ltd (AWE)	25%
Mittwell Energy Resources Pty Limited (Mitsui)	25%

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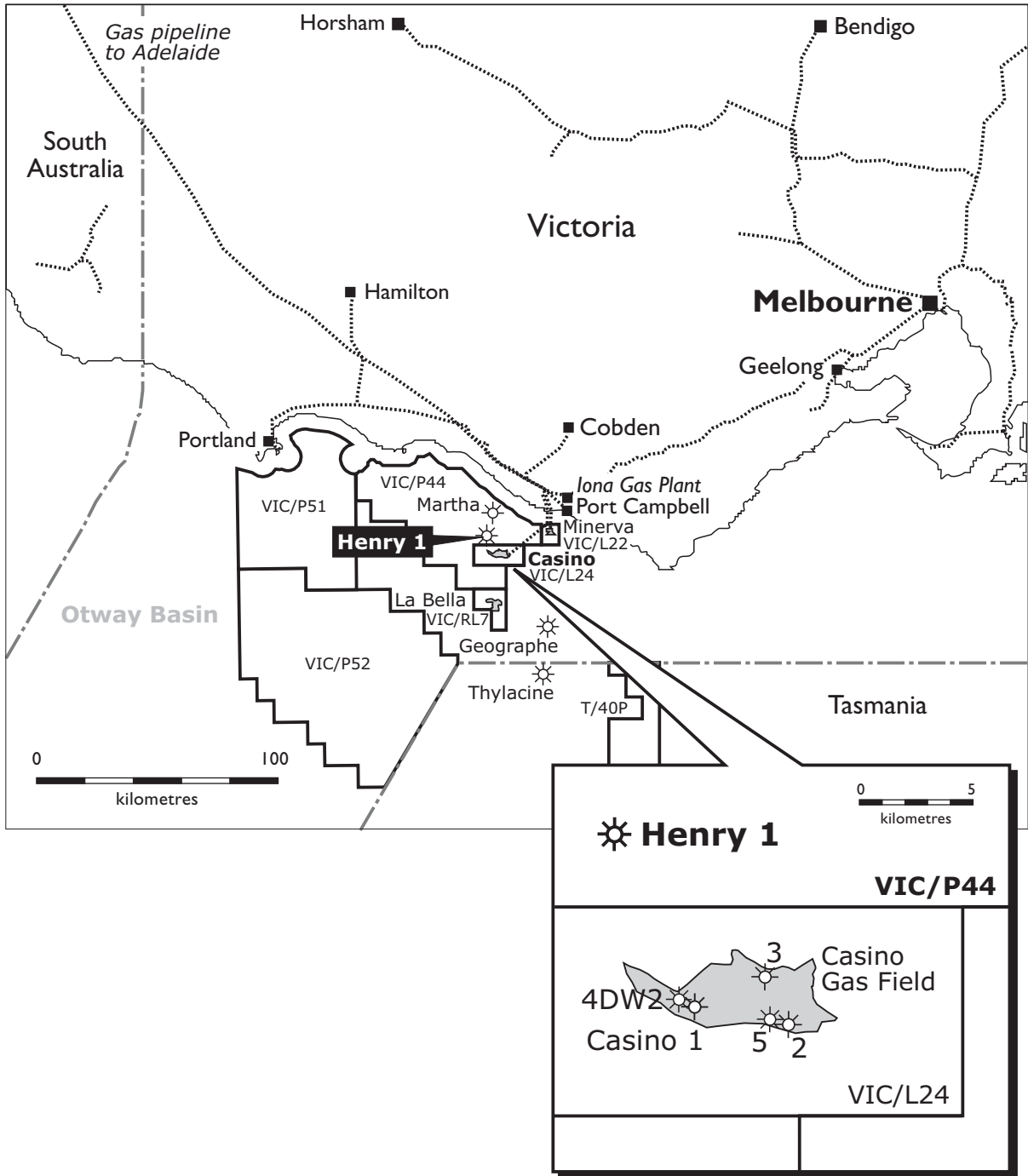
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Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR), Ref #82-34 (Securities Exchange Commission)

Map attached.

Henry 1, Otway Basin



LEGEND

- Santos Acreage
- Gas Field
- ⋯ Gas Pipeline

Location Map

