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Santos to supply gas to another new Australian power station

Santos Limited today announced that it has contracted to supply gas to another major new Australian power station.

Under the agreement, supply for the Kwinana gas fired power station announced yesterday by the WA Government, will come from the John Brookes field.

Santos (BOL) Pty Ltd (45% interest in the John Brookes field) and Apache Northwest Pty Ltd (55% and operator) has contracted with the developers, Wambo Power Ventures to supply the power station's operator, NewGen Power, with 229 petajoules (PJ) of gas over 15 years. The term may be extended by a further 10 years by mutual agreement. First gas is expected to be delivered prior to the end of 2008.

Santos has also secured the potential for further value capture through exposure to the WA electricity market for the generation capacity not required by Western Power.

It is the second major gas supply contract for Santos this year for a new Australian power station. In April the company secured a 10-year contract to supply Queensland's new \$340 million Braemar gas-fired power station, also being developed by Babcock & Brown and ERM Power.

It is the second significant contract for the John Brookes field which is being developed by Santos and Apache in production licence WA-29-L in the Carnarvon Basin, offshore Western Australia.

Last year, Newcrest Mining Limited contracted with the John Brookes Joint Venture to provide 120 PJ of gas over 15 years for power generation at the Telfer gold mine, in the Pilbara region of Western Australia.

The John Brookes field which is due to commence production later this year, was discovered in 1998 with the drilling of the John Brookes 1 exploration well and successfully appraised during 2003.

"Winning another major new WA contract is not only good news for Santos and Apache but is a further boost for the development of the Varanus Island gas hub", said Santos' Managing Director, John Elice-Flint.

“We are also pleased that John Brookes gas will play a further role in the development of another major WA energy project,” he said.

“It is another feather in the cap of our gas commercialisation team and great news for a world demanding lower greenhouse gas emissions from electricity generation.”

Interests in the John Brookes Joint Venture are:

Apache Northwest Pty Ltd (Operator)	55%
Santos (BOL) Pty Ltd	45%

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