

15 September 2005

First production from new Western Australian gas development

Santos Limited today reported that production has commenced from the John Brookes offshore gas development in the Carnarvon Basin, Western Australia at an initial flow rate of approximately 60-80 terajoules per day (TJ/d).

The \$300 million Apache-operated field development incorporates a minimum facilities un-manned platform with three production wells interconnected via a pipeline to processing facilities on Varanus Island.

Following an upgrade of the existing Varanus Island facilities, which is expected to be completed by the end of 2005, the processing capacity will increase to approximately 240 TJ/d.

Gross Proven plus Probable (2P) reserves at the John Brookes field were estimated to be approximately 1200 petajoules (PJ) of gas at the end of December 2004. Net to Santos, this represents around 15% of the Company's total booked 2P reserves.

Sales gas will be exported from Varanus Island into the Dampier to Bunbury pipeline on the mainland to meet existing East Spar contracts and supply three new long-term contracts:

- NewGen Power has contracted to take 229 PJ of gas from John Brookes over 15 years for a new power station to be built in Kwinana.
- EDL LNG (WA) Pty Ltd has contracted to take 58 PJ of gas over 20 years for its West Kimberly Power project in WA.
- Newcrest Mining Limited has contracted to take 120 PJ of gas over 15 years for its Telfer gold mine in the Pilbara region of WA.

"This is an important project for Santos as the successful development of the John Brookes field continues to further diversify our production base," said Santos' Managing Director, Mr John Ellice-Flint.

"It is proving to be one of our most significant assets, and has been fast-tracked to meet growing demand for energy from new and existing WA projects", Mr Ellice-Flint said.

The John Brookes gas field was discovered in 1998. The platform is located in 47 metres of water within licence WA-29-L, in the Carnarvon Basin, 120 kilometres offshore Western Australia.

The start-up of John Brookes follows the March 2005 production start-up of Santos' largest offshore oil project – the Mutineer-Exeter development, also offshore Western Australia.

Interests in WA-29-L are:

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

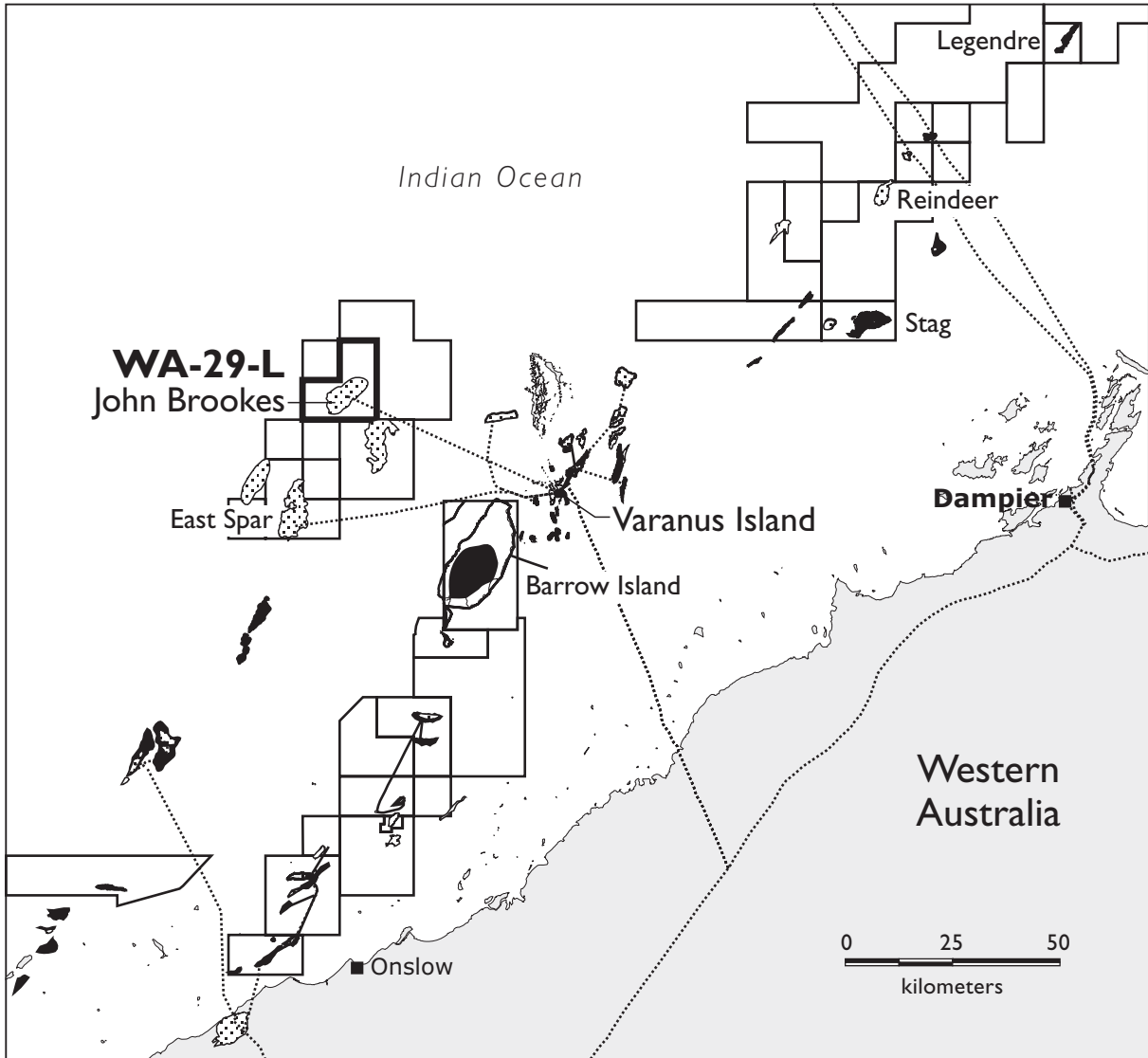
FOR FURTHER INFORMATION PLEASE CONTACT:

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

Map attached.

John Brookes Gas Development



LEGEND

- Santos Acreage
- Oil Field
- ▣ Gas Field
- Oil Pipeline
- ⋯ Gas Pipeline

