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Production under way from major new Australian gas field

Production from the Santos-operated Casino gas project, offshore Victoria, has started with the delivery of first commissioning gas to TRUenergy's Iona processing plant near Port Campbell.

Casino will be a major long-term supply source to Australia's gas markets when full production is achieved later this month.

Under the initial 12-year contract, up to 420 petajoules of gas will be delivered by the VIC/P44 joint venturers to TRUenergy from the Casino field and future possible near field developments.

The gas will be piped from offshore into the Iona processing plant from where it will be sold and distributed by TRUenergy to customers in South Australia and the eastern states.

The Casino project is the second Santos-operated offshore resource project to commence production ahead of schedule within the past nine months. It follows the Mutineer-Exeter oil field which commenced production in April 2005, three months ahead of schedule.

"The Casino gas project, being commissioned just a little over three years after discovery, represents another world-class achievement," Santos Managing Director, Mr John Ellice-Flint, said today.

"Significantly, it provides further evidence that we have the expertise and ability in Australia to bring important resource projects successfully to completion within short cycle-times," he said.

"The joint venture is most appreciative of the contributions of the Victorian Government, various state regulators, and local and international contractors in working together to bring this project to fruition.

"It is a timely example of how corporate Australia can work with governments and other various project stakeholders, including landowners and fishing groups, to develop projects successfully, on time and without unnecessary delays."

The Casino gas field is the first commercial development within VIC/P44, which is located approximately 30 kilometres offshore from Port Campbell in water depths of about 70 metres.

The project's gas development and transport facilities have been specifically designed to minimise environmental and visual impact. The gas will be transported from the subsea well heads through a sea-floor pipeline that comes ashore via a directionally-drilled underground shore crossing, for processing at the existing Iona gas plant.

Meanwhile, as well as the successful drilling, completion and flow-test of two subsea wells at Casino during 2005, the joint venture participants are currently planning for the development of the adjacent Henry gas field, discovered in July 2005.

Accelerated exploration drilling activity in adjacent prospects is also planned for 2006, subject to a drilling rig being available.

Participants in VIC P/44 are:

Santos Limited (Operator)	50.0%
Peedamullah Petroleum Pty Ltd (wholly-owned subsidiary of AWE)	25.0%
Mittwell Energy Resources Pty Ltd (wholly-owned subsidiary of Mitsui)	25.0%

Ends

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