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## **Santos increases reserves**

Santos today announced that a record 122 million barrels of oil equivalent (mmboe) of proven (1P) reserves were added through exploration, appraisal, revisions and acquisitions in the year ended 31 December 2005.

After allowing for production of 56 mmboe, 1P reserves increased by 66 mmboe to 414 mmboe, up from 348 mmboe at the end of 2004.

For the fourth consecutive year, 1P reserves replacement exceeded total group production.

The 2005 1P reserves replacement ratio from all sources was 218%, and the three year average increased to 165%.

After backing-out the impact of acquisitions and divestments, Santos' 2005 1P organic reserve replacement ratio was 123%, and the three year average was 121%.

Proven plus probable (2P) reserves also rose sharply, with the addition of 187 mmboe in this category. After allowing for production, 2P reserves rose by 131 mmboe to 774 mmboe, up from 643 mmboe a year earlier.

As a result of Santos' major development focus over several years, the proportion of developed reserves has steadily increased, with 77% of 1P reserves now in the developed category.

Major impacts by area across the portfolio, reported as changes in ultimate recovery for producing fields, are described below.

### **Cooper Basin**

Revisions to both oil and gas reserves in existing Cooper Basin fields added 16.8 mmboe of 1P reserves. In the 2P category, negative revisions in gas reserves of 4.6 mmboe were offset by increases in oil reserves of 4.9 mmboe.

The acquisition of Basin Oil from OMV Petroleum Pty Ltd resulted in an increase of 2.1 mmboe of 1P and 4.9 mmboe of 2P reserves in the South Australian Cooper Basin.

## **Eastern Queensland**

Reserves were booked at the Fairview coal seam gas (CSG) field following the acquisition of Tipperary Corporation in October 2005. Year end bookings of 49.6 mmboe of 1P and 142.6 mmboe of 2P reserves were recorded based on an independent estimate undertaken by Netherland Sewell and Associates.

Also in eastern Queensland, revisions to existing fields added some 4.1 mmboe of 1P and 4.4 mmboe of 2P reserves.

## **Southern Australia**

In the Otway Basin, successful appraisal of the Casino field resulted in the addition of 6.0 mmboe of 1P reserves. The discovery of the nearby Henry field resulted in the addition of 5.4 mmboe of 1P and 11.1 mmboe of 2P reserves.

Also in the Otway Basin, the acquisition of the OMV Petroleum Pty Ltd and Trinity Gas Resource's interests in the Patricia-Baleen field added 2.6 mmboe of 1P and 4.3 mmboe of 2P reserves.

## **Carnarvon Basin**

At the John Brookes field, successful development and appraisal activity resulted in an increase of 25.5 mmboe of 1P and 10.4 mmboe of 2P reserves.

At Mutineer-Exeter, positive reservoir performance and appraisal resulted in an increase of 7.1 mmboe of 1P and 4.3 mmboe of 2P reserves.

A positive revision was recorded at Legendre/Thevenard of 1.8 mmboe of 1P and 1.5 mmboe of 2P reserves. At East Spar, the remaining reserves of 1.4 mmboe of 1P and 4.0 mmboe of 2P reserves were written-off following the watering out of the field.

## **Indonesia**

Minor adds to the Maleo and Kakap fields of 1.0 mmboe of 1P and 1.2 mmboe of 2P in aggregate were offset by reduced reserves at Oyong of 2.6 mmboe of 1P and 3.5 mmboe of 2P following development drilling.

The 10% government back-in to the Maleo field resulted in the divestment of 1.0 mmboe of 1P and 3.0 mmboe of 2P reserves.

## **Contingent Resources**

Santos' contingent resources (discovered but currently sub-commercial or technically immature hydrocarbon resources) were 1,971 mmboe at the end of the year, an increase of 528 mmboe (37%) relative to the previous year.

This significant increase is largely due to the booking of additional CSG resources at Fairview and in the Roma area, together with exploration success in Caldita in the Timor/Bonaparte and Hiu Aman in offshore Indonesia.

The tables below show the breakdown of reserves as at 31 December 2005.

## PROVEN PLUS PROBABLE RESERVES (SANTOS SHARE) AS AT 31 DECEMBER 2005 BY ACTIVITY

	Sales gas (incl. ethane) PJ	Crude oil mmbbl	Condensate mmbbl	LPG '000 tonnes	Total mmboe
Reserves year end 2004	2873	74	49	3523	643
Production	197	15	4	307	56
Additions	68	0	0	0	12
Acquisitions/Divestments	863	0	0	40	149
Revisions	61	17	-1	-61	26
Estimated reserves year end 2005	3667	76	43	3195	774

## PROVEN PLUS PROBABLE RESERVES (SANTOS SHARE) AS AT 31 DECEMBER 2005 BY AREA

Area	Sales gas (incl. ethane) PJ	Crude oil mmbbl	Condensate mmbbl	LPG '000 tonnes	Total mmboe
Cooper Basin	933	25	12	1559	210
Onshore Northern Territory	135	2	1	0	26
Offshore Northern Territory	322	1	25	1439	91
Eastern Queensland	1088	0	0	20	188
Southern Australia	359	0	2	176	65
Carnarvon Australia	589	44	3	0	148
PNG	0	1	0	0	1
Indonesia	210	3	0	0	39
USA	30	0	1	0	6
Total	3667	76	43	3195	774

## RESERVES (SANTOS SHARE) AS AT 31 DECEMBER 2005

(mmboe)	Year End 2004	Production	Revisions	Additions	Acq / Div	Year End 2005
1P Reserves	348	56	63	6	53	414
2P Reserves	643	56	26	12	149	774
Best Estimate Resources	1443	0	44	401	83	1971

**Note:** Average conversion factors:

Crude oil	1 barrel	=	1 boe
Sales gas	1 petajoule	=	171,937 boe
Condensate	1 barrel	=	0.935 boe
LPG	1 tonne	=	8.458 boe

Ends

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