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Barossa-1 drilling update

Santos today announced that testing of the Barossa-1 well in the Timor/ Bonaparte basin offshore Northern Territory has confirmed the presence of gas, and provided valuable reservoir and composition data.

The Barossa-1 well has been drilled to a total depth of 4,310 metres, with logging and two drill stem tests now completed.

The first test, of a lower-quality reservoir interval, flowed gas at a rate of approximately 0.8 million cubic feet per day through a 1 inch choke.

The second test, of a higher-quality reservoir interval, flowed gas at a rate of approximately 30.1 million cubic feet per day through a 56/64 inch choke, with a condensate rate of 7 to 9 barrels per million cubic feet of raw gas as measured at the rigsite. The gas flowrate test was constrained by limitations of the surface equipment.

Test results indicate a carbon dioxide content in the gas of approximately 16%.

Barossa-1 is the third well to be drilled on this structure following the drilling of the Lynedoch-1 and 2 wells in 1973 and 1998 respectively.

“Barossa 1 is an encouraging result that further builds on Santos’ gas resources in the offshore Timor/Bonaparte region,” said Santos Managing Director, Mr John Ellice-Flint.

“The forward program is to drill an appraisal well on the nearby Caldita gas discovery, and to acquire 3D seismic data over these structures to determine the likely resource range and the development potential,” he said.

The Barossa-1 well will now be plugged and abandoned as planned, and the rig will be moved to the Caldita-2 location.

The Barossa discovery is located in exploration permit NT/P69, 295 kilometres north–northwest of Darwin in water depth of 233 metres.

The participants in NT/P69 are:

Santos Offshore Pty Ltd Limited	40%
ConocoPhillips Australia Exploration Pty Ltd (operator)	60%

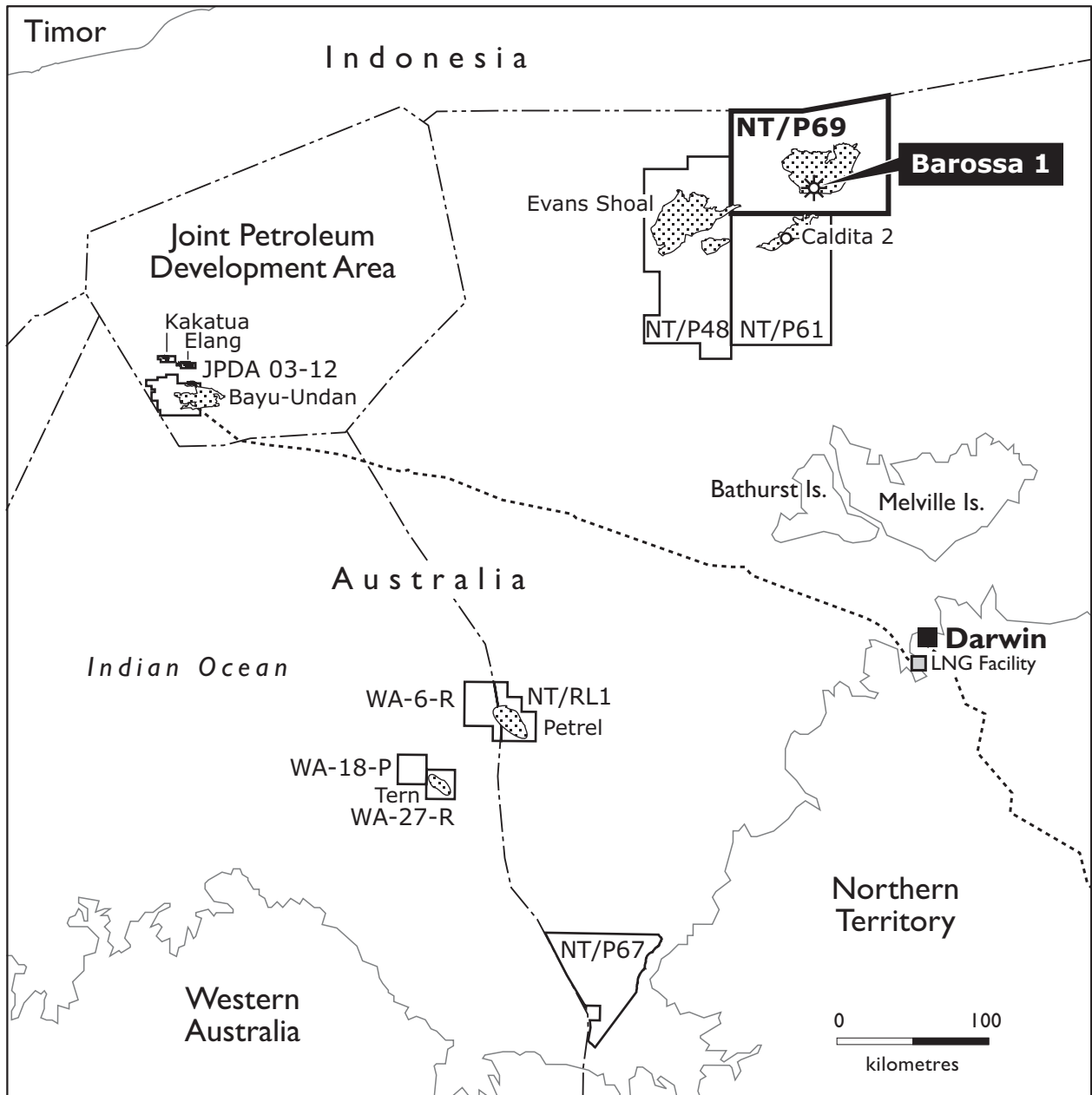
Map attached.

Ends

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

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Barossa 1



Legend

- Santos acreage
- Oil Field
- ▤ Gas Field
- Gas Pipeline

