

20 July 2004

Santos divests interests in onshore Otway Basin

Santos Limited has agreed to sell its operated interests in the onshore Otway Basin in western Victoria to Origin Energy Resources Limited which interests are held through its wholly owned subsidiary Santos (BOL) Pty Ltd.

The sale includes a 90% ¹ interest in the exploration permit EP 154(a) and (b), a 100% interest in the exploration permit EP153 and commensurate interests in several production permits, all pipeline infrastructure and the Heytesbury processing facility.

Consideration for the assets is \$25.75 million, with an effective date of 1 April 2004. The sale is subject to the waiver of certain pre-emptive rights in respect of EP 154(a) and (b) and associated petroleum production licences by the other joint venture participant, final completion and government approvals.

Santos has been producing natural gas from the onshore Otway Basin for Victorian industrial, commercial and residential customers since 1999.

The divestiture of these assets is in line with Santos' strategy to sell non-core assets in order to focus on growth areas such as offshore Otway, offshore Western Australia, Indonesia, Timor Sea, the USA, the Middle East and North Africa.

Santos has in recent weeks announced several new ventures as part of its international growth strategy.

Last week, the Company unveiled details of its first North African exploration venture and last month announced an expansion of its Indonesian and USA exploration acreage and prospects and the agreement to acquire additional Indonesian oil and gas assets, following PT Medco's bid for Novus Petroleum.

FOR FURTHER INFORMATION PLEASE CONTACT:

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

¹ The remaining 10% is held by Beach Petroleum Limited