

8 April 2005

Casino gas project awarded a production licence

Santos Limited, on behalf of the VIC/P44 joint venture, announces that the \$200 million Casino development, offshore southern Australia, has been awarded a production licence by the Victorian Government.

The VIC/L24 production licence, awarded by the Department of Primary Industries, Victoria clears a major regulatory hurdle and will help to ensure that production commences on schedule in the first quarter 2006.

During the first quarter 2005, the project has advanced rapidly to be 36% complete as at the end of March having begun drilling a pilot hole for the directional shore-crossing and completed the onshore pipeline installation.

Preparations have also commenced for development drilling operations with the Casino 4 and Casino 5 wells currently scheduled to start drilling at the end of April.

The entire gas reserves from the Casino field have been sold under contract to TXU who will process the gas at their Iona processing plant. All remaining conditions precedent for the Gas Sales Agreement with TXU have been satisfied or waived.

The finalisation of this innovative gas sales contract has enabled accelerated exploration drilling activity with an option being exercised for the drilling of the Henry 1 well, immediately northwest of the Casino gas field. The Casino joint venture is also exploring options to drill the adjacent prospects immediately after the Henry 1 well.

"The award of a production licence is an important milestone as it helps ensure the development remains on schedule, said Santos' Managing Director, Mr John Ellice-Flint.

"Together with the meaningful progress made during the first quarter of 2005, means the development is on track to meet expected initial production in the first quarter of 2006".

Participants in VIC P/44 and VIC/L24 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%

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