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First oil from Chim Sáo in Vietnam

Santos today announced that oil production has commenced from the Chim Sáo project in Vietnam.

Chim Sáo was sanctioned in 2009 and is located in the Nam Con Son Basin, offshore southern Vietnam, within Block 12W.

Chim Sáo has been delivered on schedule and under the sanctioned budget. Oil production will commence from six wells and the gross production rate is expected to plateau at around 25,000 barrels of oil per day.

The Chim Sáo development includes a single wellhead platform and a floating processing, storage and offloading (FPSO) vessel. Hydrocarbon processing will take place on the FPSO with the oil exported via shuttle tanker and the gas by subsea pipeline into existing gas infrastructure.

Santos Chief Executive David Knox said Chim Sáo was the second of four new projects in the base business to commence production this year and follows the Halyard/Spar project in Western Australia, which commenced production in June. The other two projects – Reindeer in Western Australia and Wortel in Indonesia – are progressing on schedule for first production by the end of this year.

“Chim Sáo start-up represents a significant addition to Santos’ oil production and is particularly pleasing as it has been achieved only five years after Santos’ entry into Vietnam.”

“We congratulate our operator, Premier Oil, on its performance in bringing Chim Sáo to production and look forward to our continued association with Premier and PetroVietnam,” Mr Knox said.

Santos Vice President Asia Pacific Martyn Eames said that the development drilling of Chim Sáo has gone well with reservoir quality results exceeding expectations.

“A Chim Sáo development well has intersected an estimated 89 metres of net oil bearing sands within a stacked sequence of Upper Dua sandstones in the fault terrace to the north west of the Chim Sáo field.”

“Further exploration and appraisal will be undertaken in 2012 and we expect to add significant resources to the project in the near future.”

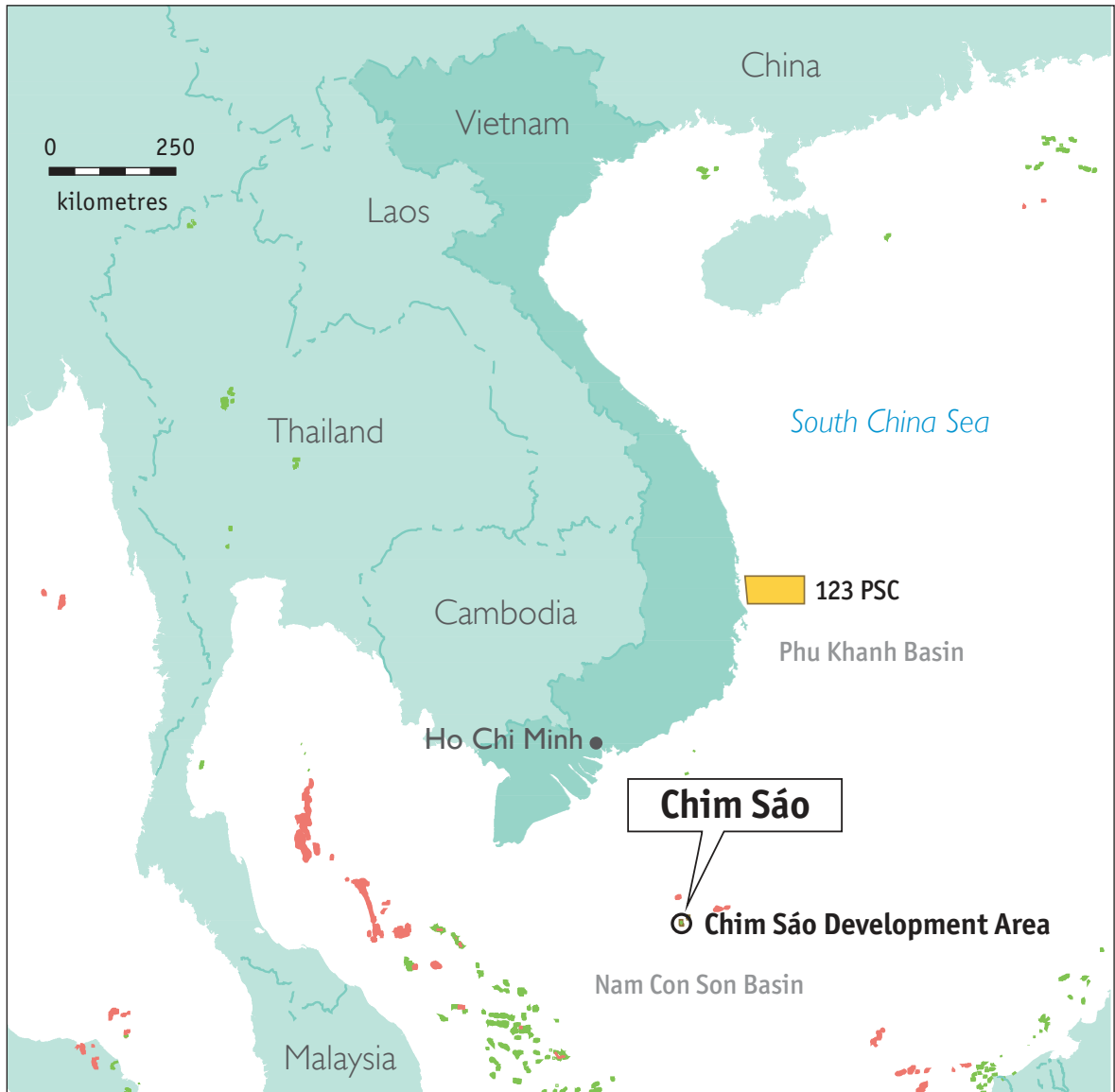
“Block 12W also contains the discovered resource of Dua and Santos will continue to work with our partners to plan the optimum development concept and timing of this project,” Mr Eames said.

Santos has a 31.875% interest in Block 12W and Chim Sáo. Other shareholders are Premier Oil (53.125% and operator) and PetroVietnam (15%).




Map attached.

Ends.

Chim Sáo, Vietnam



LEGEND

-  Santos acreage
-  Oil field
-  Gas field

