

17 October 2004

Santos and Mitsui join forces in new Otway Basin exploration venture

Santos Limited (Santos) and the Mitsui & Co, Ltd (Mitsui) subsidiary, Mittwell have joined forces again to explore for oil and gas – this time in another part of the offshore Otway Basin, southern Australia.

Santos announced today that Mittwell Energy Resources Pty Ltd, already a joint venture partner in the \$200 million Casino gas development, has now taken a 25% equity interest in the VIC/P51 exploration permit area.

Mittwell will jointly participate with Santos and existing partner INPEX ALPHA LTD., a subsidiary of INPEX CORPORATION, in a new exploration program in the VIC/P51 permit area, which is in offshore Victoria, in the Otway Basin.

This includes drilling the Callister 1 exploration well, which spudded on October 13th 2004, and is being drilled in VIC/P51 by the deepwater rig, Jack Bates.

The Jack Bates rig arrived on location at the site of the Callister 1 well earlier this week, after a 7 week voyage from Norway.

The Mittwell farm-in agreement is subject to approval by relevant authorities.

The VIC/P51 permit covers an area of over 2600 square kilometres. It lies adjacent to the Casino gas development in VIC/P44 and the deepwater exploration permit VIC/P52.

The VIC/P52 permit is the location for Santos' frontier exploration well, Amrit 1, which will be drilled immediately following the Callister 1 well.

"We are pleased to welcome Mittwell as a partner in a portion of our Otway Basin exploration program," Santos' Managing Director, Mr. John Ellice-Flint, said today.

Interest holders in the VIC/P51 exploration permit are:

	New interests	Previous interests
Santos Offshore Pty Ltd	55%	80%
Mittwell Energy Resources Pty Ltd (a wholly owned subsidiary of Mitsui)	25%	-
INPEX ALPHA LTD	20%	20%

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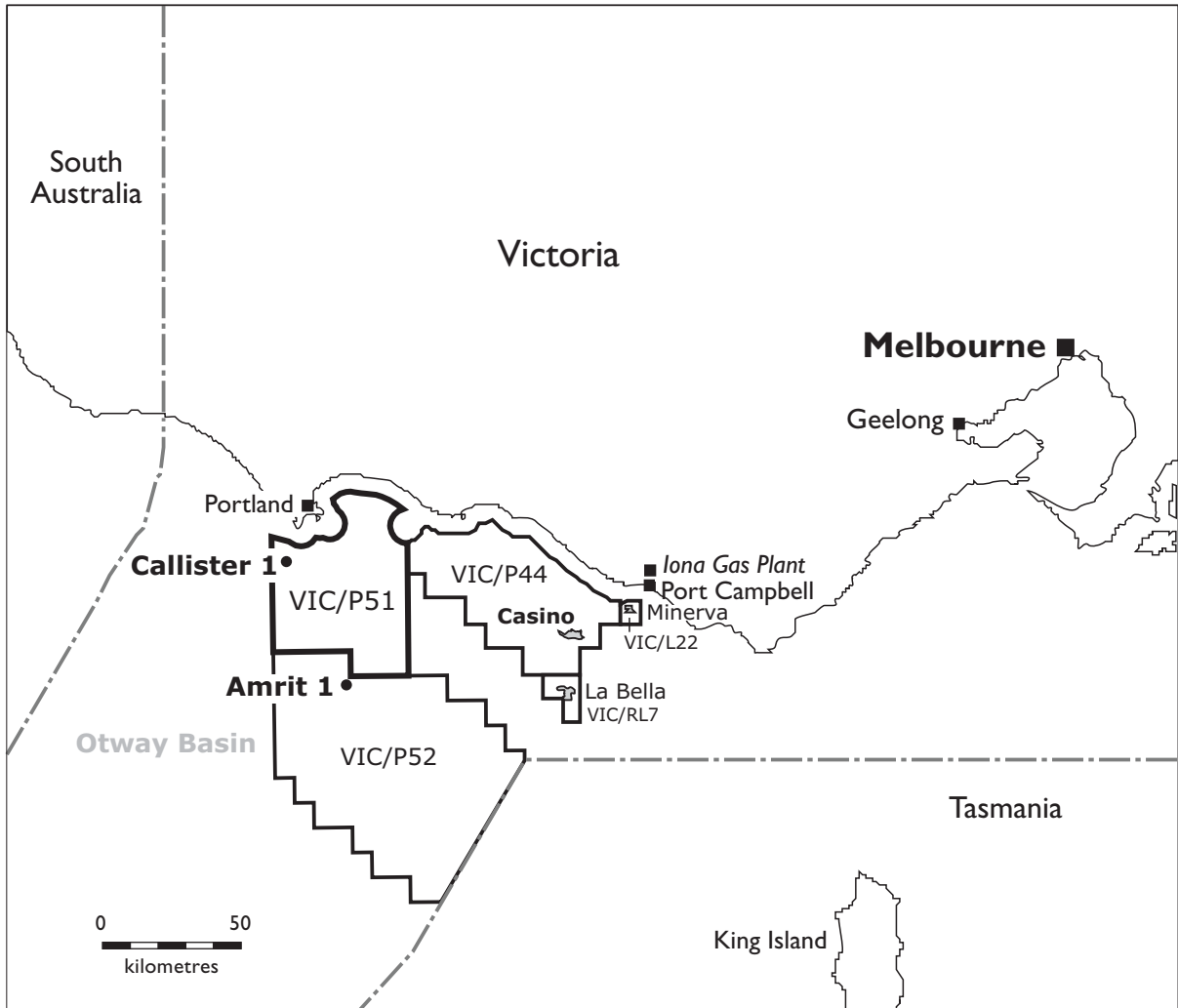
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Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR)

Map attached showing VIC/P/51, VICP/52, Callister 1 and Amrit 1.

VIC/P51, Otway Basin



LEGEND

- Santos Acreage
- Gas Field

Location Map

