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Santos announces start of Australia's first commercial shale gas production

Santos today marked a historic milestone for the Australian resources industry, announcing it has commenced commercial natural gas production from its Moomba-191 shale well in the Cooper Basin.

The Moomba-191 shale well is flowing natural gas at a stabilised rate of 2.7 mmscf/d from the Roseneath, Epsilon and Murteree shale targets. Santos initially announced success at Moomba-191 in its interim report in August.

Santos Vice President Eastern Australia, James Baulderstone, said the Moomba-191 shale well was another milestone for Santos' Cooper Basin unconventional gas program, which began in 2004.

"The connection of the Moomba-191 well is a significant step forward as we work to unlock the vast unconventional potential of the Cooper Basin," Mr Baulderstone said.

"While this is the first commercial shale well, and more work will be required to unlock the area's full potential, this is clearly a landmark for Australia's natural gas industry. Producing commercial quantities of natural gas from the Cooper's shale rock formations would provide the potential for ongoing energy security for South Australia and our eastern states, plus valuable export revenue.

"The well was only 350 metres from the existing pipeline network and eight kilometres from Moomba's gas processing plant, which enabled it to be brought on line quickly, illustrating the importance of Santos' existing infrastructure position in commercialising the region's significant resource potential."

Further drilling is planned for the area, including an ongoing vertical well appraisal program and Santos' first horizontal shale well planned for early 2013.

Santos was joined by the Premier of South Australia, the Hon Jay Weatherill MP, and the Minister for Mineral Resources and Energy, the Hon Tom Koutsantonis MP, to officially open the Moomba-191 well at an on-site ceremony north-east of the Moomba processing plant.

Mr Weatherill said: "Natural gas from unconventional sources has been regarded as something that would happen in the future but today's opening demonstrates that the future is happening today."

"This is the first step in the next wave of Cooper Basin development that will lead to natural gas from unconventional sources being increasingly used in households across SA and Eastern Australia more generally."

Santos has a 66.6% interest in the South Australian Cooper Basin Joint Venture. The other participants are Beach Energy (20.21%) and Origin Energy (13.19%).

Ends.