

Fourth Quarter  
Activities Report  
For period ending 31 December 2011



19 January 2012

Comparative performance at a glance

<b>Quarterly comparison</b>	<b>Q4 2011</b>	<b>Q3 2011</b>	<b>Change</b>
Production (mmboe)	11.7	12.7	-8%
Sales (mmboe)	14.0	15.4	-9%
Sales revenue (A\$ million)	750	680	+10%
<b>Corresponding period</b>	<b>Q4 2011</b>	<b>Q4 2010</b>	<b>Change</b>
Production (mmboe)	11.7	12.8	-9%
Sales (mmboe)	14.0	15.2	-8%
Sales revenue (A\$ million)	750	601	+25%
<b>Year to date comparison</b>	<b>2011</b>	<b>2010</b>	<b>Change</b>
Production (mmboe)	47.2	49.9	-5%
Sales (mmboe)	57.1	59.2	-4%
Sales revenue (A\$ million)	2,530	2,228	+14%

2011 sales revenue up 14%, higher oil production, projects delivered on plan

- > 2011 production of 47.2 mmboe was within the company's guidance range and 5% lower than 2010, primarily due to the sell-down of Santos' interest in GLNG from 60% to 30%. Sales revenue of \$2.5 billion was 14% higher than 2010.
- > Sales revenue of \$750 million in the December quarter was 10% higher than third quarter and 25% above the corresponding period, driven by higher oil and natural gas prices.
- > December quarter natural gas, ethane and LNG production was 15% lower than the previous quarter, primarily due to adverse weather reducing well connections in the Cooper Basin combined with a lower net entitlement from Maleo, Indonesia, resulting from a favourable gas price review.
- > Average gas price of \$5.55/GJ for the December quarter was 21% higher than the previous quarter, driven by higher gas prices from Maleo, as well as a higher LNG prices.
- > Quarterly crude production was 36% above the third quarter primarily due to production from Chim São in Vietnam commencing in October.

Key activities during the period

- > First oil from Chim São in Vietnam in October, on schedule and under budget.
- > First gas from Reindeer/Devil Creek in Western Australia in December, on schedule and budget.
- > Completion of the acquisition of Eastern Star Gas Ltd in November, together with the associated sell-down of 20% of the permits to TRUenergy.
- > Sale of Santos' interest in Evans Shoal (NT/P 48) in the Bonaparte Basin for up to \$350 million.
- > Drilling of Santos' first dedicated shale well, Moomba 191, in the Cooper Basin.
- > Award of PSC for Block 13/03 in Vietnam.
- > Secured US\$1.2 billion in Export Credit Agency (ECA) supported corporate senior debt facilities.
- > Launch of an Australia-first online water portal, which shows results from 100 locations at which the Santos GLNG project monitors surface and groundwater.
- > On 13 January 2012, the final investment decision was taken on the \$490 million Fletcher Finucane oil project in the Carnarvon Basin, offshore Western Australia.

Santos Chief Executive Officer David Knox said the company had delivered production within guidance in 2011, despite the impact of well connection delays in the Cooper Basin due to wet weather and a lower net entitlement to Maleo gas production in Indonesia following the favourable price review. Sales revenue in 2011 was up 14% to \$2.5 billion.

“Revenue was higher in the fourth quarter due to strong oil and gas prices, and higher crude oil production, which increased by 36% following first oil from Chim São.”

Mr Knox said the on-time, on-budget start-ups of Chim São and Reindeer during the fourth quarter positioned the company to deliver production growth in 2012.

“PNG LNG and GLNG construction progress is pleasing and first LNG is expected in 2014 and 2015 respectively,” Mr Knox said.

## 2011 guidance

Item	2011	
	Previous guidance	Updated guidance
Production (mmboe)	47 - 50	47.2
Production costs (\$m)	550 - 590	550 - 570
Depreciation, depletion & amortisation (DD&A) expense (\$/boe)	12 - 13	13.50 - 14
Royalty-related taxation expense (\$m after tax)	100 - 120	No change
Capital expenditure (including exploration and evaluation) (\$m)	3,000	3,088

2011 production was in line with guidance. DD&A guidance has increased following the receipt of updated operator estimates for future development and abandonment costs associated with certain Western Australian assets.

Guidance on 2011 financial outcomes above is preliminary in nature and subject to finalisation. As such, the actual results for the year ended 31 December 2011 may differ from the guidance given in this update.

Further detail of 2011 capital expenditure, including exploration and evaluation expenditure, is reported in the table on page 6 of this release.

Santos will announce its results for the year ended 31 December 2011 on Friday 17 February 2012. The full-year report (incorporating Appendix 4E) and associated investor briefing slide presentation will be available on Santos' website at [www.santos.com](http://www.santos.com). A webcast briefing, including investor/analyst questions, will also be available on Santos' website from 11:00am AEDST on 17 February 2012.

## 2012 guidance

Santos expects 2012 production to be in the range of 51-55 mmboe and capital expenditure to be approximately \$3.75 billion, both unchanged from guidance issued at the investor seminar in November 2011.

Guidance on financial items will be provided with the full-year results on 17 February 2012.

## I. Sales and production

	Quarter ended			Full year	
	Q4 2011	Q4 2010	Q3 2011	2011 <sup>1</sup>	2010
<b>Sales gas, ethane and LNG (PJ)</b>					
Cooper Basin	16.2	18.5	19.1	66.1	66.6
Surat/Bowen/Denison	3.5	3.5	3.5	14.2	14.4
GLNG <sup>2</sup>	2.0	4.5	2.3	9.0	19.6
Amadeus	0.0	0.2	0.2	0.7	1.6
Otway/Gippsland	4.1	5.2	5.5	19.0	19.2
Gunnedah	0.1	0.0	0.1	0.2	0.1
Carnarvon	12.2	11.2	11.8	45.5	47.7
Bonaparte	3.4	5.2	4.0	14.7	15.0
Indonesia	5.3	9.8	8.7	33.9	38.2
Bangladesh	0.9	0.8	0.9	3.5	3.8
<b>Total sales gas, ethane and LNG production</b>	<b>47.7</b>	<b>58.9</b>	<b>56.1</b>	<b>206.8</b>	<b>226.2</b>
<b>Total sales volume (own product)</b>	<b>45.8</b>	<b>65.0</b>	<b>55.6</b>	<b>204.5</b>	<b>242.1</b>
<b>Total sales volume (third party)</b>	<b>13.8</b>	<b>5.1</b>	<b>16.3</b>	<b>61.3</b>	<b>35.6</b>
<b>Gas price (Avg A\$/ GJ)</b>	<b>5.55</b>	<b>4.28</b>	<b>4.57</b>	<b>4.71</b>	<b>4.31</b>
<b>Total sales revenue (A\$m)</b>	<b>330.8</b>	<b>300.1</b>	<b>328.4</b>	<b>1,252.5</b>	<b>1,196.9</b>
<b>Condensate (000 bbls)</b>					
Cooper Basin	275.9	222.4	320.2	1,072.0	945.8
Surat/Denison	0.6	1.4	0.6	2.8	4.3
Amadeus	7.8	6.7	5.4	24.1	25.9
Otway	3.9	5.4	6.3	19.5	23.5
Carnarvon	138.5	110.5	157.8	502.4	474.4
Indonesia	0.9	0.0	1.3	5.2	3.8
Bonaparte	314.5	332.8	333.2	1,291.9	1,367.0
Bangladesh	0.2	0.0	0.2	0.6	0.4
<b>Total condensate production</b>	<b>742.3</b>	<b>679.2</b>	<b>825.0</b>	<b>2,918.5</b>	<b>2,845.1</b>
<b>Total sales volume (own product)</b>	<b>897.0</b>	<b>850.5</b>	<b>625.0</b>	<b>2,712.6</b>	<b>2,918.5</b>
<b>Total sales volume (third party)</b>	<b>45.2</b>	<b>37.6</b>	<b>58.0</b>	<b>207.0</b>	<b>90.6</b>
<b>Condensate price (Avg A\$/ bbl)</b>	<b>103.57</b>	<b>86.48</b>	<b>96.73</b>	<b>103.86</b>	<b>84.13</b>
<b>Condensate price (Avg US\$/ bbl)</b>	<b>104.80</b>	<b>84.55</b>	<b>101.82</b>	<b>106.60</b>	<b>78.29</b>
<b>Total sales revenue (A\$m)</b>	<b>97.6</b>	<b>76.8</b>	<b>66.1</b>	<b>303.2</b>	<b>253.1</b>
<b>LPG (000 t)</b>					
Cooper Basin	32.7	33.6	39.7	134.4	132.7
Surat/Denison	0.0	0.0	0.0	0.0	0.1
Bonaparte	18.4	19.1	19.7	75.2	77.7
<b>Total LPG production</b>	<b>51.1</b>	<b>52.7</b>	<b>59.4</b>	<b>209.6</b>	<b>210.5</b>
<b>Total sales volume (own product)</b>	<b>43.2</b>	<b>61.1</b>	<b>54.4</b>	<b>197.8</b>	<b>221.2</b>
<b>Total sales volume (third party)</b>	<b>0.0</b>	<b>0.7</b>	<b>0.0</b>	<b>0.6</b>	<b>3.3</b>
<b>LPG price (Avg A\$/ t)</b>	<b>801.81</b>	<b>885.01</b>	<b>879.68</b>	<b>861.52</b>	<b>820.12</b>
<b>Total sales revenue (A\$m)</b>	<b>34.6</b>	<b>54.7</b>	<b>47.8</b>	<b>171.0</b>	<b>184.1</b>
<b>Crude oil (000 bbls)</b>					
Cooper Basin	712.3	711.6	769.6	2,831.4	2,557.8
Surat/Denison	19.7	30.1	20.6	89.6	84.1
Amadeus	40.1	24.1	27.0	112.7	86.3
Thevenard	61.2	66.0	60.7	235.5	254.0
Barrow	139.2	138.8	132.2	526.0	561.1
Stag	433.2	237.3	429.6	1,677.2	1,430.6
Mutineer-Exeter	244.0	162.5	249.8	669.5	572.6
Indonesia	42.9	120.8	49.4	269.9	578.8
SE Gobe	15.8	25.1	19.8	77.5	93.2
Chim São	680.6	0.0	0.0	680.6	0.0
Other <sup>3</sup>	0.0	53.1	0.0	0.0	308.7
<b>Total crude oil production</b>	<b>2,389.0</b>	<b>1,569.4</b>	<b>1,758.7</b>	<b>7,169.9</b>	<b>6,527.2</b>
<b>Total sales volume</b>	<b>2,517.9</b>	<b>1,848.2</b>	<b>2,044.8</b>	<b>6,990.2</b>	<b>6,797.5</b>
<b>Oil price (Avg A\$/ bbl)</b>	<b>114.06</b>	<b>91.88</b>	<b>115.99</b>	<b>114.96</b>	<b>87.35</b>
<b>Oil price (Avg US\$/ bbl)</b>	<b>115.42</b>	<b>89.83</b>	<b>122.09</b>	<b>117.98</b>	<b>81.29</b>
<b>Total sales revenue (A\$m)</b>	<b>287.2</b>	<b>169.8</b>	<b>237.2</b>	<b>803.6</b>	<b>593.8</b>
<b>TOTAL</b>					
<b>Production (mmboe)</b>	<b>11.7</b>	<b>12.8</b>	<b>12.7</b>	<b>47.2</b>	<b>49.9</b>
<b>Sales volume (mmboe) own product</b>	<b>11.6</b>	<b>14.3</b>	<b>12.6</b>	<b>46.4</b>	<b>53.0</b>
<b>Sales volume (mmboe) third party</b>	<b>2.4</b>	<b>0.9</b>	<b>2.8</b>	<b>10.7</b>	<b>6.2</b>
<b>Sales volume total</b>	<b>14.0</b>	<b>15.2</b>	<b>15.4</b>	<b>57.1</b>	<b>59.2</b>
<b>Sales revenue (A\$m)</b>	<b>750.2</b>	<b>601.4</b>	<b>679.5</b>	<b>2,530.3</b>	<b>2,227.9</b>

<sup>1</sup> Preliminary and subject to audit.

<sup>2</sup> GLNG working interest reduced from 60% to 30% in Q4 2010.

<sup>3</sup> Includes Jabiru, Challis and Legendre which ceased production in 2010.

## 2. Production by area

*Comparisons between periods for gas, condensate and LPG production are made between the current quarter and the same quarter from the previous year, as production is heavily influenced by seasonal factors. Conversely, comparisons for crude oil are made with the immediate previous quarter, as oil production rates are not generally subject to seasonal variations. Both comparisons are available in the preceding table.*

### Cooper Basin

Gas production of 16.2 petajoules (PJ) during the quarter was 12% lower than Q4 2010, mainly due to unscheduled compressor shutdowns and adverse weather conditions in the current quarter, including localised rainfall and widespread scrub fires caused by lightning strikes. Production capacity has also been impacted by delays in well connections as a result of legacy flooding impacts in early 2011. Production capacity is expected to increase during the first half of 2012, as access improves and the project backlog is brought online.

Crude oil production decreased 7% from the previous quarter, as wells were shut in and road access limited due to localised adverse weather conditions.

Condensate production was 0.28 mmbbl for the quarter.

### Surat Basin/Bowen Basin/Denison Trough

Sales gas production of 3.5 PJ was in line with Q4 2010, with higher production at Scotia offsetting the natural decline of the Denison field.

### GLNG

Sales gas production of 2.0 PJ was lower than Q4 2010 due to Santos' interest in GLNG reducing from 60% in Q4 2010 to 30% following the sale of interests in the project to Total and KOGAS.

### Otway Basin/Gippsland Basin

Sales gas production of 4.1 PJ was lower than Q4 2010, as customer contractual commitments from Casino and Henry were met ahead of schedule in 2011 and the fields shut in.

### Carnarvon Basin

Gas production from the Carnarvon Basin of 12.2 PJ was 9% higher than Q4 2010, primarily due to production from Reindeer and Halyard coming online during 2011.

Condensate production of 0.14 mmbbl was 25% higher than Q4 2010 due to the higher condensate yield from Halyard which started production in June 2011.

Stag oil production of 0.43 mmbbl was higher than Q3 2011, due to two new production wells coming online at the end of the third quarter.

Mutineer-Exeter oil production of 0.24 mmbbl was in line with Q3 2011, following two successful workovers in the second quarter of 2011.

Oil production from Barrow Island of 0.14 mmbbl was higher than Q3 2011, as Q3 production was impacted by a two-week, field-wide shut down in July to tie in a new production export pipeline.

### Bayu-Undan /Darwin LNG

Gross Bayu-Undan gas production of 47 PJ was 15% lower than Q4 2010. Santos' net entitlement production was 3.4 PJ.

Gross Bayu-Undan condensate production of 5.05 mmbbl was 6% lower than Q4 2010. Santos' net entitlement production was 0.32 mmbbl.

Gross Bayu-Undan LPG production of 251,680 tonnes was 7% lower than Q4 2010. Santos' net entitlement production was 18,400 tonnes.

## Indonesia

During the quarter, Santos signed an agreement to increase the Maleo gas price to US\$5/mmbtu with escalation, effective from 1 June 2011. The resulting adjustment to 2011 production (-1.8 PJ) has been reflected in the fourth quarter.

Santos' net entitlement to gas production in Q4 2011 was 5.3 PJ after the year-to-date adjustment.

Santos' net entitlement to crude oil production of 0.043 mmbbl was lower when compared to Q3 2011 mainly due to a planned shutdown of Oyong for Wortel tie-in construction.

## Bangladesh

Sales gas production of 0.9 PJ was in line with Q4 2010. A drilling program to test near field exploration targets is underway.

## 3. Capital expenditure

Total exploration, evaluation and development expenditure is summarised in the table below.

	Quarter ended			Full year	
	Q4 2011	Q4 2010	Q3 2011	2011 <sup>1</sup>	2010
<b>Capital expenditure summary (\$ million)</b>					
Exploration	50	26	44	151	90
Evaluation including CSG	50	(6)	50	150	144
Development and other PP&E	826	497	659	2,787	1,648
<b>Total capital expenditure</b>	<b>926</b>	<b>517</b>	<b>753</b>	<b>3,088</b>	<b>1,882</b>

Exploration and evaluation expensed summary					
From current year expenditure:					
Exploration	59	11	35	111	75
Evaluation	15	5	15	54	27
Total current year expenditure	74	16	50	165	102
Write-off net amounts capitalised in prior years	1	18	1	3	27
<b>Total expensed</b>	<b>75</b>	<b>34</b>	<b>51</b>	<b>168</b>	<b>129</b>

<sup>1</sup> Preliminary and subject to audit.  
Capital expenditure includes capitalised interest.

### 3.1 Exploration activity

Well	Basin/ Area	Target	Santos %	Well status
NE Sangu 1	Bengal Basin/ Bangladesh	Gas	100	P&A

NE Sangu 1 was drilled as a near-field exploration well 4 kilometres north-east of the Sangu A platform. Drilled to a total depth of 2,742 metres, the well did not encounter hydrocarbons and was plugged and abandoned.

### 3.2 Seismic activity

Permit	Area/ Basin	Survey	Type	km/ km <sup>2</sup>	Status
PL310 ATP631P	Bowen	Humpy Creek	2D onshore	213	Ongoing
ATP259P PL187,188	Cooper	Snefru-Coonaberry	2D onshore	125	Complete
ATP259P PL58,249	Cooper	Challum West	2D onshore	74	Complete
ATP259P PL141	Cooper	Tonto-Whanto S-Mt Howitt	2D onshore	24	Ongoing
WA323P, WA330P	Carnarvon	Winchester	3D offshore	708	Complete

## 4. Development projects

*Development expenditure during the fourth quarter of 2011 was A\$826 million. The status of development projects during the fourth quarter are as follows:*

### Reindeer project (Santos 45%, Apache operator)

Reindeer was sanctioned in April 2008 and involved the development of an unmanned, minimum facility wellhead platform located in 65 metres of water from which gas is exported to the Devil Creek processing plant via a single 105-kilometre pipeline. The Devil Creek gas plant has a gross production capacity of 215 TJ/day and is initially planned to ramp up to sales of 120 TJ/day. Santos and Apache have already entered a number of contracts for the supply of gas from Reindeer/Devil Creek to major local companies in the mining industry, and are continuing to negotiate additional sales.

Reindeer achieved first gas on 6 December 2011, on schedule and budget.

### Wortel project (Santos 45%, operator)

The Wortel project was approved for development in November 2010. Wortel is located seven kilometres west of the Santos-operated Oyong oil and gas field, offshore Madura Island in the Sampang PSC, East Java, Indonesia. The project includes two gas wells, a minimum facility wellhead platform and a 10-kilometre gas pipeline to the existing Oyong wellhead platform. Wortel gas production will then flow through the existing 60-kilometre pipeline to the onshore gas processing facility at Grati for processing and onward sale.

The Wortel wellhead platform jacket and topsides have been successfully installed. Drilling of the two Wortel wells is complete and the pipeline from Wortel to Oyong is complete and ready to receive gas. Pre-commissioning activities have commenced and first gas is expected by the end of January 2012.

### Fletcher Finucane project (Santos 48%, operator)

The Fletcher Finucane oil project is located in permit WA-191-P in the Carnarvon Basin, offshore Western Australia. Fletcher Finucane was sanctioned on 13 January 2012 and involves the development of a three-well subsea tie back to the existing Santos operated FPSO facility at Mutineer-Exeter. The estimated gross capital cost is \$490 million. First oil production is expected in the second half of 2013, at an average gross production rate of 15,000 barrels per day for the initial 12 months of production. Santos holds an effective 48% aggregate interest in the project and is the operator.

### Kipper project (Santos 35%, ExxonMobil operator)

Kipper was sanctioned in December 2007 and involves the development of subsea wells tied back to existing processing infrastructure. Drilling and completion of the Kipper wells was completed in 2010, as was fabrication of the subsea equipment and umbilicals. The first two flow bases and trees have been installed.

As of the end of December, the Kipper coolers and manifold have been installed and the subsea tie-in works have commenced and continue as scheduled. The operator has informed the Kipper Unit Joint Venture (KUJV) that first gas will be deferred beyond the previous expectation of the first half of 2012, due to the need for the installation of mercury removal facilities. The current schedule provides for the operator to present proposed plans for these facilities to the KUJV in the first half of 2012.

### PNG LNG project (Santos 13.5%, ExxonMobil operator)

Sanctioned in December 2009, the PNG LNG project will develop gas and condensate resources in the Hides, Angore and Juha fields and associated gas resources in the operating oil fields of Kutubu, Agogo, Gobe and Moran in the Southern Highlands and Western Provinces of Papua New Guinea. The gas will be transported by pipeline to a gas liquefaction plant 25 kilometres north-west of Port Moresby with a capacity of 6.6 mtpa. PNG LNG has binding LNG sales agreements with four Asian buyers. First LNG exports are expected in 2014.

Construction continues to progress at the LNG plant and upstream locations. At the Hides gas conditioning plant, bulk earthworks continue and piling for the utilities area has commenced. Road access and wellpad construction is in progress and the first drilling rig has arrived in PNG. At the Komo airfield site, project optimisation, including work sequencing and specialised equipment have reduced downtime. Over 85% of the onshore pipeline route has been surveyed, and over 60 kilometres of onshore pipeline has been welded. Offshore pipelay commenced in October 2011. At the LNG plant site, process plant and tank construction is progressing well. Over one kilometre of the 2.4-km offloading jetty has been constructed.

Santos was advised by the operator during the quarter that due to the stronger than forecast Australian dollar, the US-dollar estimated capital cost of the project to date has increased by US\$0.7 billion to US\$15.7 billion. Santos' 13.5% share of the increased capital cost is approximately US\$100 million.

### GLNG project (Santos 30%, operator)

Sanctioned in January 2011, GLNG includes the development of coal seam gas resources in the Bowen and Surat Basins in south-east Queensland, construction of a 420-kilometre gas transmission pipeline to Gladstone, and two LNG trains with a combined nameplate capacity of 7.8 mtpa on Curtis Island. GLNG has binding LNG sales agreements with PETRONAS and KOGAS for 7.0 mtpa in aggregate. The project has an estimated gross capital cost of US\$16 billion from FID to the end of 2015. First LNG exports are expected in 2015.

In the upstream, Fluor continues the detailed engineering for the surface facilities with over 500 staff working on the project. Mobilisation to field will ramp up during the first quarter of 2012. The project drilled 125 wells in 2011, which was slightly below expectation due to wet weather affecting the drilling program. Production continues to be optimised, with fields producing to domestic nominations, with the remaining gas being injected into storage.

Over 150 kilometres of the gas transmission pipeline has been fabricated, with the first shipment of line-pipe arriving in Gladstone on 8 January 2012. Mobilisation to field will ramp up during the first half of 2012.

On the Curtis Island LNG plant site, bulk earthworks are 50% complete and the first concrete pad has been placed for the train-1 compressor foundations. Construction continues to progress on the material offloading facility, haul road and construction camp locations. Construction also continues on the GLNG logistics facilities on the mainland.

In October 2011, the project launched an online water portal, which will make all the company's Surat and Bowen Basin water testing results available for the community to view. This Australia-first initiative shows results from more than 100 monitoring locations, and builds on over 10 years' worth of surface water quality data that Santos started collating in 1999 in Roma. Located at [www.santoswaterportal.com.au](http://www.santoswaterportal.com.au), users are able to access information on surface and subsurface water quality test results for aquifers and view water bore levels.

GLNG project (Santos 30%, operator)



Aerial view of the GLNG site on Curtis Island, 3 January 2012.



Aerial view of the GLNG material offloading facility site on Curtis Island, 3 January 2012.



## 5. Business Development

### Corporate

In December 2011, Santos announced that it had secured US\$1.2 billion in Export Credit Agency (ECA) supported senior debt facilities. The new ECA facilities provide Santos with additional liquidity with flexible drawdown dates during the construction period of the GLNG project, and an average term of eight years. The ECA facilities were part of Santos' funding strategy announced in late 2010 and demonstrates the company's ability to source capital from a diverse range of sources on attractive terms.

### Eastern Australia

Santos' first dedicated Cooper Basin shale gas well, Moomba 191, was drilled in December 2011. The well, located nine kilometres north east of the Moomba gas plant in PPL 7, was drilled to a depth of 9,035 feet and cased and suspended. Thickness and properties, including gas content of the Roseneath, Epsilon and Murteree (REM) shale intervals, were consistent with pre-drill expectations. Cores taken from the intervals, along with shale specific electric logs, are being used to optimise the design of well stimulation activities to be undertaken in March 2012. Micro-seismic monitoring will be used to map well stimulation results to inform future development planning.

In the Cooper infill gas program, operations have commenced on a six-well pad at Tindilpie using the Saxon-183 rig. This multi-well pad is expected to reduce the average well construction costs and well footprint relative to single wells. Planning is underway for a larger pad trial in the second half of 2012, which will include a trial of simultaneous operations to deliver cost and schedule efficiencies.

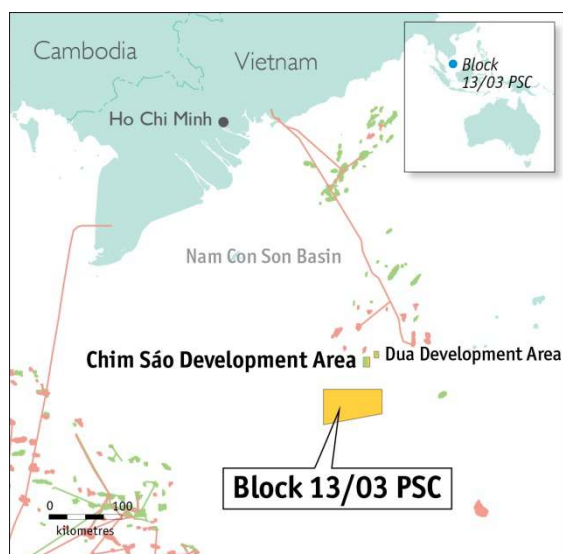
In November 2011, Santos completed its previously announced acquisition of Eastern Star Gas Ltd, with this transaction giving Santos the largest natural gas reserves position in NSW. Santos now operates and has an 80% interest in the coal seam gas (CSG) permits formerly held by Eastern Star.

### Western Australia & Northern Territory

During the fourth quarter, Santos completed the sale of its working interest in NT/P 48 (Evans Shoal) in the Bonaparte Basin offshore northern Australia to ENI. Santos received cash consideration of US\$250 million at completion in December 2011. Santos may also receive a contingent future cash payment of up to US\$100 million subject to a positive final investment decision (FID) for the development of Evans Shoal and the level of 2P reserves at FID.

### Asia Pacific

In December 2011, Santos and Petrovietnam Exploration Production Corporation (PVEP) signed a Production Sharing Contract (PSC) with the Vietnam Oil and Gas Corporation (Petrovietnam) for Block 13/03, in the Nam Con Son Basin, offshore southern Vietnam. Under this PSC, Santos will operate the block and hold a 65% participating interest. As part of the work commitment, Santos is required to acquire and process a new seismic survey and drill one exploration well within the first three years of exploration.



## 6. Drilling summary

### 6.1 Appraisal/evaluation wells

The table below details wells drilled during the fourth quarter and their status.

Well name	Basin/ Area	Target	Santos %	Well status
Glen Linden 1	Bowen Basin	CSG corehole	50	P&A
Fuggles 1	Bowen Basin	CSG corehole	50	C&S, successful gas
Clematis Creek East 3DW1	Bowen Basin	Gas	23.85	C&S, successful gas
Munro 7	Cooper/Eromanga - Qld	Oil	60	C&S, successful oil
Munro 6	Cooper/Eromanga - Qld	Oil	60	C&S, successful oil
Moomba 191	Cooper/Eromanga - SA	Shale gas	66.6	C&S, successful gas
Glen Hill 1	Bowen Basin	CSG corehole	50	P&A
Clematis Creek East 4	Bowen Basin	CSG	23.85	C&S, successful gas
Clematis Creek East 2	Bowen Basin	CSG	23.85	Suspended
Clematis Creek East 2DW1ST1	Bowen Basin	CSG	23.85	P&S
Clematis Creek East 3	Bowen Basin	CSG	23.85	C&S, successful gas
Ridgeland 1*	Bowen Basin	CSG	23.85	C&S, successful gas
Saint Kilda 1	Bowen Basin	CSG corehole	100	P&A
Clematis Creek East 5*	Bowen Basin	CSG corehole	23.85	C&S, successful gas
Scotia 40 *	Bowen Basin	CSG	30	C&S, successful gas
Wallace 1	Cooper/Eromanga - SA	Oil	100	C&S, successful oil
Chimmichurri 1	Cooper/Eromanga - SA	Oil	100	C&S, successful oil
Kakapo 1	Cooper/Eromanga - SA	Oil	100	C&S
Teringie 2	Cooper/Eromanga - SA	Oil	100	C&S, successful oil

\* Spudded during third quarter 2011

## 6.2 Development wells

The table below details development wells drilled during the fourth quarter and their status.

Well name	Basin/ Area	Target	Santos %	Well status
12W-CS N1P <sup>^</sup>	Nam Con Son	Oil	31.875	Drilling
12W-CS N4I <sup>^</sup>	Nam Con Son	Oil	31.875	Suspended
12W-CS S11P <sup>^</sup>	Nam Con Son	Oil	31.875	Drilling
12W-CS S15I <sup>^</sup>	Nam Con Son	Oil	31.875	Drilling
12W-CS S9P <sup>^</sup>	Nam Con Son	Oil	31.875	C&C, successful oil
Hackett 2*	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Moomba 188	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Moomba 190	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Coonaberry 3	Cooper/Eromanga - Qld	Gas	60.06	C&S, successful gas
Moomba 189	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Roti 4	Cooper/Eromanga - SA	Gas	60.06	C&S, successful gas
Andree 4	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Galex 3	Cooper/Eromanga - Qld	Gas	60.06	C&S, successful gas
Merrimelia 62	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Wortel 3ST1	Madura Straits	Gas	45	C&C, successful gas
Wortel 4	Madura Straits	Gas	45	C&C, successful gas
South Sangu 4*	Bengal Basin	Gas	100	P&A, gas discovery
FV16-47-1	Bowen Basin	CSG	23.85	C&S, successful gas
FV16-37-1	Bowen Basin	CSG	23.85	Suspended for further deepening
Fairview 527*	Bowen Basin	CSG	23.85	C&S, successful gas
Fairview 245	Bowen Basin	CSG	23.85	Suspended for further deepening
Fairview 212	Bowen Basin	CSG	23.85	Suspended for further deepening
FV16-24 1	Bowen Basin	CSG	23.85	Suspended for further deepening
FV16-39 1	Bowen Basin	CSG	23.85	Suspended for further deepening
Fairview 533	Bowen Basin	CSG	23.85	C&S, successful gas
FV12-22 3	Bowen Basin	CSG	23.85	Drilling
RM13-09 3	Surat Basin	CSG	30.00	C&S, successful gas
FV12-22 1	Bowen Basin	CSG	23.85	C&S, successful gas
FV05-08 1	Bowen Basin	CSG	23.85	Suspended for further deepening
FV12-22 2	Bowen Basin	CSG	23.85	C&S, successful gas
Fairview 528	Bowen Basin	CSG	23.85	C&S, successful gas
RM13-09 4	Surat Basin	CSG	30	C&S, successful gas
Glenray East 1	Surat Basin	Gas	24.57	C&S, successful gas
Fairview 535	Bowen Basin	CSG	23.85	C&S, successful gas
Fairview 537	Bowen Basin	CSG	23.85	C&S, successful gas
FV15-18 1	Bowen Basin	CSG	23.85	Suspended for further deepening
Fairview 526	Bowen Basin	CSG	23.85	C&S, successful gas
Fairview 534	Bowen Basin	CSG	23.85	C&S, successful gas
FV12-21 1	Bowen Basin	CSG	23.85	Suspended for further deepening
RM13-09 5	Surat Basin	CSG	30	C&S, successful gas
Fairview 536	Bowen Basin	CSG	23.85	C&S, successful gas
Raslie 14I*	Surat Basin	CSG	30	C&S CSG injector
Pleasant Hills 37I	Bowen Basin	CSG	30	C&S CSG injector
Pleasant Hills 36I	Bowen Basin	CSG	30	C&S CSG injector

\* Spudded during third quarter 2011.

<sup>^</sup> Spudded during second quarter 2011.

## 7. Abbreviations and conversion factors

Abbreviations		Conversion factors	
PJ	petajoules	Sales gas and ethane, 1 PJ	171.937 boe x 10 <sup>3</sup>
TJ	terajoules	Crude oil, 1 barrel	1 boe
mmbbl	million barrels	Condensate (naphtha), 1 barrel	0.935 boe
mmboe	million barrels of oil equivalent	LPG, 1 tonne	8.458 boe
mmbtu	million British thermal units	LNG, 1 PJ	18,040 t
mtpa	million tonnes per annum		
t	tonnes		
P&A	plugged and abandoned		
C&S	cased and suspended		
C&C	cased and completed		
P&S	plugged and suspended		
CTU	coiled tubing unit		
WI	water injector		
CSG	coal seam gas		
pa	per annum		
FPSO	floating production, storage & offloading		