

# Second Quarter Activities Report For period ending 30 June 2012



19 July 2012

## Comparative performance at a glance

<b>Corresponding period</b>	<b>Q2 2012</b>	<b>Q2 2011</b>	<b>Change</b>
Production (mmboe)	13.0	11.9	+9%
Sales (mmboe) <sup>1</sup>	14.9	14.7	+1%
Sales revenue (\$million) <sup>1</sup>	739	625	+18%
<b>Quarterly comparison</b>	<b>Q2 2012</b>	<b>Q1 2012</b>	<b>Change</b>
Production (mmboe)	13.0	12.4	+5%
Sales (mmboe)	14.9	14.0	+6%
Sales revenue (\$million)	739	754	-2%
<b>Year-to-date comparison</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Production (mmboe)	25.4	22.9	+11%
Sales (mmboe) <sup>1</sup>	28.9	28.2	+2%
Sales revenue (\$million) <sup>1</sup>	1,493	1,174	+27%

## Second quarter production up 9% and sales revenue up 18%

- > Santos today announced a 9% lift in second quarter production to 13 million barrels of oil equivalent (mmboe).
- > Quarterly crude oil production of 2.4 million barrels was the highest in four years and 46% above the corresponding period due to production from Chim Sáo in Vietnam and higher Cooper Basin oil production. The average realised oil price for the quarter was US\$116.56 per barrel.
- > Gas production of 55 PJ (9.5 mmboe) was 4% above the corresponding period primarily due to production from new assets in Western Australia partially offset by the planned shutdown of Darwin LNG during the current quarter.
- > The average gas price of \$4.83/GJ was up 5% on the corresponding period, primarily reflecting higher Indonesian gas prices following the favourable Maleo price review and the commencement of production from Reindeer in Western Australia, partially offset by lower LNG sales volumes due to the planned Darwin LNG shutdown.
- > Sales revenue of \$739 million for the June quarter was 18% higher than the corresponding period, driven by higher oil and gas prices and higher sales volumes. Timing of oil shipments resulted in a 488,000 barrel net underlift in the first half of 2012, which is expected to be recovered during the remainder of the year.
- > Production guidance for 2012 is maintained at 51 to 55 mmboe.

## Key activities during the period

- > The capital cost estimate for the GLNG project was increased from US\$16 billion to US\$18.5 billion for the period from FID until the end of 2015. The incremental US\$2.5 billion will fund additional upstream development projects in the Fairview and Roma areas.
- > Final investment decision to develop the Dua oil field in Vietnam. Subject to Vietnamese Government approval, Dua will be developed as a tie-back to the existing Chim Sáo facilities with first oil expected in the first half of 2014.
- > Agreement signed with ConocoPhillips and SK E&S to progress the development of Caldita Barossa; SK E&S to fund up to US\$520 million in carry obligations and contingent payments.
- > Santos announced a new approach to landowner and community compensation for its NSW operations.

<sup>1</sup> Prior period sales volume and revenue has been restated due to the change in accounting treatment for third party crude oil purchases and sales. Refer to footnote on page 4.

Santos Chief Executive Officer David Knox said the on-time start-up of new projects had contributed to the highest quarterly production result since 2009.

"Higher production, including our best quarterly oil output in four years, combined with strong oil and gas prices, has delivered another solid quarterly result, setting a strong foundation for the second half of 2012."

"The PNG LNG and GLNG projects remain on-track for first LNG in 2014 and 2015 respectively," Mr Knox said.

## 2012 guidance

Production guidance is maintained at 51 to 55 mboe. Depreciation, depletion and amortisation guidance has been revised to \$15/boe primarily due to higher forecast abandonment costs for mature oil assets. Other guidance is maintained.

Item	2012	
	Original guidance	Revised guidance
Production (mboe)	51 - 55	No change
Production costs (\$million)	610 - 640	No change
Depreciation, depletion & amortisation (DD&A) expense (\$/boe)	14	15
Royalty-related taxation expense (\$million after tax) <sup>1</sup>	80 - 100	No change
Capital expenditure (including exploration and evaluation) (\$billion) <sup>2</sup>	3.75	No change

<sup>1</sup> Royalty-related taxation expense guidance based on an average realised oil price of A\$100 per barrel.

<sup>2</sup> Capital expenditure guidance excludes capitalised interest.

Santos expects its effective tax rate (excluding royalty-related taxation expense) for 2012 will be approximately 34%, in line with the effective rate incurred in 2011.

Further detail of 2012 year-to-date capital expenditure, including exploration and evaluation expenditure, is reported in the table on page 7 of this report.

## 2012 Half-year results

Santos will release its results for the half-year ended 30 June 2012 on Friday, 17 August 2012. The half-year report (incorporating Appendix 4D) and associated investor 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 AEST on 17 August 2012.

## I. Production

	Quarter ended			YTD		Full year
	Q2 2012	Q2 2011	Q1 2012	2012	2011	2011
<b>Sales gas, ethane and LNG (PJ)</b>						
Cooper	17.0	16.1	15.2	32.2	30.9	66.1
Surat/Bowen/Denison	3.1	3.5	3.0	6.1	7.2	14.2
GLNG	2.6	2.3	2.5	5.1	4.7	9.0
Amadeus	-	0.2	-	-	0.4	0.7
Otway	4.7	5.1	4.1	8.8	9.4	19.0
Gunnedah	-	-	-	-	-	0.2
Carnarvon	16.1	11.2	16.7	32.8	21.5	45.5
Darwin LNG	2.2	3.6	3.9	6.1	7.3	14.7
Indonesia	7.8	9.9	7.0	14.8	19.9	33.9
Vietnam	0.6	-	0.2	0.8	-	-
Bangladesh	0.9	1.0	0.5	1.4	1.7	3.5
<b>Total production (PJ)</b>	<b>55.0</b>	<b>52.9</b>	<b>53.1</b>	<b>108.1</b>	<b>103.0</b>	<b>206.8</b>
<b>Total production (mmboe)</b>	<b>9.5</b>	<b>9.1</b>	<b>9.1</b>	<b>18.6</b>	<b>17.7</b>	<b>35.6</b>
<b>Condensate (000 bbls)</b>						
Cooper	255.9	242.2	293.4	549.3	475.8	1,072.0
Surat/Denison	0.2	0.8	0.6	0.8	1.7	2.8
Amadeus	7.3	5.0	7.5	14.8	10.9	24.1
Otway	6.1	5.0	3.7	9.8	9.3	19.5
Carnarvon	154.3	108.1	161.8	316.1	206.2	502.4
Bayu-Undan	249.8	306.5	317.6	567.4	644.3	1,291.9
Indonesia	0.8	1.3	1.6	2.4	2.9	5.2
Bangladesh	0.1	0.1	0.2	0.3	0.3	0.6
<b>Total production (000 bbls)</b>	<b>674.5</b>	<b>669.0</b>	<b>786.4</b>	<b>1,460.9</b>	<b>1,351.4</b>	<b>2,918.5</b>
<b>Total production (mmboe)</b>	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>	<b>1.4</b>	<b>1.3</b>	<b>2.7</b>
<b>LPG (000 t)</b>						
Cooper	36.5	33.6	31.2	67.7	62.0	134.4
Bayu-Undan	14.4	17.8	18.6	33.0	37.0	75.2
<b>Total production (000 t)</b>	<b>50.9</b>	<b>51.4</b>	<b>49.8</b>	<b>100.7</b>	<b>99.0</b>	<b>209.6</b>
<b>Total production (mmboe)</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.9</b>	<b>0.9</b>	<b>1.7</b>
<b>Crude oil (000 bbls)</b>						
Cooper	809.7	713.8	739.9	1,549.6	1,349.6	2,831.4
Surat/Denison	16.4	23.0	21.1	37.5	49.3	89.6
Amadeus	49.2	25.1	49.9	99.1	45.6	112.7
Thevenard	22.0	66.2	48.3	70.3	113.5	235.5
Barrow	145.0	146.4	141.6	286.6	254.6	526.0
Stag	415.1	469.2	266.3	681.4	814.4	1,677.2
Mutineer-Exeter	159.0	121.5	162.1	321.1	175.7	669.5
Indonesia	105.9	66.3	71.6	177.5	177.6	269.9
Vietnam	675.6	-	604.7	1,280.3	-	680.6
PNG	19.8	20.5	21.6	41.4	41.9	77.5
<b>Total production (000 bbls)</b>	<b>2,417.7</b>	<b>1,652.0</b>	<b>2,127.1</b>	<b>4,544.8</b>	<b>3,022.2</b>	<b>7,169.9</b>
<b>Total production (mmboe)</b>	<b>2.4</b>	<b>1.7</b>	<b>2.1</b>	<b>4.5</b>	<b>3.0</b>	<b>7.2</b>
<b>TOTAL</b>						
<b>Production (mmboe)</b>	<b>13.0</b>	<b>11.9</b>	<b>12.4</b>	<b>25.4</b>	<b>22.9</b>	<b>47.2</b>

## 2. Sales volumes and sales revenue

	Quarter ended			YTD		Full year
	Q2 2012	Q2 2011	Q1 2012	2012	2011	2011
<b>Sales gas, ethane and LNG</b>						
Sales volumes – own product (PJ)	54.9	53.0	48.0	102.9	103.2	204.5
Sales volumes – third party (PJ)	10.1	17.5	11.8	21.9	31.2	61.3
Total sales volumes (PJ)	65.0	70.5	59.8	124.8	134.4	265.8
Total sales volumes (mmboe)	11.1	12.1	10.3	21.4	23.1	45.7
Average gas price (A\$/GJ)	4.83	4.61	5.21	5.01	4.41	4.71
<b>Total sales revenue (\$million)</b>	<b>314</b>	325	311	<b>625</b>	593	1,252
<b>Condensate</b>						
Sales volumes – own product (000 bbls)	532.4	608.9	732.7	1,265.1	1,190.7	2,712.6
Sales volumes – third party (000 bbls)	32.8	59.4	49.1	81.9	103.8	207.0
Total sales volumes (000 bbls)	565.2	668.3	781.8	1,347.0	1,294.5	2,919.6
Total sales volumes (mmboe)	0.6	0.6	0.7	1.3	1.2	2.7
Average condensate price (A\$/bbl)	102.96	100.66	101.22	101.95	108.51	104.16
Average condensate price (US\$/bbl)	104.07	107.19	105.86	105.27	111.48	106.90
<b>Total sales revenue (\$million)</b>	<b>58</b>	67	79	<b>137</b>	141	304
<b>LPG</b>						
Sales volumes – own product (000 t)	40.0	58.7	55.3	95.3	100.3	197.8
Sales volumes – third party (000 t)	-	-	1.3	1.3	0.6	0.6
Total sales volumes (000 t)	40.0	58.7	56.6	96.6	100.9	198.4
Total sales volumes (mmboe)	0.3	0.5	0.5	0.8	0.9	1.7
Average LPG price (A\$/t)	905	890	930	920	877	862
Average LPG price (US\$/t)	915	948	973	950	901	884
<b>Total sales revenue (\$million)</b>	<b>36</b>	52	53	<b>89</b>	89	171
<b>Crude oil</b>						
Sales volumes – own product (000 bbls)	2,110.4	1,313.5	1,946.0	4,056.4	2,427.5	6,990.2
Sales volumes – third party (000 bbls) <sup>1</sup>	762.5	210.9	603.3	1,365.8	623.2	1,625.4
Total sales volumes (000 bbls) <sup>1</sup>	2,872.9	1,524.4	2,549.3	5,422.2	3,050.7	8,615.6
Total sales volumes (mmboe)	2.9	1.5	2.5	5.4	3.0	8.6
Average crude oil price (A\$/bbl)	115.33	118.45	121.90	118.42	115.20	115.34
Average crude oil price (US\$/bbl)	116.56	126.14	127.49	122.28	118.34	118.38
<b>Total sales revenue (\$million)<sup>1</sup></b>	<b>331</b>	181	311	<b>642</b>	351	994
<b>Total</b>						
<b>Sales volume – own product (mmboe)</b>	<b>12.4</b>	11.4	11.3	<b>23.7</b>	22.1	46.4
<b>Sales volume – third party (mmboe)</b>	<b>2.5</b>	3.3	2.7	<b>5.2</b>	6.1	12.3
<b>Total sales volume (mmboe)<sup>1</sup></b>	<b>14.9</b>	14.7	14.0	<b>28.9</b>	28.2	58.7
<b>Total sales revenue (\$million)<sup>1</sup></b>	<b>739</b>	625	754	<b>1,493</b>	1,174	2,721

<sup>1</sup> As previously advised, Santos changed its accounting treatment of certain Cooper Basin arrangements relating to crude oil purchases and sales that it had previously recorded as trading income. Effective 1 January 2012, these arrangements have been recorded as product sales and third party product purchases. Prior period sales volume and revenue comparatives in the table above have been restated accordingly. The estimated impact of the change in accounting treatment on the Group's prior period profit and loss statement for the half-year ended 30 June 2011 is to increase sales revenue by \$73 million and increase cost of sales by \$67 million, with a corresponding decrease in trading income of \$6 million. There is no change in net profit for the period. Prior period comparatives are subject to audit and Board review and will be published with the Group's results for the half-year ended 30 June 2012.

### 3. 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 table on page 3.*

#### Cooper Basin

Gas production of 17.0 petajoules (PJ) during the quarter was 6% higher than Q2 2011, primarily due to improved plant and field downtime resulting from the reliability improvement program and better weather conditions in Q2 2012. Production capacity is expected to continue to increase during the remainder of 2012 as the backlog of well connections is brought online. Condensate production of 256,000 barrels was up 6% on the corresponding quarter.

Drilling was successfully completed on Tindilpie six-well pad, with the wells expected to be brought online in the second half of the year.

Crude oil production of 810,000 barrels was the highest since 2009 and 9% above the previous quarter. Production was up due to the restoration of access to field infrastructure and the positive impact of prior year drilling in the Cook and Zeus fields. Oil drilling in the second quarter was focussed on the Cook and Charo fields with 10 of 11 wells successful.

#### Surat/Bowen/Denison

Sales gas production of 3.1 PJ was lower than Q2 2011 as the Northern Denison field remains shut-in due to an infrastructure upgrade. Three wells were drilled during the quarter, two appraisal pilots and one development well, with drilling in progress on a fourth well.

#### GLNG

Sales gas production of 2.6 PJ was higher than Q2 2011, as gas is produced to meet customer nominations with the remainder being injected into storage. Gross average daily production from the Fairview field during the second quarter was 124 TJ/day.

#### Otway

Sales gas production of 4.7 PJ was 8% lower than Q2 2011 due to lower customer demand. Santos' share of production from the Casino hub was 4.1 PJ of sales gas and 4,800 barrels of condensate. Santos' share of Minerva production was 0.6 PJ and 1,300 barrels of condensate.

#### Carnarvon

Gas production from the Carnarvon Basin of 16.1 PJ was 44% higher than Q2 2011, primarily due to the commencement of production from Reindeer and Spar during the past 12 months.

Condensate production of 154,000 barrels was 43% higher than Q2 2011 due to the higher condensate yield from Spar and the commencement of production from Reindeer.

Total oil production from the Carnarvon was 741,000 barrels, 20% higher than the previous quarter. Stag oil production for the quarter was up 56% to 415,000 barrels due to a full quarter's production from the Stag 43H well which came online in February 2012 and shutdowns relating to cyclone activity in the first quarter. Production from Mutineer-Exeter and Barrow was in line with the previous quarter reflecting stable operations, while Thevenard production was lower due to the field being offline for six weeks due to repairs to an onshore gas pipeline.

#### Bayu-Undan/Darwin LNG

Planned shutdowns of the Bayu-Undan and Darwin LNG facilities were successfully completed in the second quarter. Production has re-started following the shutdown with the LNG plant running at a high operating efficiency and daily output being the highest recorded for two years.

Santos' net entitlement to production for all products in the second quarter was lower than the corresponding period due to the shutdown.

## Indonesia

Santos' net entitlement to gas production of 7.8 PJ was 21% lower than the corresponding period primarily due to a lower entitlement to Maleo gas following the favourable price review in 2011, partially offset by a full quarter of production from Wortel.

Average daily gross gas production from Maleo was 94 mmscf/day and Wortel 49 mmscf/day during the second quarter.

Oil production from Oyong was almost 50% higher than Q1 2012 due to additional production from the Oyong infill well drilled in the first quarter and the shutdowns required in the first quarter to bring Wortel online. An eight-day planned shutdown at Oyong will commence in July, with production from Wortel to be unaffected.

## Vietnam Block 12W

Santos' net entitlement to Chim Sáo oil production of 676,000 barrels was 12% higher than Q1 2012, following the three-week unplanned shutdown during the first quarter. Santos' share of gas production during the June quarter was 0.6 PJ.

Gross average production from the Chim Sáo field for the first half of the year was 26,000 boe/day, with production at the end of the June quarter averaging 29,000 boe/day.

The two-well supplementary drilling program, which was initiated to develop additional reservoirs, has been successfully completed. The two wells, which are currently being tied back to the Chim Sáo facility, are expected online in the second half of the year. The Chim Sáo North-West appraisal well will be drilled in the third quarter.

The Block 12W partners sanctioned the Dua field (Santos 31.875%) for development during the second quarter. The field is located 17 kilometres from the Chim Sáo FPSO and subject to Vietnamese Government approval will be developed as a subsea tie-back to the existing Chim Sáo facilities. First oil production is expected in the first half of 2014 at an estimated average gross production rate of between 8,000 and 10,000 barrels per day for the first 12 months of production. Sufficient oil and gas handling capacity is available on the FPSO to accommodate both Chim Sáo and Dua at full production. Dua's gross proved and probable oil reserves are estimated at approximately 6 million barrels. Santos' share of Dua field capital expenditure is estimated at US\$100 million.

## Bangladesh

Sales gas production of 0.9 PJ was 10% lower than Q2 2011 due to natural field decline from existing wells, partially offset by production from Sangu-11 which was brought online in mid-June 2012. Sangu-11 has been producing at a gross rate of 30 mmscf/day, with gas being sold into the Chittagong gas market at prices higher than legacy contracts.

## 4. Capital expenditure

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

	Quarter ended			Year-to-date	
	Q2 2012	Q2 2011	Q1 2012	2012	2011
<b>Capital expenditure summary (\$million)</b>					
Exploration	<b>31</b>	27	23	<b>54</b>	57
Evaluation including CSG	<b>38</b>	34	33	<b>71</b>	50
Development and other PP&E	<b>790</b>	680	594	<b>1,384</b>	1,302
<b>Total capital expenditure</b>	<b>859</b>	741	650	<b>1,509</b>	1,409

<b>Exploration and evaluation expensed summary (\$million)</b>					
From current year expenditure:					
Exploration	<b>22</b>	9	21	<b>43</b>	17
Evaluation	<b>28</b>	17	13	<b>41</b>	23
Total current year expenditure	<b>50</b>	26	34	<b>84</b>	40
Write-off net amounts capitalised in prior years	-	3	2	<b>2</b>	3
<b>Total expensed</b>	<b>50</b>	29	36	<b>86</b>	43

### 4.1 Exploration activity

As planned, no exploration wells were drilled in the second quarter. The Crown-1 exploration well in the Browse Basin is expected to spud in the third quarter as scheduled.

### 4.2 Seismic activity

Permit	Area/basin	Survey	Type	km/km <sup>2</sup>	Status
ATP259P PL141 PL148	Cooper	Scarab-Whantos 3D	Onshore 3D	217	Completed
ATP259P PL141	Cooper	Tonto-Whantos-Mt Howitt 2D	Onshore 2D	40	Completed
PPL238/PPL55/PPL56/PPL233/PPL68/PPL20	Cooper	Greater Leleptian 3D	Onshore 3D	233	Ongoing
Block 13/03	Nam Con Son, Vietnam	NCSN12	Offshore 3D	653	Completed
Block 123	Phuh Khan, Vietnam	PKSN12	Offshore 3D	550	Completed

## 5. Development projects

*Development expenditure during the second quarter of 2012 was \$790 million. The status of development projects during the second quarter is as follows:*

### Fletcher Finucane project (Santos 44%, operator)

The Fletcher Finucane oil project is located in permit WA-191-P in the Carnarvon Basin, offshore Western Australia. Fletcher Finucane was sanctioned in January 2012 and involves the development of a three-well subsea tie-back to the existing Santos-operated FPSO facility at Mutineer-Exeter. 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.

The project remains on schedule for first oil in the second half of 2013. All of the subsea trees have been completed and manufacturing of the subsea facilities including flowlines and umbilicals is well advanced. Drilling of the development wells has commenced with the Fletcher-5 well spudded in June.

During the second quarter, Santos sold an effective 4% stake in Fletcher Finucane to Kufpec Australia on substantially the same terms that Santos purchased Tap Oil's interest in the project at FID. Accordingly, Santos now has an effective 44% interest in the project and remains operator.

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

Kipper involves the development of subsea wells tied back to existing processing infrastructure. Drilling, completion and subsea tie-in works are complete, and the Kipper facility is expected to be completed in 2012. However, due to unforeseen circumstances arising from the existence of trace amounts of mercury, Kipper gas will not come online until dedicated mercury handling facilities are installed.

The operator has outlined to the Kipper Unit Joint Venture (KUJV) parties a preliminary scope of works for mercury removal facilities to be built by the Gippsland Basin Joint Venture (GBJV) parties. KUJV has agreed to GBJV proceeding with detailed engineering studies to confirm the scope and cost of works. These studies are expected to be completed mid-2013 to allow a final investment decision to be made in respect of these facilities. Subject to a final investment decision, the operator has advised that first gas from Kipper is most likely to be in the first half of 2016.

### 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.

The project remains on schedule for first LNG in 2014. Construction continues to progress at the LNG plant and upstream locations. At the Hides gas conditioning plant, structural steel and underground piping installation has commenced in the process area. Rig-up of the first drilling rig for the Hides drilling program is virtually complete and the first well is expected to spud in July. At the Komo airfield site, bulk earthworks continues and pavement is underway. Over 180 kilometres of the 292-kilometre onshore pipeline has been welded. Offshore pipelay is complete and the pipelay vessels have been demobilised. At the LNG plant site, pipe racks, pipe and heavy equipment are being installed on the LNG trains. Piling on the jetty is also complete, and the roofs of both LNG tanks have been lifted.





*PNG LNG: Rig 702 rigging up on the first well location at Hides.*

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

Sanctioned in January 2011, GLNG includes the development of coal seam gas (CSG) resources in the Bowen and Surat Basins in south-east Queensland, construction of a 420-kilometre underground 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\$18.5 billion from final investment decision to the end of 2015, based on foreign exchange rates which are consistent with the assumptions used at FID (A\$/US\$ 0.87 average over 2011-15). The project remains on schedule for first LNG in 2015.

In the second quarter, the capital cost estimate for the GLNG project was increased from US\$16 billion to US\$18.5 billion for the period from FID until the end of 2015. The incremental US\$2.5 billion will fund additional upstream development projects in the Fairview and Roma areas.

### Upstream

Forty-one wells were drilled in the GLNG acreage during the second quarter. Ten development wells and four appraisal wells were drilled in the Fairview and Arcadia fields. The current Fairview well stock has the capacity to produce 215 TJ/day gross. Twenty-six development wells and one appraisal corehole were drilled at Roma during the second quarter.

Site preparation is underway at the three upstream gas hubs sites at Fairview and Roma. There are 800 beds available in the onsite construction camps and 500 construction personnel have been mobilised to the field. Over 640 landowner agreements have been signed.

GLNG has entered into an agreement with Powerlink which, subject to customary conditions, will allow for the extension of power transmission infrastructure to the Fairview and Roma gas hub sites.

In May 2012, GLNG executed a binding agreement with Origin Energy for the supply of 100 TJ/day of gas over 10 years from 2015.

## Gas transmission pipeline

Over 410 kilometres of bare pipeline has been manufactured and over 330 kilometres of this pipeline has been coated. Eight shipments of pipeline, over 200 kilometres in total, have been delivered to the pipe-yards in Gladstone and Port Alma with the ninth shipment due in mid-July.

Construction of the pipeline construction camps is well underway with the 64-bed camp at Waddy Brae now operational. The vast majority of landholder access agreements for the pipeline have been signed, with negotiations well underway for the few remaining agreements. Qualification of the pipeline welding crews is almost complete and pipelay is planned to commence in the second half of the year.

## LNG plant

Construction on Curtis Island is progressing on schedule. Bulk earthworks are more than 90% complete. Over 1,300 units in the onsite accommodation camp have been built and are being progressively occupied. Construction of the train-1 foundations is well underway and work has commenced on the two LNG tanks. Construction continues to progress on the material offloading facility, haul road, onsite camp and logistics facilities on the mainland.

Work is also underway at Bechtel's module yard in the Philippines, with the first shipment of structural steel, piping and equipment received. The first module foundations have been excavated and crane erection in the module assembly area has commenced.



*GLNG plant site, June 2012.*

## 6. Drilling summary

### 6.1 Appraisal/evaluation wells

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

Well name	Basin/area	Target	Santos %	Well status
Brolga Downs 1*	Scotia - QLD	CSG	30	C&S, successful CSG
Cook 20	Cooper/Eromanga - QLD	Oil	55	C&S, successful oil
Kia Ora West 5	Denison Trough - QLD	CSG	50	C&S, successful CSG
Mount Bassett 2	Roma - QLD	CSG	30	C&S, successful CSG
Hillyvale 4	Arcadia - QLD	CSG	23.85	C&S, successful CSG
Cook 22	Cooper/Eromanga - QLD	Oil	55	P&A, non-commercial
Kia Ora West 6	Denison Trough - QLD	CSG	50	C&S, successful CSG
Cook 23	Cooper/Eromanga - QLD	Oil	55	C&S, successful oil
Arcadia Branch 5	Arcadia - QLD	CSG	23.85	C&S, successful CSG
Charo 14	Cooper/Eromanga - SA	Oil	66.6	C&S, successful oil
Arcadia Branch 6	Arcadia - QLD	CSG	23.85	C&S, successful CSG
Moonah East 1	Fairview - QLD	CSG	23.85	C&S, successful CSG
Cuisinier 4	Cooper/Eromanga - QLD	Oil	45	C&S, successful oil
Cuisinier 5	Cooper/Eromanga - QLD	Oil	45	C&S, successful oil
Cuisinier 6	Cooper/Eromanga - QLD	Oil	45	C&S, successful oil
12W-CS N17XP#	Nam Con Son - Vietnam	Oil	31.88	C&C, successful oil
Comet River 2#	Denison Trough - QLD	CSG	50	Drilling
Fletcher 5	Carnarvon - WA	Oil	55	Drilling

### 6.2 Development wells

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

Well name	Basin/area	Target	Santos %	Well status
RM12-06 1*	Roma - QLD	CSG	30	C&S, successful CSG
Tindilpie 15*	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
FV12-23 3*	Fairview - QLD	CSG	23.85	C&S, successful CSG
Charo 11	Cooper/Eromanga - SA	Oil	66.6	C&S, successful oil
Cook 21	Cooper/Eromanga - QLD	Oil	55	C&S, successful oil
FV12-23 2*	Fairview - QLD	CSG	23.85	C&S, successful CSG
RM12-06 2	Roma - QLD	CSG	30	C&S, successful CSG
Charo 12	Cooper/Eromanga - SA	Oil	66.6	C&S, successful oil
RM08-02 1	Roma - QLD	CSG	30	C&S, successful CSG
RM08-11 4	Roma - QLD	CSG	30	C&S, successful CSG
Tindilpie 16	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
FV16-46 1A*	Fairview - QLD	CSG	23.85	C&S, successful CSG
RM12-06 3	Roma - QLD	CSG	30	C&S, successful CSG
RM08-02 2	Roma - QLD	CSG	30	C&S, successful CSG
FV11-36 3	Fairview - QLD	CSG	23.85	C&S, successful CSG
RM12-06 4	Roma - QLD	CSG	30	C&S, successful CSG

Well	Basin/area	Target	Santos %	Well name
Charo 13	Cooper/Eromanga - SA	Oil	66.6	C&S, successful oil
RM02-04 1	Roma - QLD	CSG	30	C&S, successful CSG
RM08-08 1	Roma - QLD	CSG	30	C&S, successful CSG
12W-CS S16P <sup>#</sup>	Nam Con Son - Vietnam	Oil	31.88	C&C, successful oil
RM08-11 3	Roma - QLD	CSG	30	C&S, successful CSG
FV11-36 2	Fairview - QLD	CSG	23.85	C&S, successful CSG
RM08-08 2	Roma - QLD	CSG	30	C&S, successful CSG
Tindilpie 17	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
RM08-11 2	Roma - QLD	CSG	30	C&S, successful CSG
RM02-27 1	Roma - QLD	CSG	30	C&S, successful CSG
RM02-27 2	Roma - QLD	CSG	30	C&S, successful CSG
RM02-24 1	Roma - QLD	CSG	30	C&S, successful CSG
RM08-11 1	Roma - QLD	CSG	30	C&S, successful CSG
RM08-01 1	Roma - QLD	CSG	30	C&S, successful CSG
Charo 15	Cooper/Eromanga - SA	Oil	66.6	C&S, successful oil
FV16-02 3	Fairview - QLD	CSG	23.85	C&S, successful CSG
Pleasant Hills 39I <sup>*</sup>	Roma - QLD	CSG	30	Suspended future injector
Rolleston North 2 <sup>#</sup>	Denison Trough - QLD	CSG	50	C&S, successful CSG
*RM02-24 2	Roma - QLD	CSG	30	C&S, successful CSG
Tindilpie 18	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
RM08-01 2	Roma - QLD	CSG	30	C&S, successful CSG
RM02-24 3	Roma - QLD	CSG	30	C&S, successful CSG
RM07-17 2	Roma - QLD	CSG	30	C&S, successful CSG
Pleasant Hills 40I	Roma - QLD	CSG	30	Suspended future injector
FV11-13 4	Fairview - QLD	CSG	23.85	C&S, successful CSG
RM07-17 1	Roma - QLD	CSG	30	C&S, successful CSG
RM02-24 4	Roma - QLD	CSG	30	C&S, successful CSG
Charo 16	Cooper/Eromanga - SA	Oil	66.6	C&S, successful oil
FV16-02 2	Fairview - QLD	CSG	23.85	C&C, successful CSG
RM08-17 1	Roma - QLD	CSG	30	Drilling
Big Lake 92	Cooper/Eromanga - SA	Gas	66.60	Drilling
FV17-35 1	Fairview - QLD	CSG	23.85	Drilling
FV11-13 2	Fairview - QLD	CSG	23.85	Drilling

\*Spudded during first quarter 2012.

# Not operated by Santos.

## 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
GJ	gigajoules	Condensate (naphtha), 1 barrel	0.935 boe
mmbbl	million barrels	LPG, 1 tonne	8.458 boe
mmboe	million barrels of oil equivalent	LNG, 1 PJ	18,040 t
mmbtu	million British thermal units		
mmscf	million standard cubic feet		
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		
WI	water injector		
ST	side track		
CSG	coal seam gas		
LNG	liquefied natural gas		
pa	per annum		
FPSO	floating production, storage & offloading		