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Santos

News Release

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2002 First Quarter Activities Report

This is a good start to the year. Sales revenue was $322 million, close to the 2001 first quarter. Higher oil production and sales largely offset the impact of sharply lower oil prices and a record cool summer.

Oil prices have moved higher over the last two months.

Sales volumes increased by 9% to 13.0 million barrels of oil equivalent (boe).

Total production was also 13.0 million boe, 1.4% higher than the 2001 first quarter. Oil production was 17% higher.

The Norfolk-1 oil discovery in the Mutineer complex, in the Carnarvon Basin, was another first quarter highlight. Appraisal drilling of the complex is currently underway.

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

STOCK EXCHANGE REPORT FOR QUARTER ENDING 31 MARCH 2002

(All comparisons made against 2001 first quarter unless otherwise indicated)

1. PRODUCTION AND SALES

Total production volumes increased by 1.4% to 13.0 mmboe.

Oil production increased by 17.0% to 3.1 million barrels mainly due to commencement of production from the Legendre oil field in May 2001. Legendre oil production averaged 36,116 barrels of oil per day (bopd) (8,148 bopd Santos share) an increase from the 33,330 bopd (7,519 bopd Santos share) produced in the fourth quarter of 2001.

Elang Kakatua production increased compared with the fourth quarter as a result of a ramp-up in production from the Elang-2 well after completion of the heat exchanger repairs.

Stag production averaged 12,501 bopd (6,771 bopd Santos share). Production in the first quarter was impacted by water and solids problems at Stag 6H and 11H, the shut-in of Stag 11H for a work-over and general maintenance. Stag is currently producing 13,500 bopd and is expected to increase when two planned well workovers are completed.

Sales gas and ethane production decreased by 1.7% to 50.8 PJ, Cooper Basin production declined by 2.6 petajoules (PJ) largely as a result of lower demand driven by the mild summer in Eastern Australia (resulting in less gas consumed in electricity generation) and Moomba plant restrictions due to facility repairs (1.2 PJ). Production volumes increased in the USA due to new wells coming on–line and the acquisition of additional equity in the Runnells field. Gas production also increased in the Otway and Amadeus Basins.

Condensate production declined by 6.6% to 0.8 million barrels of condensate and LPG production decreased by 12.7% to 56.3 thousand tonnes due to decreased gas production.

Sales volumes during the first quarter were 13.0 mmboe, an increase of 8.8%. The increase in sales volumes largely reflects increased production of crude oil and the timing of crude oil shipments.

Gas sales volumes were 0.8% below the 2001 first quarter. Most of the decline in gas sales volumes occurred in South Australia and can be attributed to lower power generation demand due to the State recording its coldest summer on record. Demand for Cooper Basin gas from New South Wales was similar to the 2001 first quarter.

Sales revenues declined by 2.0% to $321.9 million. This reflects the lower oil prices that prevailed for most of the quarter combined with an appreciation of the Australian dollar, largely offset by higher sales of crude oil. The realised oil price fell by 24.4% from $51.15 (US $28.81) a barrel to $38.65 (US $20.77).

2. EXPLORATION

Expenditure on wildcat exploration was $24.0 million in the 2002 first quarter. Exploration activity consists of new field wildcat wells which test higher risk, higher reward opportunities.

First Quarter Exploration Activity

Well	Basin	Target	License	Santos Interest (%)	Result
Norfolk - 1	Dampier Sub Basin	Oil	WA 191 P	33.34	P&A (oil discovery)
Mallonee - 1	Timor Sea – Vulcan Sub Basin	Oil	AC/P 15	33.34	P&A
Poole GU 2	Onshore South Texas	Gas		40.00	Temp. Abdn. (TA)

During the 2002 first quarter the Mallonee-1 and Norfolk-1 exploration wells were drilled in offshore Western Australia. Norfolk-1 intersected a net 20 metre oil column with excellent reservoir sands in the Angel formation. Initial indications show that the Norfolk-1 discovery has the potential to be part of a larger hydrocarbon accumulation that includes the Mutineer-1 and Pitcairn-1 oil discoveries. Subsequent to the end of the quarter the Exeter-1 wildcat well successfully tested an oil prospect intersecting a net 18-metre oil column on trend with the Norfolk-1 oil discovery.

In the Lafite/Allen Dome area of South Texas the Poole GU2 well encountered gas bearing sands but operations were suspended due to mechanical failure. Further evaluation is currently in the planning stage.

In offshore Indonesia within the Madura Offshore PSC, a site survey over the proposed Maleo-1 well location commenced on 23 March. The Maleo-1 well is scheduled to spud in the second quarter. In Papua New Guinea site construction for the Bosavi well in license area PPL 206 was nearly completed in preparation for spudding in third quarter.

During the first quarter 480 kilometres of 2D seismic was acquired in the onshore Otway Basin in Southern Australia. During January and February 2002 the Aros seismic survey in ATP 299P in southwest Queensland acquired 44 square kilometres of 3D seismic.

3. DELINEATION AND DEVELOPMENT

Delineation expenditure was $15.2 million in the 2002 first quarter.

Norfolk 2, the sidetrack to Norfolk-1 was plugged and abandoned as a successful sidetrack well intersecting a 9-metre oil column in the Angel formation. Appraisal testing of the Mutineer complex is under way through Mutineer 2, which spudded subsequent to the end of the quarter and is currently drilling.

A three-well appraisal program of a number of gas fields in onshore Korinci-Baru that commenced in the 2001 fourth quarter was completed in January 2002. Baru-Barat 1 and Korinci Utara-1 were plugged and abandoned as dry wells. Perak Barat Laut-1 was cased and suspended as a future gas producer.

Development, construction and fixed asset expenditure was $116.2 million in the 2002 first quarter.

Strong levels of development expenditure reflects the Company's ongoing development drilling program in both onshore and offshore Australia and the United States as well as continued development of the Bayu/Undan liquids projects in the Timor Sea.

In the Cooper Basin, development activity was mainly focussed on the gas program. Development activity included the drilling of seventeen gas development wells; sixteen were cased and suspended as gas producers, one as a future oil and gas producer. Three gas appraisal wells were drilled, two were cased and suspended and one was still drilling at the end of the quarter. Two oil development wells, Fly Lake 11 and Moomba 156/ST 1 were drilled in the quarter and both were cased and suspended as future oil producers.

Twelve wells were fracture simulated to enhance productivity, two development wells were brought on line as producing wells, five cased and suspended wells were bought on line and six completions occurred during the quarter.

Significant plant and facilities activity focussed on the Ballera second Dew Point Control Unit project, Ballera sales gas coolers, Ballera stores yard upgrade, Ballera EDP systems and Wolgolla to Epsilon trunkline.

Work on the Scotia plant was completed in the first quarter of 2002, with work on the Scotia flow-lines scheduled for completion in the second quarter. The plant is now ready for production which is expected to commence in mid May to meet customer demand. Santos has already commenced delivery of 50 terajoules of gas for commissioning purposes.

In Indonesia, 3D seismic covering an area of 75 square kilometres was completed in the Oyong field in January. A number of studies are underway to assess both the reservoir characteristics of the Oyong field and appropriate facilities for future development.

In the Onshore Otway Basin two wells were drilled. Buttress-1 was cased and suspended and Naringal 1 was plugged and abandoned. McIntee 1 was connected and production commenced. Development work in the Offshore Otway Basin included 3D seismic interpretation of the VIC P44 block in preparation for a possible well later in the year and studies in respect of offshore permit areas.

Development activity in Santos' offshore operations was mainly focussed on the Bayu/Undan project with continued work on the Bayu Undan gas recycle project. Construction of the jackets, decks and FSO continued during the quarter with the wellhead platform jacket and deck loaded onto the barge for delivery to project site. At the site, the eighteen-inch pipeline between the wellhead platform and the production/process platform was laid.

The East Spar-5 development well was drilled during the quarter encountering a nine-metre gas column. The well was plugged and abandoned after confirming structural position, pressure communication and reservoir architecture.

In the US, the Garcia-Perez 1 (100% SUSAC interest) was successfully completed with an after frac rate of 4.7 million cubic feet of gas per day (mmcfgpd), and production was optimised on the Mew 1 (35% SUSAC interest) with an increased flow rate from 0.5 mmcfgpd to 1.4 mmcfgpd.

4. BUSINESS DEVELOPMENT

On 18 March 2002 Santos announced that Santos Americas and Europe Corporation, a wholly owned Santos subsidiary, and Esenjay Exploration, Inc had entered into a definitive merger agreement under which Santos would offer to purchase all of the outstanding common shares of Esenjay for US$2.84 a share. Total consideration for the transaction was approximately US$80 million. On 29 April and subsequent to quarter end Santos announced that it has successfully completed the acquisition of Esenjay Exploration, Inc.

5. HEDGING

Between January and April 2002 new hedge contracts were entered into for 2.0 million barrels in oil and liquid sales for the June, September and December quarters of 2002 at an average Tapis price of US$24.30 per barrel. Santos USA Corporation has also established collars for natural gas sales totalling 730,000 million British thermal units (mmbtu) (0.8 PJ) between May and October 2002 with a floor of US$3.00 and a cap of US$4.22 per mmbtu.

New currency hedging was also undertaken for US$19 million of 2002 sales receipts (0.5061/0.5400 collars) and US$12 million of 2003 sales receipts (0.4923/0.5350 collars). The average hedged exchange rate for 2002 has been reduced from 0.6348 to 0.6089 and for 2003 from 0.7078 to 0.6668.

Additional expenditure arising from the Bayu/Undan gas liquids project was funded by further drawdowns of US dollar debt. This debt is to be repaid from US dollar revenues from the Bayu/Undan project expected in 2004 and 2005.

FORWARD HEDGING - As at 30 April 2002				
	2002*	2003	2004	2005
Oil and Liquids				
Forwards (Mmbbl)	1.73			
Avg. price US$/bbl	24.30			
Total (Mmboe)	1.73			
% of remaining 2002 oil and liquid sales	13			
Currency				
Forwards (US$m)	16			
Avg. exchange rate	0.5205			
Collars (US$m)	16	12		
Avg. exchange rate-floor/cap	0.5061/ 0.5400	0.4923/ 0.5350		
Debt (US$m)	34	51	55	59
Avg. exchange rate	0.7078	0.7078	0.6127	0.5894
Total (US$m)	66	63	55	59
Avg. exchange rate#	0.6089	0.6668	0.6127	0.5894
% remaining 2002 US$ revenue	25	20	16	15

* Outstanding hedging positions for the remainder of 2002.
\# Average rate based upon Collar cap rate of 0.5400

	Production, Sales and Revenue		
	(Santos Share)		
	Quarter ended		
	Mar-02	***Dec-01***	***Mar-01***
Sales Gas and Ethane (PJ)			
Cooper Basin	36.1	43.4	38.7
Surat/Denison	2.5	2.7	2.6
Amadeus	2.9	3.0	2.7
Otway	2.1	1.8	1.8
East Spar	4.9	3.9	5.1
USA	2.3	2.4	0.8
Total Production	**50.8**	**57.2**	**51.7**
Total Sales Volume	*49.6*	*53.0*	*50.0*
Total Sales Revenue ($Am)	*141.8*	*147.0*	*147.7*
Crude Oil ('000 bbls)			
Cooper Basin	778.5	751.9	700.1
Surat/Denison	27.6	29.5	29.2
Amadeus	75.2	68.9	81.1
Elang/Kakatua	150.4	134.6	300.5
Jabiru/Challis	68.2	84.1	66.8
Legendre	733.3	691.8	-
Thevenard	247.8	282.0	204.1
Barrow	256.8	255.8	285.6
Stag	609.4	858.4	853.8
Airlie	0.5	2.5	3.7
SE Gobe	106.1	123.9	113.4
USA	46.2	41.5	10.7
Total Production	**3100.0**	**3324.9**	**2649.0**
Total Sales Volume	*3334.8*	*3257.5*	*2330.4*
Oil Price (Avg $A/bbl)	*38.65*	*33.97*	*51.15*
Total Sales Revenue ($Am)	*128.9*	*110.6*	*119.2*
Condensate ('000 bbls)			
Cooper Basin	510.7	606.3	559.5
Surat/Denison	5.1	5.8	4.5
Otway	17.2	16.6	16.4
East Spar	255.1	209.9	275.7
USA	14.9	16.1	3.7
Total Production	**803.0**	**854.7**	**859.8**
Total Sales Volume	*855.9*	*1076.9*	*592.5*
Total Sales Revenue ($Am)	*35.3*	*38.9*	*30.1*

	Quarter ended		
	Mar-02	***Dec-01***	***Mar-01***
LPG ('000 t)			
Cooper Basin	55.4	67.1	63.9
Surat/Denison	0.9	0.9	0.6
Total Production	**56.3**	**68.0**	**64.5**
Total Sales Volume	*38.2*	*92.4*	*51.6*
Total Sales Revenue ($Am)	*15.9*	*36.9*	*31.5*
TOTAL			
Production (mmboe)	***13.0***	***14.5***	***12.9***
Sales Volume (mmboe)	***13.0***	***14.2***	***11.9***
Sales Revenue ($Am)	***321.9***	***333.5***	***328.5***

Exploration, Delineation and Development Expenditure ($A million)

	Quarter ended		
	Mar-02	***Dec-01***	***Mar-01***
Exploration (1)			
Australia	15.5	24.2	29.4
Overseas	8.5	11.7	4.6
Delineation			
Australia	11.9	-	-
Overseas	3.3	-	-
Development (2)			
Australia	108.7	146.7	108.1
Overseas	7.5	16.9	5.2
Total Explor & Dev Exp	**155.4**	**199.5**	***147.3***

(1) *2001 first quarter exploration includes new field exploration and appraisal expenditure now allocated to delineation and development*

(2) *Includes construction and fixed assets expenditure*

ABBREVIATIONS

PJ	= petajoules
bbls	= barrels
t	= tonnes
boe	= barrels of oil equivalent
P&A	= plugged and abandoned
C&S	= cased and suspended

CONVERSIONS

Sales Gas & Ethane:	= 171.937 boe x 10^3
Crude Oil:	= 1 boe
Condensate (Naphtha):	= 0.935 boe
LPG:	= 8.458 boe