2010 FULL YEAR RESULTS CONFERENCE CALL

David Knox *- Santos - Managing Director and CEO*

Good morning and welcome to Santos' 2010 full-year result conference call. Joining me today is my CFO Andrew Seaton. I'll make some introductory comments and then Andrew's going to go through the detailed results. I'll then close with some comments on the growth project.

Turning to slide two, this is our standard disclaimer. On slide four, we are announcing today a headline full-year net profit of AUD500 million. This headline profit includes profit on the sale of the 15% stake in GLNG to Total announced in September. Also included are asset impairments of AUD123 million after tax.

The 2010 headline result does not include the profit on the sale of the further 15% in GLNG to Total and KOGAS, which I announced in December. That sale will be included in the 2011 accounts.

On an underlying basis, which excludes asset sales and impairments, profit was AUD376 million, which is up 46%. The major influence on our 2010 result was higher product prices across the portfolio combined with lower exploration expense, as we pared back our program.

Flooding and wet weather reduced underlying profits by approximately AUD39 million. Operating cash-flow is strong at AUD1.3 billion, up 10% on last year and demonstrating that this business continues to generate good cash-flow. The board has declared a final dividend of AUD0.15 per share in line with the revised dividend policy, which was announced at the equity raising in December.

Andrew will address the numbers in more detail in his presentation. I would like to begin by talking about delivery on our strategy.

Slide number five will be familiar to you all. Our strategy is unchanged. It's about performance from the Base, delivering the LNG projects and focus growth in Asia. In 2010 we made good progress on delivering the strategy. Let me address delivery on slide six.

Production from the Base was impacted by flooding in central Australia, which deferred approximately 2.9 million barrels for the full year. We did reduce our guidance in March to 49 to 52 million barrels and we finished within this range.

Strong gas production in Western Australia and Indonesia enabled us to offset some of the flood impact. Delivery on the growth projects in the Base has been on the whole pleasing, with four out of the five projects: Reindeer, Chim Sao, Spar & Wortel on schedule to commence production this year. These projects will derive growth in 2012.

Our fifth project, Kipper, has not progressed so well. Our operator, Exxon Mobil, has advised that the first gas will be deferred beyond the previous expected date in 2012.

On LNG growth, we have delivered FID on a two-train GLNG in January. This follows the signing of a binding off-take agreement with KOGAS, who also joined the project as a fully integrated equity partner.

There has been recent speculation about KOGAS' intentions for the GLNG stake. Let me make a couple of comments on this. First, KOGAS were very open with us when they came on board and we always knew that KOGAS may elect at some time to change their stake, as is normal in any joint venture. Second, the deal struck with KOGAS allows them to indirectly sell down some of their stake to third parties. However, under this arrangement it is still only KOGAS that has a seat at the GLNG table.

Thirdly, GLNG has a binding off-take agreement with KOGAS for 3.5 million tonnes per annum. This does not change whatever KOGAS' equity stake. So overall, as you see and understand, there is no impact on the GLNG project.

Quickly turning to PNG, the project has achieved financial close in March and construction is ramping-up.

Andrew will speak more about the successful delivery of our funding plan later. But let me highlight that we ended 2010 with AUD7.8 billion in funding capacity and that is before the cash from the 15% sale of GLNG to Total and KOGAS comes in.

Finally, in Asia the Chim Sao oil project in Vietnam continues to make excellent progress and remains on track for first oil in the second half of this year. We also expanded our position in the Bay of Bengal by stepping into Cairn's shoes in Bangladesh, so overall a strong record of delivery in 2010.

I firmly believe on slide seven that good safety is good business. Our performance continues to improve and we've finished the year with a total recordable case frequency rate of 3.3. While this represents a significant improvement over the past two years, our journey to a safer workplace is not complete. Tragically a contractor was killed in a road accident at Cooper Basin in March last year.

On slide eight, one of the unique things about Santos is our reserves and resources position. This gives us a strong platform for growth. I've spoken to you previously about the growth in our reserves. Today I want to address the quality.

The chart on the left shows a breakdown of our 1.4 billion barrels of 2P reserves. 70% are exposed to liquid linked pricing. Consistent execution of our strategy has transformed the reserve space of this company from predominantly legacy domestic gas to predominantly oil-linked prices.

The chart on the right shows how we are creating shareholder value by producing these higher margin molecules through sanctioned projects. The result is that by 2015, when GLNG starts up, we are not only producing 50% more barrels, we've also increased the proportion of those barrels exposed to oil-link pricing, from 27% today to 70% in 2015. This transformational for our company.

What I'm now going to do is hand over to Andrew, who is going to take you through the financial results. I will then come back with more on the projects that will drive our growth. Over to you Andrew.

Andrew Seaton - *Santos - CFO*

Good morning and thanks David for the introduction.

2010 was a strong year for Santos. First, our financial results improved from the lows of 2009 as costs were controlled in rising commodity price environment. Second, we progressed our LNG growth strategy in a significant way, culminating in the FID decision for GLNG. Third, we continued to monetize contingent resources and grow our reserves and finally, through proactive balance sheet management, we've built a solid capital position and are well placed to fund our project slate.

Starting with slide 10, 2010 saw a marked improvement in reported profit, up 15% and underlying profits up 46%. Firstly, looking at the underlying profit result on the right hand chart, the main driver of the improved result was higher commodity prices, as the oil price recovered from 2009. The Cooper Basin wet weather resulted in 2.9 million barrels oil equivalent of the third production, together with higher costs per barrel.

Fortunately, our ability to withdraw gas from storage mitigated the bottom line impact and ensured that sales contracts were met. The headline profit, as shown on the left-hand side, includes a AUD214 million after tax profit from asset sales, which includes the partial sell down of Spar to Apache and also the 15% interest in the GLNG project to Total.

Note however, that profit on the December sale of the further 15% interest in GLNG to Total and KOGAS will be recorded in our 2011 accounts. Offsetting these gains were impairment charges totaling AUD123 million after tax. These impairments are non-cash and primarily relate to some selected assets in the Cooper Basin and assets in Western Australia, which ceased production in 2010.

Moving now to slide 11, and as David mentioned overall production was 8% lower at 49.9 million barrels or equivalent. As we reported during the year, local rainfall in the Cooper Basin, together with flood waters from Queensland, had a negative impact, as did the expiry of the Mereenie gas contract in the Northern Territory.

Offsetting this was an increase in contribution from John Brookes and the startup of Oyong Phase 2 gas production in late 2009. Our outlook for 2011 production remains in tact with guidance of between 48 and 52 million barrels of oil equivalent.

Turning now to slide 12, total revenue was marginally higher in 2010 with improved prices for all products offset by the impact of a stronger dollar and less liquid in the sales mix. In US dollar terms our realized oil price was 27% higher. However, the strong dollar resulted in the A dollar oil price appreciating by 11%. Gas sales in Eastern Australia were maintained by producing from storage and we continued to increase sales of third party gas with growing purchases of CSG from our partners in GLNG and also from the Longtom field in Victoria.

The unfavorable volume and mix impact shown on this chart was due to a number of factors. First, lower crude oil condensate and LPG production from the Cooper Basin, due to the wet weather. Second, lower WA crude volumes due to downtime events and natural fuel decline and third, lower Bayu-Undan condensate in LPG sales, due to the scheduled plant shutdown.

Turning to the cost side of the equation on slide 13. On an absolute basis production costs remained flat, although the lower production volumes results in unit cost increasing by around 10%. The main drivers of this outcome were higher Cooper Gas related costs due to unscheduled maintenance events and higher costs of Mutineer-Exeter and Stag due to sub-sea repair work and these increases were offset by lower Cooper oil costs due to reduced activity levels, resulting from the wet weather and favorable FX movement translating into lower Bayu-Undan and Asian business unit costs.

The total cost of sales for produced reserves was marginally lower, as DD&A and royalty charges reflected the lower production levels. Increased third party gas purchases contributed to the circa 4% increase in total cost of sales per barrel.

Now, to roll all of this up into our operating segment results on slide 14, Eastern Australia earnings were 8% lower than 2009, as a result of the flooding which restricted oil, condensate and LPG production.

Western Australian business was a major contributor as higher product prices more than offset the impact of lower liquid production volumes. The improved GLNG result reflects increased production volumes and lower costs and Asia benefited from higher gas production at Maleo and Oyong combined with improved margins. Overall, EBITDAX before asset sales increased marginally in what was a recently challenging operating environment across a number of our businesses.

Moving now to slide 15 and DD&A, which is our largest cost item, DD&A was AUD17 million lower than 2009, mainly due to lower production levels. The rate impact of AUD19 million shown on this chart mostly reflects increasing production capacity at John Brookes and GLNG and subsequent higher depreciation charges. Pleasingly, depletion rates have not changed significantly during 2010, as estimates of future development costs are largely unchanged from last year. Our guidance for 2011 is consistent with the 2010 result in per barrel terms.

On the next slide, funding was a key focus in 2010, as we move towards the FID decision for GLNG. Key Treasury activities included the establishment of bilateral standby bank facilities totaling AUD2 billion, with an average maturity of 5 years.

The successful EUR1 billion raising via an innovative 100% equity credit hybrid security structure and also the completion of an institutional equity placement which raised AUD500 million. So our strong balance sheet and liquidity ensure that we can now execute our strategy from a position of strength and this also demonstrates the Board and management commitment to improving the capital structure. The highlight, we're now fully funded and well positioned to deliver our portfolio of projects which David will talk about shortly.

Now to slide 17 and reserves. During the year we continued our record of reserves replacement and resource conversion. We produced 50 million barrels of oil equivalent generating circa AUD2 billion in revenue. We divested 110 million barrels of reserves and a similar amount of resources for cash proceeds received of AUD600 million. We commercialized 130 million barrels of resources to reserves and added a further 35 million barrels oil equivalent for production over coming years and after all this our total 2P reserves increased slightly marking the seventh successive annual increase in this measure. Based on current production, we now have a 2P reserves life of over 28 years. Or over 70 years once contingent resources are taken into account and David has already highlighted the improving quality of these reserves with some 70% now exposed to oil link prices.

Turning now to our guidance for 2011 on slide 18. As previously mentioned, our production guidance is unchanged at 48 to 52 million barrels of oil equivalent. Production costs are expected to increase this year primarily due to the four new projects scheduled to commence production. In particular, the Chim Sao oil field in Vietnam, where we are leasing an FPSO, will result in relatively lower capital costs, but higher operating costs.

DD&A guidance is line with the 2010 outcome and royalty related tax is expected to be in the range of AUD80 million to AUD100 dollars, assuming an oil price of AUD90 per barrel.

Our CAPEX will increase as construction of PNG LNG and GLNG ramp-up, with an expected total spend of around AUD3 billion this year. On that note, I'll hand back to David.

David Knox ***- Santos - Managing Director and CEO***

Thank you very much Andrew. I'd now like to make some comments on our base business and close on LNG, so turning to slide 20. The four projects in the base scheduled to commence production this year are listed on this slide. All are progressing on schedule and will drive the growth in our base production, as shown on the right. So, let me update you on each of these projects in the next few slides.

So talking about Reindeer/Devil Creek first. We are developing WA's new domestic gas hub and by doing so, exposing Santos shareholders to the WA resources growth. Reindeer project is on schedule. The top photo shows a Reindeer jacket ready for installation. Since this photo was taken the jacket has been lifted by crane into position. The bottom photo shows construction progress at the onshore gas plant at Devil Creek. Offshore pipelay is complete and all gas plant modules have been delivered to sites, ready for installation.

In January we announced that Rio Tinto has signed up as a customer for Reindeer gas. We are actively talking to other potential customers for the remaining Reindeer volumes.

Turning to slide 22 and Spar. We announced in August that we would develop another new source of domestic gas for WA by combining our interests in two offshore blocks with Apache. This resulted in the Spar project. To facilitate Spar, Santos sold 55% interest in Spar to Apache, to align our interests across the Halyard and Spar blocks. We followed this up with an excellent result from the Spar-2 development well.

The Halyard and Spar wells will be controlled from the John Brookes platform. The picture shows the new wing deck module for John Brooks undergoing testing with a sub-sea tree just on the right of it.

Since the photo was taken, testing has been completed and the module broken down into sections for transportation to site. We are on schedule for first production from Halyard well by the middle of this year. The Spar well will be tied-back and on stream in early 2013.

Going to the Chim Sao project on slide 23. This is also on schedule. The jacket and topsides are installed and the in-field flow lines and export pipeline are complete. The FPSO conversion is nearing completion in Singapore. The drilling and completion program has also progressed on schedule. Chim Sao will have a capacity of 25,000 barrels per day of oil when it comes on stream in the second half of this year. Santos has just under a 32% interest in this project.

Finally, on slide 24 and the Wortel project. In November we sanctioned Wortel, our third operated asset in Indonesia. Wortel is a tie-back to the existing Oyong asset which will increase the combined gross gas production from the two fields to about 90 TJ per day. The Wortel jacket is well underway and we are scheduled for first gas by the end of this year.

Turning to our LNG growth on slide 25. Santos is building an LNG growth portfolio that is unique for a company of our size. We now have significant involvement in four LNG projects. It is underpinned by our cornerstone interest in GLNG and by a significant interest in PNG LNG. I'll say more about GLNG and PNG LNG shortly. First let me address the other two projects briefly.

Darwin LNG capacity was upgraded in 2010 to 3.6 million tonnes per annum. Bonaparte LNG, in partnership with GDF SUEZ, is gaining momentum. In January we awarded pre-feed contracts for upstream and midstream elements. This project exposes Santos to floating LNG technology, and we will be carried all the way to FID. I am excited about how our LNG portfolio is fast developing. Let me illustrate what this portfolio can deliver on slide 26.

Our portfolio of LNG projects has the potential to deliver over 4 million tons of Santos equity LNG production by the end of the decade. What is unique about the Santos portfolio is that this LNG production is delivered from existing, discovered resources. Our growth does not rely on the exploration drill bit. With the sole exception of DLNG, all the trains shown on this chart are either in production or have passed FID. Also, we have only included the foundation PNG LNG project of two trains. Any expansion would be incremental to this profile. What this chart clearly demonstrates is the truly transformational power of Santos's LNG strategy. Now let me talk about GLNG on slide 27.

The GLNG partners took the final investment decision approving the development of the AUS16 billion two train project in January. The project will produce natural gas in fields around Roma and Fairview for conversion to LNG for export from Gladstone. GLNG will see the creation of 1500 jobs in Queensland in 2011. Overall GLNG will create about 6000 jobs, including 1000 permanent jobs once the plant begins production in 2015. The FID decision triggered major works for upstream field development, the 420 kilometer pipeline, and the LNG plant at Gladstone.

The major EPC contracts have been awarded to Fluor, Saipem and Bechtel. Orders worth about AUD500 million have already been placed for long leads. The capital expenditure is USD16 billion gross from FID to the end of 2015, when the second train is ready for start up. This CapEx includes USD2 billion of contingency. The project has 7 million tons per annum of binding off-take agreements with PETRONAS and KOGAS. The first LNG, as I said earlier is due in 2015. Additional volumes above the contracted 7 million tons per annum will be offered in the first instance to our existing foundation customers, as is normal practice for big LNG projects.

On slide 28, at FID GLNG executed the binding EPC contracts for the project. These are shown on the slide. The gas and transmission pipeline and the LNG plant contract are fixed price, lump sum turnkey EPC contracts with Saipem and Bechtel respectively. The upstream EPC contract with Fluor has a material level of fixed price. We have deliberately adopted an EPC contracting strategy to mitigate the exposure to the upside capital expenditure risk. This, combined with material project contingencies, give us confidence that we can deliver the project on time and within budget.

Slide 29 summarizes the GLNG reserves. We have over 5,000 petajoules of 2P reserves in GLNG areas. Our 2P plus 2C is over 8,500 petajoules. Importantly, Netherland and Sewell have estimated the 2P reserves will ultimately grow to almost 10,000 petajoules, so we've plenty of gas. The chart shows expected 2P reserves filled to the end of 2015, when the second train is ready for start up. In addition to the CSG reserves, we also have 750 petajoules coming from the Cooper Basin, which provides further value upside for Santos and our partners.

On slide 30 let's talk about PNG LNG. Following financial close in March last year, the project has moved into full execution mode, led by our operator Exxon Mobil, which continues to support the infrastructure at the LNG plant site, and upstream locations. Design and procurement work for the major EPC contracts is in progress. The photos show some early onshore pipeline work, and the construction camp at the LNG plant site near Port Moresby. Construction work will continue to ramp up throughout the first half of 2011. We are continuing to target first LNG in 2014.

The Santos acreage position in PNG provides opportunity for further growth. Santos earns its interest in the project through our stake in the Hides field. Hides is the core of the project, and contributes about two thirds of the total recoverable project reserves and resources. We believe that there is upside in Hides, but we won't know until further drilling is completed. We are working with our partners to determine the optimum time for the drilling to take place.

Finally, in conclusion, the Company performed well in 2010. Our profits were higher, and delivery of growth projects in the base is on track. We sanctioned a two train GLNG in early January, and executed a funding plan that kept the call on shareholders to a minimum. PNG LNG construction is well under way. Finally, we are transforming the Company through execution of sanctioned projects at oil-linked prices.

That concludes my formal presentation. Andrew and I will be very happy to take any questions that you may have. Can we have the first question please? Thank you.

QUESTION AND ANSWER

John Hirjee - ***Deutsche Bank - Analyst***

My questions relate to firstly, CapEx guidance. You've given AUD3 billion for 2011. You've quantified in terms of LNG growth projects and exploration. The balance is AUD450 million. Are we to assume that AUD450 million relates to stay in business CapEx for the rest of the base business?

David Knox - ***Santos - Managing Director and CEO***

Yeah, John, absolutely. It's basically Cooper plus other stay in business capital from other operating areas, you're absolutely right.

John Hirjee *- Deutsche Bank - Analyst*

Okay. The second question relates to your slide 33, the significant items. Could you give some further elaboration on what the impairment of receivables relates to, AUD22 million?

Andrew Seaton *- Santos - CFO*

Yeah, that is - you recall at the half year we took an impairment of AUD11 million, which relates to the sale of PRL5 in Papua New Guinea. That was a 50% provision then, we've now impaired 100% of that receivable.

John Hirjee *- Deutsche Bank - Analyst*

Oh, right. All right, so it's nothing to do with some of the Timor Sea assets that are up for sale?

David Knox *- Santos - Managing Director and CEO*

No.

Andrew Seaton *- Santos - CFO*

No, this is just related to the permit in PNG.

John Hirjee *- Deutsche Bank - Analyst*

Okay, very good. That's it. That's all my questions. Thank you.

Adrian Wood *- Macquarie Securities - Analyst*

It's Adrian Wood here, from Macquarie.

David Knox *- Santos - Managing Director and CEO*

Oh, hi. Good morning, Adrian.

Adrian Wood *- Macquarie Securities - Analyst*

Hi. Just a couple of quick questions. First of all you talk of a funding capacity of AUD7.8 billion. Obviously you fought very hard last year to defend your BBB+ credit rating, and I appreciate that the answer to this question will depend on medium term oil prices, S&P leniency, and also when exactly you draw down the cash, but can you give me some sense as to how much of that AUD7.8 billion you can actually draw down? Obviously there's a AUD2 billion debt facility in there, with the bilateral agreements with the banks. How much of that will you actually draw down and maintain that credit rating as we currently stand?

Andrew Seaton *- Santos - CFO*

Our intention with the AUD2 billion facility is that it is a liquidity facility. On our current planning, with our current oil price forecast, and using analyst consensus oil price forecast, that AUD2 billion will remain undrawn through 2015, where we start getting revenues in from GLNG and PNG energy.

Adrian Wood *- Macquarie Securities - Analyst*

Sure, but as it stands today, obviously S&P has a much lower oil price forecast than consensus on the sale side, and I'm guessing that it's S&P's that is ultimately most important. I mean, if you drew that down today, you would be in breach of your credit matrix, would you not?

Andrew Seaton *- Santos - CFO*

That's a hypothetical, Adrian. I suppose the intention is not to draw that. It is a liquidity line, and we have no need to draw it at this time. S&P are comfortable with the BBB+ rating. They've put out a very clear report which highlights the steps that we need to take to maintain that BBB+ rating, and one of those is maintaining adequate liquidity facilities.

Adrian Wood *- Macquarie Securities - Analyst*

Sure, okay. The second question just relations to David. You said when you were talking about potential KOGAS sales - I may have heard you wrongly - but you suggested that only KOGAS gets a seat at the GLNG table, and by implication, therefore, any buyer of KOGAS's stake, or partial buyer, would not get the same rights as KOGAS gets. Is that your understanding, and if so does that mean that it's probably going to sell at a lower price, and that could be taken by the market as a look-through for the project?

David Knox *- Santos - Managing Director and CEO*

The way it's done with KOGAS is - a couple of points here. First of all there's no impact on whatever KOGAS does on the LNG off take contract. That's the first thing that we just need to absolutely maintain. The second thing; you're quite right, the way that KOGAS are, if they do transact anything with potentially one of their strategic partners, it would be that that strategic partner would take an interest in the KOGAS 15%, and it will come to the GLNG project through KOGAS. It's KOGAS who will continue to have a seat at the table, not the partner. That's the way we envisage it going forward, if this did, in fact, occur. As I said, the key thing is the equity and the off take are separated.

Adrian Wood *- Macquarie Securities - Analyst*

Do you think that that price that KOGAS would be - now appears to be an arm's length transaction away from the LNG project itself - would that price be publicized, do you think, or will that be an internal price that's kept confidential to KOGAS and whoever the new partner may be?

David Knox *- Santos - Managing Director and CEO*

That would be entirely up to the parties involved in the transaction.

Adrian Wood *- Macquarie Securities - Analyst*

Yeah, okay. All right, thanks very much.

David Knox *- Santos - Managing Director and CEO*

Thank you, Adrian.

Operator

Our next question comes from the line of Jason Mabee from RBS. Please go ahead.

Jason Mabee *- RBS - Analyst*

Hey guys. I apologize if I ask something again. I missed the questions while I was dialing in. First just a couple of numbers; can you just elaborate a bit on the Cooper oil write down, and then also just that AUD25 million settlement to production over lift by partner, and what that relates to?

Andrew Seaton *- Santos - CFO*

For the first one on the Cooper oil write down, you can see in the notes to the account we wrote down AUD81 million on oil assets in the Cooper. Now, this is a number of individual oil areas where we saw signs of impairment, and so it's not a broad, write down across the basin. It is selected assets. There's also a AUD2 million write down on the Moonie-Brisbane Oil pipeline, which we decommissioned probably two years ago.

Jason Mabee *- RBS - Analyst*

Then just that AUD25 million of settlements that in other income? I'm just curious what that alludes to.

Andrew Seaton *- Santos - CFO*

That relates to John Brookes.

Jason Mabee *- RBS - Analyst*

That hasn't been stripped out in terms of normalizing earnings?

Andrew Seaton *- Santos - CFO*

No, it's a revenue adjusted from previous years.

Jason Mabee *- RBS - Analyst*

Okay. Just on GLNG with the drilling program able to start again, I didn't see anything on the slides, but can you just give us a color on what's going to be happening there over the course of the year in terms of drilling, and where you'll be targeting?

David Knox *- Santos - Managing Director and CEO*

Yeah, as I think we say in our press release, we're back up and drilling in GLNG. All the drilling rigs are now operational. We'll obviously continue to focus on both growing our reserve space, but also on our drilling development wells. The core of the GLNG project, of course, is the Fairview field. We're continuing to prove up the reserves in Roma, and drill in-fill wells there, and start to dewater that field. Then we're also starting to move up the Arcadia Valley, where the Fairview field extends north. We look to drill about 100, 120 wells in 2011, and I'd say everything's back up and running now on the drilling front, following obviously quite a wet period.

Jason Mabee *- RBS - Analyst*

Okay. Just one last question on that wet period, wrapping up, are there any outstanding water issues with the evap ponds, or any sort of after math that has to be dealt with there?

David Knox - *Santos - Managing Director and CEO*

Not in GLNG. Obviously for us the wet doesn't extend just to GLNG. We do have more of a challenge in the Cooper Basin, but not in GLNG. There's no issues with the GLNG project. In the Cooper Basin we have a continuing plan both to recover from really is quite a wet Cooper Basin right now, and we will see that impact partially throughout 2011. However, we've got a very good plan now to improve the production performance from the Cooper, particularly the oil performance as we go forward.

Jason Mabee - *RBS - Analyst*

Okay, great. Thanks a lot.

David Knox - *Santos - Managing Director and CEO*

The important thing to understand in GLNG are our fields are basically elevated. A lot of them are on escarpments. Obviously while it rains, the roads are wet and we're unable to use them, but as soon as it starts to dry out we get access fairly quickly.

Jason Mabee - *RBS - Analyst*

Fantastic. Thanks.

David Knox - *Santos - Managing Director and CEO*

Thank you.

Operator

Our next question comes from the line of Mark Greenwood from Citigroup. Please go ahead.

Mark Greenwood - *Citigroup - Analyst*

Great. A couple of questions, first on GLNG; now that we're through FID, I was wondering whether there's still an opportunity for realizing synergies with other projects through collaboration, and specifically are you engaged with, or in discussions with others for other gas supply agreements to the GLNG project, or sharing of infrastructure?

David Knox - *Santos - Managing Director and CEO*

There are opportunities to work with others, and we will do so where that is appropriate. One example of that, of course, is Origin, or APLNG, is a partner in the Fairview field, a very important partner. They are joining the development of that project. That's one very good example of where it's actually happening in reality. Another good example of where - which I'm very pleased about - where it's happening in reality is the coal seam gas operators have also worked together to set up a helicopter evacuation service, which will both assist us and all the local residents in the area we operate in. There are areas of collaboration that are actually ongoing, some material, some very important for how we work in the community, and I expect those to continue.

Mark Greenwood - *Citigroup - Analyst*

What about sharing of LNG sites at Curtis Island, is there any discussion on that front? I know there was --

David Knox - *Santos - Managing Director and CEO*

We're entirely focused, Mark. We've got two trains FID'd on January 13. We're entirely focused on delivering those two trains. That's absolutely 100% in my focus right now, and that's what we'll do. We'll be delivering - ready for start up 7.8 million tons by the end of 2015.

Mark Greenwood ***- Citigroup - Analyst***

So I take from that no ongoing discussions in that regard, is that right?

David Knox ***- Santos - Managing Director and CEO***

As I say, my focus is entirely on developing the site, and developing the trains on that site.

Mark Greenwood ***- Citigroup - Analyst***

Okay. The second question is on the Cooper Basin. One of your JV partners there has given some targets for reserve growth over the coming years. I was wondering whether as operator you could outline your targets for your plans for drilling out some of that tight gas acreage, and what you plan to do with that gas.

David Knox ***- Santos - Managing Director and CEO***

Yeah, we, like our partners, also believe there is considerable both tight gas - in other words through infill drilling and drilling the fields where the rock has got less permeability - and there's also opportunities for shale gas. What we've done as operator is we've just contracted three brand new rigs that are coming in from Canada. They're coming from Saxon. They're very high technology. They'll be entering basically in the first half of this year. This is new kit that allows us to drill far more efficiently. These are quite deep, and quite hard wells in tight rock, and also do the infill drilling. Ultimately, we may also be able to use them for the shale as well.

What we're doing is looking very hard at working through the drill bit to try and unlock some of these resources. I would envision over the next three or four years we'll be successful in that, and that's part of a concerted program. You have to remember our strategy here is to write dual channels to market. We now have a domestic channel, and we also have the LNG channel. That allows us to really unlock some of these resources in the Cooper that otherwise were not commercial.

Mark Greenwood ***- Citigroup - Analyst***

What do you think the volume opportunity is in terms of the tight gas, and - I guess just start with the tight gas.

David Knox ***- Santos - Managing Director and CEO***

You know, I have to be a little careful. I could get very excited, but it's probably too early to do that right now. You have to have some demonstration of success, but we know there is a lot of hydrocarbon there, if we can commercially unlock it. That's the key, if we can commercially unlock it. It's going to be very helpful to us that we now have two markets, one domestic, and one Asian focused. That should improve the commerciality, and allow us to get these rigs to really start to unlock it.

Mark Greenwood ***- Citigroup - Analyst***

You did mention in the presentation the potential for expansion in terms of a third train at GLNG. Is this the likely source of that expansion, or would you be looking at third party gas?

David Knox ***- Santos - Managing Director and CEO***

No, obviously any further expansions at Gladstone will come from our existing coal seam gas acreage. Potentially it will come from Cooper Basin acreage. In the very long term, it could even come from our New South Wales acreage, where we have a very significant position. As I say, though, it's too early to really focus on that. My focus right now is filling the first two trains and getting them delivered, while continuing to work with our partners in the Cooper to unlock some of those resources for the long term future. Ultimately, I think in the Cooper we're only probably no more than half way there. We've produced circa six, six and a half TCF from there and we're probably about half way, maybe, so we've got a long way to go in the Cooper.

Mark Greenwood ***- Citigroup - Analyst***

Great. Thanks, David.

David Knox ***- Santos - Managing Director and CEO***

Thank you very much, Mark.

Operator

Our next question comes from the line of Alex Mears from Schroders. Please go ahead.

Unidentified Participant

G'day, David. My question relates to the third party gas purchases and sales. You made AUD162 million of third party gas purchases, and another 35.6 petajoules, if I remember from the quarterly, which equates to about AUD4.55 a gigajoule. So unless you were selling those molecules at above your average gas price across your entire portfolio, it would seem you were making a loss on your gas purchases. Am I correct?

Andrew Seaton ***- Santos - CFO***

Yeah, Alex, you can see in slide 12 we have third party gas revenue of AUD185 million, so there's a net AUD23 million benefit there.

Unidentified Participant

So you are selling those third party gas volumes at a higher price than average relative to your portfolio?

Andrew Seaton ***- Santos - CFO***

That's right. Yes, that's exactly right.

Unidentified Participant

Okay. That's it, thank you.

David Knox ***- Santos - Managing Director and CEO***

Thank you very much.

Operator

Our next question comes from the line of Ben Wilson from JP Morgan. Please go ahead.

Ben Wilson ***- JP Morgan - Analyst***

G'day, David and Andrew. Just a question on one of the attempts that you made over the period relates to the Shaw River Power Station. Can we imply that this is intended to signal the end of development on that project, given that it's not yet been announced?

David Knox ***- Santos - Managing Director and CEO***

No, it's not to imply that at all. It's to imply that we're looking for certainty on carbon price before we make any further decisions. Sure, it is a project that we gained approval for. It's a 1.5 giga watt site. It's a very good location under the power line. In order for us to move forward, however, we need to have some certainty around carbon prices. That's what we're looking for, and once we've got that, then we'll consider the investment decision.

Andrew Seaton ***- Santos - CFO***

We haven't impaired Shaw River completely. We've impaired part of the carrying value of Shaw River, but we still see value in that permanent site.

Ben Wilson ***- JP Morgan - Analyst***

Okay, thanks guys.

David Knox ***- Santos - Managing Director and CEO***

Thank you very much.

Operator

Our next question comes from the line of Gordon Ramsay from UBS. Please go ahead.

Gordon Ramsay ***- UBS - Analyst***

Thank you very much. Just a couple of questions. The first one relates to timing of GLNG train two. I'd just like you to walk through some of the critical task items there. Clearly reserve definition is up there, but what other factors do you see as being critical to deliver the kind of timing you're talking about on that train?

David Knox ***- Santos - Managing Director and CEO***

Gordon, we FID'd two trains on 13 January, so obviously there's a gap between the two trains. We anticipate that that second train will be ready for start up by the end of 2015. Obviously the first train is a bit earlier than that. No, we've committed to two trains. That's all done and behind us.

Gordon Ramsay ***- UBS - Analyst***

Yeah, but you have to get the reserves to deliver into it, and that's - you're not worried about that risk in terms of timing?

David Knox ***- Santos - Managing Director and CEO***

As you can see in the reserves prove out, we're confident that we'll be able to continue to develop our reserves in order to fill those two trains by the end of 2015. That combined, of course, with Cooper gas sales contract, gets us there.

Gordon Ramsay *- UBS - Analyst*

Okay. The other question relates to the Zola gas discovery. I'm just wondering if you could inform us as to how good that's looking in terms of the reservoir quality and potential size.

David Knox *- Santos - Managing Director and CEO*

Unfortunately not this morning, Gordon. We are drilling. We'll been drilling for some time due to the cyclones, but we are drilling, and as soon as we know the result we'll release that to the market, but this morning I'm unable to do that. We are drilling ahead. It is an interesting well for you to watch. It's an important well for us, but I cannot, unfortunately, today tell you whether it's good or not. It's still in the exploration stage.

Gordon Ramsay *- UBS - Analyst*

Hopefully later today. Thanks.

David Knox *- Santos - Managing Director and CEO*

I don't know if it will be today, but fingers crossed. You never know. Thanks, Gordon.

Operator

Our next question comes from the line of David Hurd from Merrill Lynch. Please go ahead.

David Heard *- Merrill Lynch - Analyst*

Hi there, guys. I just had a question - I'm quite interested in the chart you provided on slide eight around the transformation to oil linked pricing. On the production transition there it looks to me like you're shrinking the legacies on gas from around about 38-40 million barrels, down to perhaps half that. Can you give some detail on what your assumptions are there? In growing the blue bar and shrinking the orange bar, are you assuming re-contracting some or all of that volume into oil linked pricing? Or are you assuming that some of that volume is simply lost and the blue bar is growing through other production growth?

David Knox *- Santos - Managing Director and CEO*

One thing that's actually important to understand here is it's not just the molecules facing LNG that are getting oil indexed. The WA molecules are largely - oh, certainly the new contracts we're signing, like the Reindeer one, are also oil indexed. Also, obviously the Cooper Basin contract to GLNG that we've announced is a binding contract. That's also oil indexed. So, effectively some of our domestic gas is moving from domestic gas style contracts, which we will still have, to more oil indexed LNG style contracts. That's certainly true in WA, and I think it will continue to be true even in east Australia with other contracts. Our whole portfolio is starting to move to much more indexed.

David Heard *- Merrill Lynch - Analyst*

There's three chunks of DomGas identified there - New South Wales CSG, Eastern Australian legacy DomGas, and WA legacy DomGas - to shrink from 38 million barrels in total down to 20. Which of those chunks is either disappearing or being transitioned to oil linked contracts?

David Knox - ***Santos - Managing Director and CEO***

Well New South Wales CSG is another one we obviously at this stage don't have any contracts for that. We're still proving it up, but you can well imagine that over time we will sell that both domestically, as I've said, to probably the New South Wales power market, but we also may be able to bring some of that into our LNG system as well. We'll get a bit of both in New South Wales. The message here is clearly that we're going from a portfolio that was largely not oil linked, to a portfolio that is largely oil linked, and we're doing it over quite a short period of time. That's absolutely part of our strategy.

David Heard - ***Merrill Lynch - Analyst***

Okay. Also following up on a question on CapEx; a big chunk of it is LNG. Can you give us any idea - the major part of the GLNG project is where Santos retains responsibility of the upstream. Can you give us any idea as to how much CapEx Santos needs to invest this year in GLNG upstream CapEx?

David Knox - ***Santos - Managing Director and CEO***

We haven't broken it down into individual components. What we said is that we'll be spending about AUD2 billion on LNG. Obviously our stake in PNG, that's a smaller component of that. GLNG is the lion's share. It's going to be spent in developing the upstream. We're also ordering all the pipe. We won't be laying any pipe, but we'll be ordering the pipe this year, and Bechtel - you know, I have to say because of Gladstone now you've seen an awful lot of Bechtel people there up and working. We have 300 people already in Manila working on the Fluor contract. So, you know, most of our expenditure is going to be on labor and purchasing equipment this year. It's only going to ramp up as we go through to 2015, but we're not dividing it up into how much we're spending each year, on each individual section of this project, no.

David Heard - ***Merrill Lynch - Analyst***

You mentioned 100 to 120 CSG wells going to be done before this project.

David Knox - ***Santos - Managing Director and CEO***

That's right.

David Heard - ***Merrill Lynch - Analyst***

Can you give us any idea as to what the expected budget is on a per well basis? How expensive is it to develop this gas?

David Knox - ***Santos - Managing Director and CEO***

Well, not a per well basis. You know, typically we spend about AUD2 million per well once we drill and complete these things. That's about the cost of a coal seam gas well. That's with the completion in, so you're just looking at the well head. Then what Fluor then do is they then take the gas in that well head, they gather it, they dewater it, and then they compress it in order to put it in the pipeline. Saipem will deliver the pipeline to us, and they'll transport the gas to Gladstone, Bechtel will take the gas at the end of the pipe and cool it down, and ultimately put it on the ships. Then the ships are provided by our buyers - by KOGAS and PETRONAS.

David Heard - ***Merrill Lynch - Analyst***

Thank you very much.

David Knox - ***Santos - Managing Director and CEO***

There's lots of interfaces in this project, with very big contractors who are very serious, and very professional in their job, and we've got all the permits to execute them, including the indigenous land use permits, and the environmental permits. At the highest level, we still of course need to get the specific permit.

David Heard *- Merrill Lynch - Analyst*

Thanks, David. Just finally, you mentioned ongoing issues in the Cooper Basin, and that the impact there it appears was nearly 3 million barrels, and around AUD40 million of impact. Do you have any idea, or any guidance as to what the 2011 impact on Cooper Basin will be due to wet weather and flooding?

David Knox *- Santos - Managing Director and CEO*

Yeah, that's factored into the guidance we've given you, the 48 to 52. We recognize that the wet weather is continuing. We've basically had a 30 year wet weather event in the Cooper. You know, masses of amount of rain in the Cooper Basin itself, but also, of course, we've had the rain coming down from up north through the Fluor country, and past Innaminka. So we've had a double whammy in the basin, and also the water coming down. We envisage that we will recover throughout this year, provided we don't have another 2010, but it is quite wet there right now. We're working hard to particularly get oil production back on. We've got quite a lot of shut in oil production, which we're going to work very hard to get back on.

David Heard *- Merrill Lynch - Analyst*

On the gas side sales were made from storage in order to tie Santos over that period. Are you still needing to draw down on gas storage, or are you able to supply contracts from production now?

David Knox *- Santos - Managing Director and CEO*

We're still using storage today, a bit, but obviously we're starting to have opportunities to refill storage during the week. As we get higher gas demands, we bring it out of storage. One of the beauties that we have in our portfolio is we have really quite a large storage inventory in the Cooper. It's one of the strengths of the system that's been built there. That storage is important in the Cooper. It's also we're going to provide storage for the GLNG project as well which will provide a similar opportunity for us to optimize our gas supply. So it is an important factor, storage. It's been very good that we've used storage to meet all our customer obligations, rather than the difficulties of last year.

David Heard *- Merrill Lynch - Analyst*

Okay thank you very much.

David Knox *- Santos - Managing Director and CEO*

Thank you very much indeed.

Operator

Our next question comes from the line of Stuart Baker from Morgan Stanley. Please go ahead.

Stuart Baker *- Morgan Stanley - Analyst*

Morning gentlemen. A couple of quickies here. Firstly on oil price. There's been quite a disparity between WTI as a marker and the more traded crudes around the world -- Brent and Tapis et cetera. That difference is quite large. I'm wondering if you can confirmed to us that for your oil realization is that you're getting something nearer to what we see today on the screens will be (inaudible) for example which would be you know, north of AUD100 rather than you know, AUD85.

Andrew Seaton ***- Santos - CFO***

That's exactly right Stuart. Our crude oil contract out of the Cooper and in our broader portfolio are linked in to Brent and Tapis.

Stuart Baker ***- Morgan Stanley - Analyst***

Thank you. And just a second question, coming back to Reindeer, I missed the detail on the Rio contract. It's sort of in the quarterly there, but I recall the only other one before Reindeer was Sino for about 60 million cubic feet of (inaudible) is quite big. I'm just wondering if you can give us some guidance on how much of that actually is contracted. And you know whether we should be -- well how much of that 215 petajoules say will be actually utilized at start up into contracts.

David Knox ***- Santos - Managing Director and CEO***

There's another contract in the wings that we haven't had the opportunity to announce yet. Obviously at the press conference we announced there's a holding contract. The future contracts are also going to be at very good prices. And we expect to announce additional contracts as we -- over the next period.

Stuart Baker ***- Morgan Stanley - Analyst***

Right and -- okay thanks, that's it for me.

David Knox ***- Santos - Managing Director and CEO***

Yes thanks, we just have to wait until we get them fully negotiated Stuart. They're not fully there yet, but we're making good progress.

Stuart Baker ***- Morgan Stanley - Analyst***

Okay thanks gentlemen.

David Knox ***- Santos - Managing Director and CEO***

Thank you very much.

Operator

Our next question comes from the line of Di Brookman from CLSA. Thank you for calling, go ahead.

Di Brookman ***- CLSA - Analyst***

Hi, some of my questions have been asked. But just very quickly, going back to KOGAS potentially selling down its equity to a strategic buyer. Would that strategic buyer have voting rights in the GLNG project?

David Knox ***- Santos - Managing Director and CEO***

The way that'll work Di is it'll -- they'll come through KOGAS. So KOGAS has a seat at the table. So they have to decide how they want to vote as a group, the KOGAS and whoever its partners choose -- are in the end. And they will come as one vote.

Di Brookman *- CLSA - Analyst*

Okay. And earlier on I heard that you mentioned in regards to the Fairview field. I understand that -- well as we all know that Origin or the APLNG project has equities in that field. Did you mention that they have agreed to sell their gas to you?

David Knox *- Santos - Managing Director and CEO*

No, no. They've agreed, or they have joined the project and they'll be funding their share of the capital expenditure to develop the field.

Di Brookman *- CLSA - Analyst*

Okay. So their gas will now be going into the GLNG project? Or will it be something else there?

David Knox *- Santos - Managing Director and CEO*

The -- where their gas goes is still to be negotiated between the GLNG partners and the APLNG partners. But they are funding their share of development.

Di Brookman *- CLSA - Analyst*

Just looking at the CAPEX cost of USD16 billion which also contained USD2 billion of contingencies. I think I've heard you mention before that approximately 50% of that cost would be upstream, is that correct?

David Knox *- Santos - Managing Director and CEO*

No that would be a bit on the high side.

Di Brookman *- CLSA - Analyst*

It's on the high side?

David Knox *- Santos - Managing Director and CEO*

-- given an absolute breakdown, but that was (inaudible).

Di Brookman *- CLSA - Analyst*

Okay. So Fluor have come out and indicated that they've got an EPC contract for that $3.5 billion.

David Knox *- Santos - Managing Director and CEO*

That's correct.

Di Brookman *- CLSA - Analyst*

So I guess that approximately AUD4 billion of others is for the upstream. But coming back and looking at that $3.5 billion for Fluor, is that fixed? Is that the fixed price (inaudible).

David Knox - ***Santos - Managing Director and CEO***

The way we describe the Fluor contract and we describe it at this stage, is the majority of that contract is fixed lump sum. The material level is what we say in the slides.

Di Brookman - ***CLSA - Analyst***

Okay is that the majority of the Fluor contract is fixed, or the majority of all the --

David Knox - ***Santos - Managing Director and CEO***

The majority of the Fluor contract. And in addition to the Fluor contract, we have obviously the drilling which is the fundamental main difference. So basically if you think about that, everything from the outlet flange of the well head to the inlet flange of the pipeline is the Fluor contract, including the water management system. And we -- Santos as operator -- will provide them with the well heads looking up. So we provide the drilling and the completions and do all that reservoir managements aspect. The Fluor contract will be -- a material portion of that Fluor contract will be fixed lump sum. The Saipem and Bechtel are all lump sum, 100%.

Andrew Seaton - ***Santos - CFO***

We've got the Fluor contract LN, but the portion that's not fixed is based on agreed schedules of rates. So it's really we know what the rate is for pipe or for wells. It's really -- the variable component is more about how many kilometers of both -- how many kilometers of pipe do we actually need. So we're not exposed to a unit cost, more so to quantity.

Di Brookman - ***CLSA - Analyst***

Okay thank you very much for that. I think that's the end of my questions, thank you.

David Knox - ***Santos - Managing Director and CEO***

Thank you very much Di for again persevering. Do we have any more questions? If not we should wrap up.

Operator

Our next question comes from the line of David Brennan from Daiwa. Please go ahead.

David Brennan - ***Daiwa - Senior Research Analyst***

Hi just a question to (inaudible) Looking at the AUD2 billion you've got planned for LNG projects in 2011 and assuming most of that is from Gladstone. Does that imply that in total with all your partners, you're planning to spend about AUD37 billion this year, in 2011?

David Knox - ***Santos - Managing Director and CEO***

Well so far as I said in my notes, we've already placed about half a billion dollars of contracts and work already. And that's just in the last month. So and we're -- we've got 300 people working in Manila. We've got a full back tail team going. We're ordering the pipe. We're off. So it's a -- you know our burn rate is quite high as you'd expect in a project of this scale. So we spent AUD500 million so far of the AUD16 billion.

David Brennan ***- Daiwa - Senior Research Analyst***

Okay thanks.

Operator

Okay. Our next question comes from Sandra McCullagh from Credit Suisse. Please go ahead.

Sandra McCullagh ***- Credit Suisse - Analyst***

A couple of questions. So your royalty guidance, you've got a doubling almost in royalties on flat production. Can you assist me with some color on that?

Andrew Seaton ***- Santos - CFO***

Yeah, the royalty actually last year, the underlying number would have been around AUD73 million. But it was reduced to the AUD51 million number because of some reversal of temporary differences and adjustments the prior year. So actually if you look at note seven, you can see that the underlying royalty was flat year on year.

Sandra McCullagh ***- Credit Suisse - Analyst***

Thanks for that. Kipper -- David you mentioned push back. Did you say past 2012?

David Knox ***- Santos - Managing Director and CEO***

We don't have a date that we're prepared to put to the market. The Gippsland Joint Venture and the Kipper Joint Venture are in discussions as to when that would be.

Sandra McCullagh ***- Credit Suisse - Analyst***

Okay.

David Knox ***- Santos - Managing Director and CEO***

But it's -- you know I'm really speaking for 2013 now. This is a very disappointing outcome for us. So we're pressing the Gippsland Joint Venture and our partners. And we'll work extremely hard to resolve the issues.

Sandra McCullagh ***- Credit Suisse - Analyst***

Thanks. Now with GLG -- GLNG and further sales, do you need to proof up further reserves to sell that additional 0.8 million tons? And how much reserves do you think you need to sell that?

David Knox - ***Santos - Managing Director and CEO***

No, no. We're basically fully sold. And we've announced 7 million tons of thermal uptake -- 3.5 to Petronas, 3.5 to KOGAS. But we've also said that any additional volumes which we do expect about 0.8 million tons, will be offered to our foundation customers first. We would strongly expect our foundation customers to take those volumes.

Sandra McCullagh - ***Credit Suisse - Analyst***

Any expectations on timing? When you'd expect that to happen? Is that something that might happen this year?

David Knox - ***Santos - Managing Director and CEO***

Well obviously what'll happen is when we start up and start producing, my expectation is the foundation customers will take the full volume right up to 7.8 million tons. What you do is annually you negotiate an annual delivery program in ADP. And it's in those programs that these volumes are offered and then the volumes are excepted. Typically they're done at the same LNG price as the foundation contract. So I expect that is how it should be modeled and that's how I think it'll be in reality.

Sandra McCullagh - ***Credit Suisse - Analyst***

And the KOGAS -- extending that agreement from 15 to 20 years at your option. Do you need to proof up further reserves to be able to do that?

David Knox - ***Santos - Managing Director and CEO***

No. No it's at our option to extend these contracts.

Sandra McCullagh - ***Credit Suisse - Analyst***

Right. And do you need a further reserve to feel confident to do that?

David Knox - ***Santos - Managing Director and CEO***

No. No we obviously have to be confident we'll deliver. But -- and we'll make that decision at the time. No it's at our option. So we basically have -- this project is fully sold, 7.8 million tons to two major customers for the next 20 years.

Sandra McCullagh - ***Credit Suisse - Analyst***

Okay, so that's how you look at it.

David Knox - ***Santos - Managing Director and CEO***

Absolutely, yeah.

Sandra McCullagh - ***Credit Suisse - Analyst***

And you mentioned Arcadia basin. I see from Origin's release that they're drilling up in that area. I guess what are you seeing in terms of flow rates in Arcadia versus --

David Knox - ***Santos - Managing Director and CEO***

Yeah. Well Arcadia is an extension of Fairview. It's just -- it's a matter of always proving it up. And also we have another field to the left of that called Dennison, where we're the operator and Origin are our partner 50/50. We're starting to prove that up. This whole business is we need to continue to drill and as we continue to drill we'll continue to prove our reserves. And that's why NSAI have confirmed this circuit. They expect about 10TCF, or 10,000 petajoules of gas available to us for the GLNG project. Because we can continue up the valley, unlocking our acreage just like Denison.

Sandra McCullagh - ***Credit Suisse - Analyst***

And how much of Narrabri -- sorry Gunnedah reserves do you expect to be part of GLNG?

David Knox - ***Santos - Managing Director and CEO***

At this stage none.

Sandra McCullagh - ***Credit Suisse - Analyst***

Right, okay.

David Knox - ***Santos - Managing Director and CEO***

We're still at an early stage in Gunnedah. We're doing about 25 wells. We need to continue to drill with a drill bit. We need to continue to work with Eastern Star Gas in the acreage which they operate to prove up. But we do anticipate and we do see that Gunnedah is a good asset. We're very pleased we're involved in it. We've got a very, very strong position in the whole basin. And it's something that I think will be very, very valuable to our shareholders in the future.

Sandra McCullagh - ***Credit Suisse - Analyst***

One last quick question, the Shore River Power Station, how much do you have left on the books for that? You said it wasn't fully written off?

David Knox - ***Santos - Managing Director and CEO***

We've basically got the value of the land and intellectual property on the books. You know the land value is principally what we've got on. We've got a very good piece of land which we bought a few years ago. But what we hope to do with that, you know once we've -- some certainty of carbon pricing may help us to be able to make a decision. But we're not at that stage until we get that carbon price certainty, that's what we need.

Sandra McCullagh - ***Credit Suisse - Analyst***

In writing off, given the NSW Government just announced one of Power Gen's sites was sold for AUD9 million, is that sort of -- you've got less than that on the books now?

Andrew Seaton - ***Santos - CFO***

No it's a bit more than that. Not --

David Knox - ***Santos - Managing Director and CEO***

Small.

Sandra McCullagh - ***Credit Suisse - Analyst***

Okay, thanks guys.

David Knox - ***Santos - Managing Director and CEO***

Thank you very much. Thank you very much to everyone on the call. I'm very sorry that we had clearly a hiccup right at the beginning and then with questions. But you know I hugely appreciate your perseverance. Obviously we're pleased with our results. We're very pleased with the progress we've made on strategic markers last year and thank you for your support.