

6 June 2019

Dorado appraisal confirms major oil and gas resource

Santos today announced the Dorado-2 appraisal well has confirmed a major oil and gas resource in the Bedout Basin, offshore Western Australia.

The well was drilled down-dip approximately two kilometres from the Dorado-1 discovery and encountered 85 metres of net reservoir in the primary Caley Formation. As expected, an oil-water contact was intersected at 4,003 metres measured depth, with 40 metres of net oil pay encountered. An additional 11 metres of pay was encountered in the Upper Caley sands. Preliminary wellsite analysis indicates this upper zone is oil-bearing, but is subject to further analysis to confirm the hydrocarbon phase.

A further 32 metres of net pay was encountered in the underlying Baxter and Milne sandstones, with no fluid contacts intersected. Both sands are currently interpreted to be gas bearing, although similar to the Upper Caley, the Milne hydrocarbons will require further analysis to confirm the hydrocarbon phase. The well result has increased confidence in the presence of large hydrocarbon columns in the Baxter and Milne reservoirs, which should result in a significant increase in gas resources relative to pre-drill estimates.

Wireline pressure testing has confirmed that all the reservoirs are in pressure communication with the equivalent intervals in Dorado-1, mitigating one of the key pre-drill risks to a future development. Hydrocarbons have also been recovered from each reservoir interval via wireline sampling. Initial indications are that fluid compositions are similar to the light oils and gases that were sampled in Dorado-1, where condensate yields ranged from 190 to 245 barrels per million standard cubic feet in the Upper Caley, Crespin and Milne Formations, and from 70 to 90 barrels per million standard cubic feet in the Baxter Formation.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said: "This is a great result which indicates the Dorado discovery is larger than anticipated and which significantly de-risks a future development."

"The value of the discovery is greatly enhanced by the high quality reservoirs and fluids and the shallow-water setting, which should facilitate a cost-competitive development," Mr Gallagher said.

"Dorado opens a new basin with high prospectivity in permits where Santos has a high equity position and rich exploration inventory with potential to substantially grow the resource base."

"Acquisition of a major new seismic survey, the Keraudren 3D survey, is in progress to mature additional exploration opportunities for drilling along this significant hydrocarbon resource play," Mr Gallagher said.

Dorado-2 is located in petroleum permit WA-437-P (Santos 80% and operator, Carnarvon Petroleum 20%). It is in Commonwealth waters approximately 160 kilometres north of Port Hedland and two kilometres away from the Dorado-1 discovery, made in July last year.

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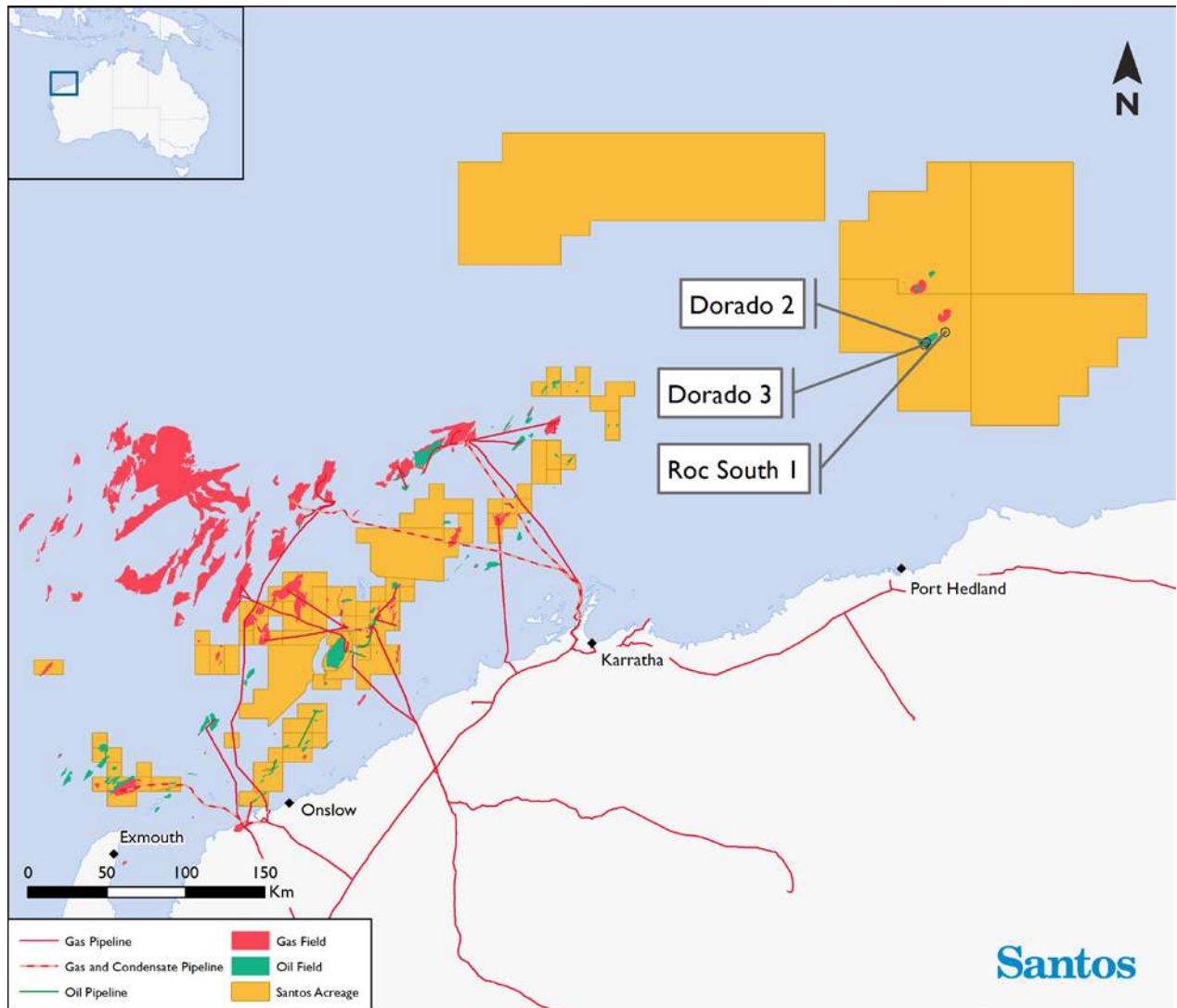
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The well was drilled using the jack-up mobile offshore drilling unit, Noble Tom Prosser in a water depth of 91 metres and reached a total depth of 4,573 metres.

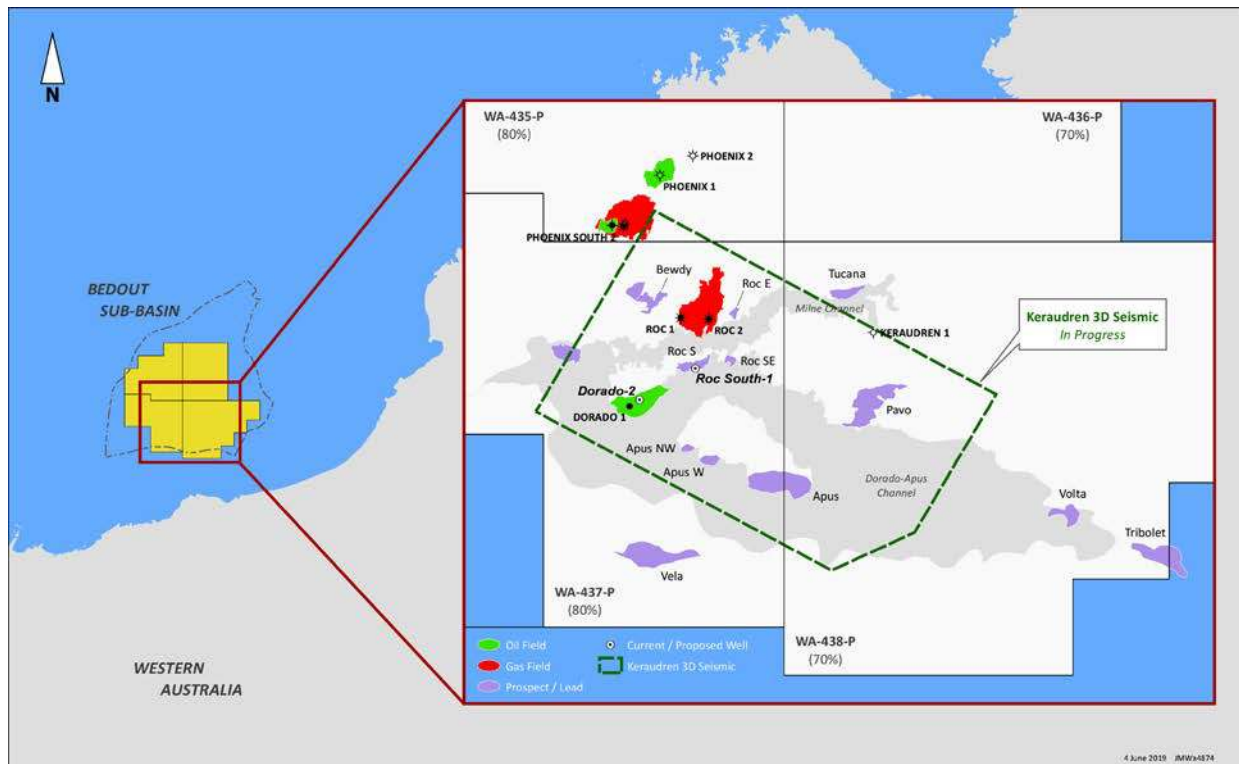
Once wireline logging operations are completed, the well will be plugged and abandoned as planned, and the rig will move to the Roc South-1 exploration well before returning to drill Dorado-3.

Maps and schematic cross section attached.

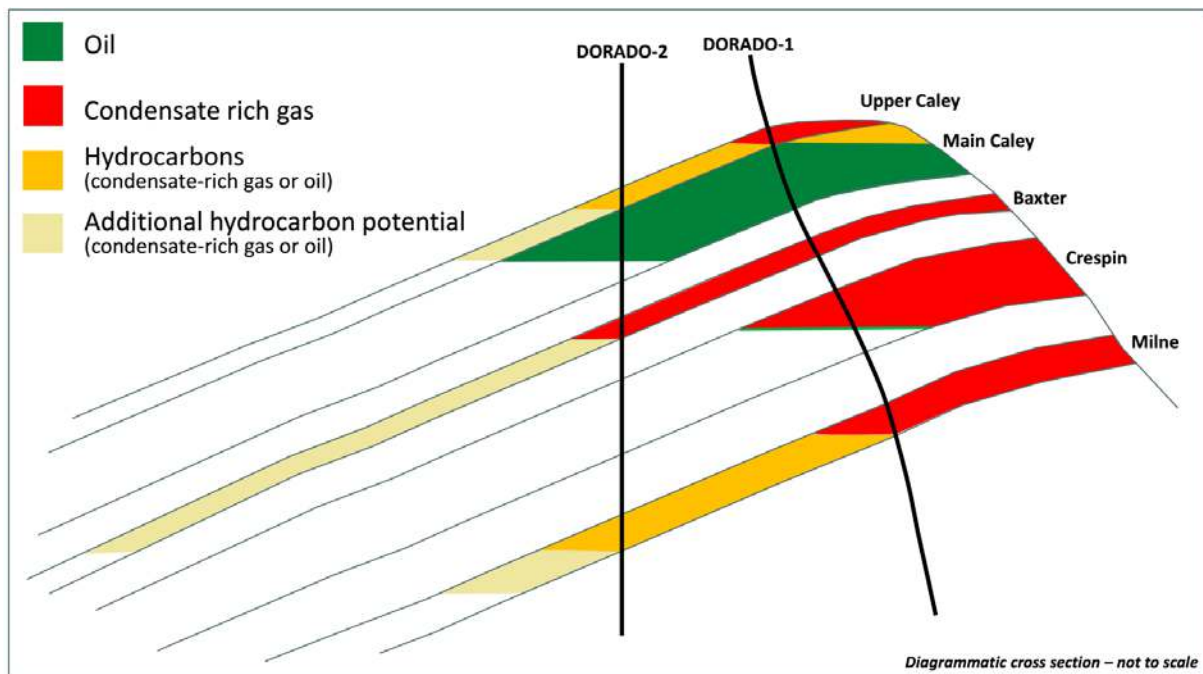
Dorado-2, offshore Western Australia



Bedout Sub-basin acreage, prospects inventory and Keraudren 3D seismic survey



Dorado field schematic cross section



Ends.