

Santos Ltd
ACN 007 550 923
GPO Box 2455
Adelaide SA 5001
Telephone: 08 8218 5111
Facsimile: 08 8218 5131

Santos

News Release

Issued by Investor Relations

29 April 1998

1998 First Quarter Report

First Quarter Highlights

The following results were achieved compared with the 1997 first quarter:

- Production volume increased by 5.3% to 10.1 million boe
- Sales volume increased by 2.2% to 9.4 million boe
- Sales revenue decreased by 11.7% to \$160.1 million

Comment by Mr Ross Adler, Managing Director:

The 5.3% increase in production was a pleasing outcome. The decline in sales revenue compared with the 1997 first quarter was expected, given the significant fall in liquids prices. The impact of lower prices was reduced somewhat through increased gas and LPG sales volumes.

Production and sales volumes for the 1998 year are expected to be well ahead of those in 1997 as a result of commencement of new projects.

For clarification contact:

Graeme Bethune: General Manager - Finance & Investor Relations on
08 8218 5157 or 0419 828 617

Santos Ltd
ACN 007 550 923
GPO Box 2455
Adelaide SA 5001
Telephone: 08 8218 5111
Facsimile: 08 8218 5131

Santos

Quarterly Report

Issued by Investor Relations

STOCK EXCHANGE REPORT FOR QUARTER ENDING 31 MARCH 1998

(All comparisons made against 1997 first quarter unless otherwise indicated)

1. SALES AND PRODUCTION

Sales revenue for the 1998 first quarter decreased by 11.7% to \$160.1 million due to lower liquids prices and volumes. Australian dollar prices received for LPG, crude oil and naphtha/condensate decreased by 39.4%, 25.9% and 23.6% respectively, reflecting the lower world oil prices. The average gas and ethane prices received decreased marginally.

Production volumes for the 1998 first quarter increased by 5.3% to 10.1 million boe.

Sales volumes increased by 2.2% to 9.4 million boe notwithstanding that crude oil sales volumes fell by 25.8%, reflecting the timing of shipments and lower crude oil production.

Gas production increased by 9.7% to 43.1 petajoules (PJ) during the quarter. This reflects increased sales gas production from South West Queensland and East Spar.

Crude oil production decreased by 15.9% during the quarter. Contributing to this result were natural field decline in the Cooper/Eromanga Basins, natural field decline and maintenance shutdowns in the Timor Sea. In addition, the Banff and Pierce fields Early Production System in the UK was completed during the 1997 first quarter, affecting the comparative quarter.

Naphtha/condensate production increased by 16.1% during the quarter. The increased condensate production from East Spar and the increased condensate production associated with higher gas production in South West Queensland contributed to this result.

LPG production increased by 7.5% reflecting higher production in South West Queensland.

2. EXPLORATION AND DEVELOPMENT

Total expenditure on exploration and development during the first quarter was \$127.8 million.

EXPLORATION ACTIVITY

Exploration expenditure increased by \$22.0 million to \$47.2 million. This reflects the additional seven wells drilled during the quarter (26 wells compared with 19 wells in the corresponding period in 1997) and the increased activity offshore Australia.

An overall success rate of 45% was achieved.

Queensland

Six wells were spudded by Santos in Queensland during the quarter.

<u>Well*</u>	<u>Target</u>	<u>Result</u>
Curri 1	Gas	Cased & Suspended
Rosa 1	Gas	Plugged & Abandoned
Challum West 1	Gas	Cased & Suspended
Barta 1	Oil	Drilling
Marengo South 1	Gas	Drilling
Kooroopa North 2	Oil	Cased & Suspended

* Chronological Order

Curri 1 and Challum West 1 were new field discoveries.

Subsequent to the completion of the quarter Barta 1 was plugged & abandoned.

143 kilometres of 2D seismic were acquired in South West Queensland.

South Australia

Santos spudded nine wells in South Australia during the quarter.

<u>Well*</u>	<u>Target</u>	<u>Result</u>
Yalcumma 2	Gas	Cased & Suspended
Yarma 1	Gas	Plugged & Abandoned
Grenache 1	Gas	Plugged & Suspended
Dorodillo 3	Gas	Plugged & Abandoned
Verdelho 1	Gas	Plugged & Abandoned
Davren 2	Gas	Plugged & Suspended
Angelica 1	Oil	Plugged & Abandoned
Cardam 1	Gas	Cased & Suspended
Gudnuki 2	Gas	Plugged & Suspended

* Chronological Order

A number of high risk prospects were drilled in the Cooper Basin during the quarter and this is reflected in the overall results.

117 kilometres of 2D seismic and 119 square kilometres of 3D seismic were acquired in the Cooper Basin.

Northern Territory

No exploration or appraisal wells were drilled during the quarter.

Offshore Australia

Five exploration wells were spudded during the quarter.

<u>Well *</u>	<u>Location</u>	<u>Permit</u>	<u>Target</u>	<u>Result</u>
Lepus 1	Carnarvon Basin	WA-209-P	Gas	Plugged & Abandoned
Caribou 1	Carnarvon Basin	WA-209-P	Gas	Cased & Suspended
Psepotus 1	Browse Basin	WA-242-P	Oil	Plugged & Abandoned
Fish River 1	Timor Sea	AC/P15	Oil	Plugged & Abandoned
Kittiwake 1	Timor Sea	WA-199-P	Oil	Drilling

* Chronological Order

The Caribou 1 well identified a 19 metre gas column. Subsequent tests on Caribou 1 have confirmed the southerly extent of the Reindeer Gas Field.

The Tern 5 well which was drilling ahead at the completion of the previous quarter was plugged and abandoned having penetrated a gross gas column of 35 metres.

Americas and Europe

USA

Santos USA Corporation participated in the drilling of five exploration wells.

<u>Well*</u>	<u>Target</u>	<u>Result</u>
#1 White Ranch	Gas	Plugged & Abandoned
#2 White Ranch	Gas	Plugged & Abandoned
Thomson Barrow #C-10	Gas	Plugged & Abandoned
JM O'Brien #7	Gas	Cased & Suspended
Welder Heirs #1	Gas	Cased & Suspended

* Chronological Order

UK

No exploration or appraisal wells were drilling during the quarter.

South East Asia

The Kau 2 oil appraisal well located in Irian Jaya (Warim PSC) was still drilling at the end of the quarter. Subsequent to the completion of the quarter, it was reported that Kau 2 recovered a small amount of non-commercial oil and was plugged and abandoned.

DEVELOPMENT ACTIVITY

Development expenditure in the quarter was \$80.6 million.

South Australia

Development work in the Cooper Basin associated with meeting future gas demand continued during the quarter.

Queensland and Northern Territory

In Queensland, development work associated with the supply of gas to South East and North West Queensland continued.

Offshore Australia

Expenditure during the quarter was associated with ongoing work on the Stag oil field development project in the Carnarvon Basin and the Elang/Kakatua oil field development project in the Timor Gap.

South East Asia

In Papua New Guinea, development activity associated with the Gobe Petroleum Development project continued. Subsequent to the completion of the quarter the Group reported that oil production from SE Gobe had commenced, approximately three months ahead of the original schedule.

Americas and Europe

USA

Expenditure incurred was associated with the completion and hookup of the MC357 #2 well which commenced gas production in March. Work has commenced on the development of the Eugene Island 335 discovery.

UK

The Banff and Pierce oil development projects continued during the quarter with further expenditure incurred.

PRODUCTION SUMMARY

FIRST QUARTER 1998 VS FIRST QUARTER 1997

	Sales Gas & Ethane		Crude Oil		Condensate (Naphtha)		LPG		Quarter Total	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	PJ		'000 bbls		'000 bbls		'000 t		'000 boe	
South Australia										
Cooper/Eromanga	24.0	24.1	557.6	641.9	321.3	347.9	48.1	47.0	5391	5508
Queensland & Northern Territory										
South West Queensland	8.5	5.5	471.2	573.6	181.4	99.6	17.1	13.2	2247	1724
Surat/Denison	2.6	3.0	47.1	46.6	14.1	21.4	1.9	2.2	523	601
Amadeus	2.6	2.7	132.6	143.7	-	-	-	-	580	608
Offshore Australia										
Timor Sea	-	-	122.1	167.5	-	-	-	-	122	168
Carnarvon	2.3	1.4	23.9	24.1	140.9	92.8	-	-	551	352
South East Asia										
Seram	-	-	62.7	69.2	-	-	-	-	63	69
Americas & Europe										
USA	1.2	1.8	52.7	42.9	15.7	19.2	-	-	274	370
UK	1.9	0.8	-	37.6	2.1	1.0	-	-	329	176
Quarter Total	43.1	39.3	1469.9	1747.1	675.5	581.9	67.1	62.4	10080	9576

ABBREVIATIONS

PJ = petajoule
bbls = barrels
t = tonnes
boe = barrels of oil equivalent

CONVERSIONS

Sales Gas & Ethane: 1 PJ = 171.937 boe x 10³
Crude Oil: 1 barrel = 1 boe
Condensate (Naphtha): 1 barrel = 0.935 boe
LPG: 1 tonne = 8.458 boe

STATISTICAL SUMMARY

1. SALES REVENUE & SALES VOLUMES

	1998	1997
SALES REVENUE	1ST QTR	1ST QTR
Total Sales Revenue (\$A million)	160.1	181.3
Oil Price (Avg \$A barrel)	22.45	30.31
SALES VOLUMES		
Gas (PJ) (a)	41.1	38.9
Crude Oil ('000 bbls)	1122.4	1512.2
Naphtha (Condensate) ('000 bbls)	712.1	714.6
LPG ('000 t)	64.2	40.1
Total Sales Volumes (million BOE)	9.4	9.2

(a) Includes Ethane

2. EXPLORATION AND DEVELOPMENT EXPENDITURE (\$A million)

	1998	1997
EXPENDITURE	1ST QTR	1ST QTR
AUSTRALIA:		
Exploration	38.3	22.2
Development	73.7	81.1
Total Australia	112.0	103.3
OVERSEAS		
Exploration	8.9	3.0
Development	6.9	3.2
Total Overseas	15.8	6.2
Total Exploration & Development Expenditure	127.8	109.5