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# Santos

## News Release

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Issued by Investor Relations

26 April 2001

### 2001 First Quarter Report

#### First Quarter Highlights:

*The following results were achieved compared with the 2000 first quarter:*

- Sales of gas and ethane increased to a new first quarter record of 50 petajoules.
- Gas and ethane production increased by 0.8% to 51.7 petajoules.
- Crude oil production fell by 0.7 million barrels, mainly due to shut-ins, with sales also impacted by timing of liftings.
- The average realised oil price increased by 19.4% to A\$51.15 per barrel.
- Sales revenue decreased by \$7.1 million to \$328.5 million.

#### Santos' Managing Director, Mr John Ellice-Flint said:

“Production of 12.9 million barrels of oil equivalent in the first quarter of 2001 establishes a solid base for Santos to build upon for the full year.”

“Gas production and sales remain strong. Oil production and sales were lower in the first quarter reflecting shut-ins and remedial work at the Stag and Thevenard Island oil fields together with the timing of liftings. The shortfalls are expected to be caught up in the subsequent quarters.”

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

# Quarterly Report

Issued by Investor Relations

## **STOCK EXCHANGE REPORT FOR QUARTER ENDED 31 MARCH 2001**

(all comparisons made against 2000 first quarter unless otherwise indicated)

### **1. SALES AND PRODUCTION**

Sales revenue for the quarter decreased by 2% to \$329 million. This reflected the timing of liftings and lower oil production, partly offset by higher average prices.

Australian dollar prices received for condensate (naphtha), crude oil and LPG increased by 16.5%, 19.4% and 31.4% respectively. The average realised Australian dollar gas price also increased slightly, partially reflecting higher gas prices achieved in the US. The average US gas price increased by 275% to A\$13.13 per gigajoule (A\$3.50 per gigajoule in first quarter 2000).

Sales volumes decreased by 8% to 11.9 million barrels of oil equivalent (boe). Sales of gas and ethane reached a new first quarter record of 50 petajoules. In addition, storage levels at Moomba, after having been depleted during 2000 due to unforeseen record demand, were increased to meet forecast strong 2001 winter demand together with the planned total shut-down of Moomba for maintenance during Easter 2001. At the end of the quarter storage levels were a record high of 24.4 petajoules (gross). This increase in storage was augmented by the purchase of 1.8 petajoules of gas (net) from third parties.

Production volumes declined by 4% to 12.9 million boe. Gas production remained robust and increased to 51.7 petajoules from 51.3 petajoules with growth in Otway Basin and East Spar compensating for small declines in south west Queensland and the United States.

Oil production fell to 2.7 million boe from 3.3 million boe due primarily to shut-ins and development work at the Stag and Roller/Skate oil fields. The Stag field was shut-in for 5 days for annual maintenance, 4 days for cyclone Vincent and 2 days for a loading hose failure. Stag 11 remained offline for the whole of the quarter while Stag 6 was shut-in for 12 days following a pump failure. Thevenard Island production was significantly lower as a result of the continued shut-in of the Roller/Skate fields since 28 November 2000 for the Roller/Skate pipeline repairs.

The shortfall in oil production during the first quarter is expected to be caught up in the subsequent quarters as the Roller/Skate oil fields are forecast to be on-line from early May and the Legendre development is due to commence production in early May. In addition, Cooper Basin oil production is expected to increase due to the remedial development work completed during the first quarter.

Gross production from Stag averaged 17,513 barrels of oil per day (bopd) (9,487 bopd Santos share) during the quarter compared with 21,981 bopd during the 2000 fourth quarter. Gross production from Elang/Kakatua/Kakatua North averaged 15,583 bopd (3,339 bopd Santos share) during the quarter compared with 18,182 bopd during the 2000 fourth quarter. Gross production from Barrow Island averaged 11,107 bopd (3,173 bopd Santos share) during the quarter compared with 11,355 bopd during the fourth quarter of 2000. Thevenard Island averaged 6,306 bopd (2,267 bopd Santos share) during the quarter compared with 10,274 bopd during the fourth quarter of 2000 as a result of the Roller/Skate fields being shut-in for pipeline repairs. Gross production from SE Gobe averaged 11,480 bopd (Santos share 1,260 including production back-pay adjustments) during the quarter, compared with 10,660 bopd during the 2000 fourth quarter.

Condensate production increased by 5%, reflecting increased production from projects with higher liquid yields in Cooper Basin and higher gas production at East Spar. LPG production remained consistent during the quarter.

## **2. EXPLORATION AND DEVELOPMENT**

Total expenditure on exploration and development during the first quarter was \$147.3 million compared with \$79.1 million in the comparable period last year.

### ***EXPLORATION ACTIVITY***

Exploration expenditure increased by \$18.1 million to \$34.0 million.

#### **South Australia Business Unit**

Santos spudded and completed three gas and three oil wildcat wells in the South Australian Cooper Basin and two gas wildcat wells in the Otway Basin during the first quarter. A total of 494 square kilometres of seismic was acquired in the Cooper and Otway Basins during the quarter.

<u>Well</u>	<u>Location</u>	<u>Target</u>	<u>Result</u>
Moomba 137	Cooper Basin	Oil Wildcat	Plugged & Abandoned
Moomba 136	Cooper Basin	Oil Wildcat	Cased & Suspended
Big Lake 68	Cooper Basin	Oil Wildcat	Cased & Suspended (completed as gas)
Tarrango 1	Cooper Basin	Gas Wildcat	Cased & Suspended
Moona 1	Cooper Basin	Gas Wildcat	Cased & Suspended
Moomba 133	Cooper Basin	Gas Wildcat	Cased & Suspended
McIntee 1	Otway Basin	Gas Wildcat	Cased & Suspended
Tregony 1	Otway Basin	Gas Wildcat	Cased & Suspended

Two additional wells (Croft 1 and Milluna Northeast 1) were spudded in the first quarter. The wells were still operating at the end of the quarter. Croft 1 and Milluna Northeast 1 were cased and suspended as gas wells subsequent to the end of the quarter.

### **Queensland and Northern Territory Business Unit**

Two gas wildcat wells and two gas appraisal wells were spudded and completed in Queensland during the quarter.

<u>Well</u>	<u>Location</u>	<u>Target</u>	<u>Result</u>
Roti 2	Cooper Basin	Gas Appraisal	Cased & Suspended
Raworth 1	Cooper Basin	Gas Wildcat	Cased & Suspended
Quasar 1	Cooper Basin	Gas Wildcat	Cased & Suspended
Downlands East 1	Surat Basin	Gas Appraisal	Cased & Suspended

One additional well (Quasar South 1) was spudded in the first quarter. The well was still operating at the end of the quarter. Quasar South 1 was cased and suspended as a gas well subsequent to the end of the quarter.

No seismic was acquired during the quarter.

### **Offshore Australia Business Unit**

Two oil exploration wells were drilled during the first quarter.

<u>Well</u>	<u>Location</u>	<u>Target</u>	<u>Result</u>
Delilah 1	WA208P	Oil Wildcat	Plugged & Abandoned
Kuda Tasi*	ZOCA 91-01	Oil Wildcat	Plugged & Abandoned

*\*The Kuda Tasi well found a gross 17.5 metre oil column, which was not tested as it was insufficient on preliminary interpretation for a stand-alone development. The operator, Woodside Petroleum Limited, is remapping the prospect using the well results and is considering whether Jahal, another sub-economic discovery in ZOCA 91-01 could jointly be the basis for a commercial development.*

No seismic was acquired during the quarter.

## **USA**

138 square kilometres of three-dimensional seismic were acquired during the quarter.

### **South East Asia Business Unit**

No exploration or seismic activity was recorded during the 2001 first quarter.

## ***DEVELOPMENT ACTIVITY***

Development expenditure increased by \$50.1 million to \$113.3 million.

### **South Australia Business Unit**

Development activity associated with the South Australian Cooper Basin gas program continued during the quarter. Nine development wells were drilled and subsequently cased and suspended as future gas producers, 17 development wells were brought on line as producing wells and 15 wells were fracture stimulated to enhance productivity. One oil development well was drilled during the quarter and cased as a future producer.

### **Queensland and Northern Territory Business Unit**

In Queensland, development activity was focussed on the south west Queensland gas program where two new wells were placed on production, four development wells were drilled and five development wells were completed. In Eastern Queensland the Bloodwood 1 and Scotia 6 wells were fracture stimulated.

### **Offshore Australia Business Unit**

Development activity associated with the Bayu-Undan and Legendre development projects remains ongoing. Other activity in the quarter included the drilling of a pilot hole in preparation for the drilling of Stag 23H and the repair of the Roller/Skate pipeline. The Legendre oil field is expected to commence production in early May.

### **South East Asia Business Unit**

No major development activity was undertaken during the quarter.

## USA

During the quarter the Fuhrken 2 gas development well was completed and the Runnells 5 development well spudded on 2 March 2001.

### 3. HEDGING

Since the last report on outstanding hedging positions (as at 23 February 2001), the only new hedging position established was a drawdown of US dollar debt to fund expenditure arising from the Bayu/Undan gas liquids project. This debt is to be repaid from US dollar revenues from the Bayu/Undan project expected in 2004.

<b>FORWARD HEDGING -As at 31 March 2001</b>					
	2001*	2002	2003	2004	2005
<b>Oil &amp; Liquids (Tapis swaps)</b>					
Mmboe	3.0				
Avg. price US\$/bbl	27.56				
% hedged	19%				
<b>Currency</b>					
Forwards (US\$m)	126	24			
Avg. exchange rate	0.5632	0.5205			
Collars (US\$m)	17				
Avg. exchange rate- floor/cap	0.6010 /0.6250				
<b>Debt (US\$m)</b>	42	51	51	45	21
Avg. exchange rate	0.7078	0.7078	0.7078	0.6353	0.7963
Total (US\$m)	185	75	51	45	21
Avg. exchange rate	0.5945	0.6348	0.7078	0.6353	0.7963
% revenue	42	19	14	12	6

\* Outstanding hedging positions for the remainder of 2001.

## STATISTICAL SUMMARY

### 1. SALES REVENUE & SALES VOLUMES

	2001	2000
SALES REVENUE	1ST QTR	1ST QTR
<b>Total Sales Revenue (A\$ million)</b>	<b>328.5</b>	335.6
<b>Oil Price (Avg A\$ barrel)</b>	<b>51.15</b>	42.83
SALES VOLUMES		
<b>Sales Gas &amp; Ethane (PJ)</b>	<b>50.0</b>	49.1
<b>Crude Oil ('000 bbls)</b>	<b>2330.4</b>	3193.7
<b>Condensate (Naphtha) ('000 bbls)</b>	<b>592.5</b>	951.8
<b>LPG ('000 t)</b>	<b>51.6</b>	51.2
<b>Total Sales Volumes (million BOE)</b>	<b>11.9</b>	13.0

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

	2001	2000
EXPENDITURE	1ST QTR	1ST QTR
<b>AUSTRALIA*:</b>		
Exploration	<b>29.4</b>	12.1
Development	<b>108.1</b>	62.6
<b>Total Australia</b>	<b>137.5</b>	74.7
<b>OVERSEAS</b>		
Exploration	<b>4.6</b>	3.8
Development	<b>5.2</b>	0.6
<b>Total Overseas</b>	<b>9.8</b>	4.4
<b>Total Exploration &amp; Development Expenditure</b>	<b>147.3</b>	79.1

\*Includes ZOCA 91-12

## PRODUCTION SUMMARY

### FIRST QUARTER 2001 VS FIRST QUARTER 2000

	Sales Gas & Ethane		Crude Oil		Condensate (Naphtha)		LPG		Quarter Total	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	PJ		'000 bbls		'000 bbls		'000 t		'000 boe	
<b>South Australia</b>										
Cooper/Eromanga	23.9	23.6	373.0	454.3	357.7	303.8	45.8	43.9	5193	5168
Otway Basin	1.8	1.1	-	-	16.4	12.9	-	-	317	201
<b>Queensland &amp; Northern Territory</b>										
South West Queensland	14.8	16.0	327.1	358.4	201.8	248.7	18.1	21.9	3215	3527
Surat/Denison	2.6	2.7	29.2	26.5	4.5	5.2	0.6	0.1	491	496
Amadeus	2.7	2.6	81.1	85.2	-	-	-	-	553	532
<b>Offshore Australia</b>										
Timor Sea	-	-	66.8	94.7	-	-	-	-	67	95
Timor Gap	-	-	300.5	311.3	-	-	-	-	301	311
Carnarvon	5.1	4.1	1347.2	1868.8	275.7	242.0	-	-	2478	2801
<b>South East Asia</b>										
Seram	-	-	-	-	-	-	-	-	0	0
Papua New Guinea	-	-	113.4	102.4	-	-	-	-	113	102
<b>Americas &amp; Europe</b>										
USA	0.8	1.2	10.7	21.1	3.7	4.8	-	-	155	232
<b>Quarter Total</b>	<b>51.7</b>	<b>51.3</b>	<b>2649.0</b>	<b>3322.7</b>	<b>859.8</b>	<b>817.4</b>	<b>64.5</b>	<b>65.9</b>	<b>12883</b>	<b>13465</b>

#### ABBREVIATIONS

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

#### CONVERSIONS

**Sales Gas & Ethane:** 1 PJ = 171.937 boe x 10<sup>3</sup>  
**Crude Oil:** 1 barrel = 1 boe  
**Condensate (Naphtha):** 1 barrel = 0.935 boe  
**LPG:** 1 tonne = 8.458 boe