Santos

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newsrelease

27 July 2005

Santos delivers record $1.02 billion first half revenue

Record second quarter sales revenue reported today by Santos Limited has driven the Australian oil and gas group's first half revenue above $1 billion for the first time.

Total sales revenue for the three months to 30 June 2005 was a record $553 million – a 19% increase on $466 million in the first quarter and up 66% on $334 million in the second quarter of 2004.

The second quarter result has taken Santos' revenue to $1.02 billion for the opening six months of the current calendar year – up 73% on the previous corresponding period, eclipsing the Company's previous highest first half revenue of $751 million achieved in 2001.

The higher revenue reflected increased production and sales volumes, combined with continuing higher oil and gas prices.

Total production for the second quarter of 13.8 million barrels of oil equivalent (mmboe) was 10% above the strong first quarter result and 19% above the previous corresponding period.

Sales volumes were up to 15.1 mmboe from 13.6 mmboe in the first quarter, taking sales volumes for the opening half of 2005 to 28.7 mmboe from 22.0 mmboe in the previous corresponding period

The average realised gas price for the quarter increased by 11% to $3.61 per gigajoule (GJ) from $3.25 per GJ in the same period of 2004, and the average realised oil price of A$70.20 (US$54.06) per barrel was 18% higher than A$59.70 (US$43.97) in the first quarter.

"The latest quarter has continued a buoyant start to 2005 for Santos and its expanding group operations," Santos' Managing Director, Mr John Ellice-Flint, said today.

"As well as our increased production, the Company's higher sales volumes have been achieved in a period of stronger prices for most products," he said.

Mr Ellice-Flint said the improved production was largely due to the successful early start-up of production from the Mutineer-Exeter development, in the Carnarvon Basin offshore Western Australia.

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"The 24% stronger first half production of 26.3 mmboe has us on track to achieve our previously stated guidance of approximately 54 mmboe for the full year compared with 47 mmboe in 2004," he said.

Santos has also previously forecast a further 10% increase in production for the 2006 calendar year.

Other significant developments during the second quarter included:

- $200 million Casino gas development awarded production licence by Victorian Government. Project on target to commence production in the first quarter of 2006;
- Positive development drilling results on the Casino field;
- Development go-ahead for the first Santos operated Indonesian development – the Oyong oil and gas field;
- The signing of the gas sales agreement for the entire gas reserves from the Maleo field in Indonesia, which is expected to generate revenue of more than A$700 million over the life of the field;
- Securing a 10-year contract to supply gas to the $340 million Braemar Power Project in Queensland;
- Drilling of successful development wells on the John Brookes gas field, offshore WA; and
- Application submitted by the Kipper joint venture for a production licence over the field, offshore eastern Victoria, to commence production in 2009.

Since 30 June 2005, Santos has announced its intention to acquire US listed Tipperary Corporation Inc and Tipperary Oil and Gas Australia Pty Ltd, including an approximate 75% working interest in the Fairview coal seam methane field in central Queensland. This transaction, valued at approximately US$466 million (A$612 million), remains subject to Tipperary Corporation shareholder approval, which is expected early in the fourth quarter of 2005.

The Company also earlier this month announced a further expansion of its oil and gas exploration in the Sorell Basin, offshore Tasmania, and outlined plans to sell its interest in the undeveloped Golden Beach gas field, offshore Victoria.

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Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR), Ref #82-34 (Securities Exchange Commission)

STOCK EXCHANGE ACTIVITIES REPORT FOR THE SECOND QUARTER ENDING 30 JUNE 2005.

1. SALES AND PRODUCTION

Santos' share of production, sales and revenue for the quarter ended 30 June 2005 is shown in the table below:

	Quarter Ended			YTD		Full Year
	Q2 2005	Q2 2004	Q1 2005	H1 2005	H1 2004	2004
Sales Gas and Ethane (PJ)						
Cooper Basin	31.1	33.8	32.1	63.2	57.6	125.9
Surat/Denison	5.1	3.6	4.3	9.4	7.2	16.1
Amadeus	3.0	2.6	3.2	6.2	5.4	11.3
Otway	1.3	1.6	0.9	2.1	3.0	4.4
Gippsland	2.7	0.5	2.6	5.3	1.2	3.8
Carnarvon	0.0	4.9	1.7	1.7	10.0	17.7
Indonesia	1.3	0.0	1.4	2.7	0.0	2.1
USA	3.0	2.3	3.5	6.5	4.6	9.2
Total Sales Gas and Ethane Production	**47.5**	**49.4**	**49.7**	**97.1**	**89.1**	**190.5**
Total Sales Volume	**59.5**	**51.3**	**53.9**	**113.4**	**92.5**	**207.1**
Gas Price (Avg A$/GJ)	**3.61**	**3.25**	**3.45**	**3.53**	**3.21**	**3.28**
Total Sales Revenue (A$m)	**215.1**	**166.8**	**185.6**	**400.7**	**297.0**	**680.2**
Condensate (000's bbls)						
Cooper Basin	495.5	305.9	488.8	984.3	466.9	1448.5
Surat/Denison	6.7	0.2	8.6	15.3	2.2	7.8
Amadeus	17.9	0.0	0.0	17.9	0.0	0.0
Otway	15.2	11.9	0.0	15.2	21.2	30.6
Carnarvon	0.0	215.9	67.3	67.3	457.5	775.5
Bonaparte	318.8	253.7	585.6	904.4	289.6	1334.9
USA	61.7	35.0	82.9	144.6	42.3	114.4
Total Condensate Production	**915.8**	**822.6**	**1233.2**	**2149.0**	**1279.6**	**3711.7**
Total Sales Volume	**1091.3**	**528.6**	**1270.9**	**2362.2**	**1008.8**	**3569.5**
Condensate Price (Avg A$/bbl)	**68.54**	**55.70**	**69.41**	**69.01**	**50.75**	**64.01**
Condensate Price (Avg US$/bbl)	**52.78**	**37.17**	**51.12**	**51.98**	**34.41**	**44.59**
Total Sales Revenue (A$m)	**74.8**	**29.5**	**88.2**	**163.0**	**51.2**	**228.5**
LPG (000 t)						
Cooper Basin	55.0	12.7	54.8	109.8	17.4	108.7
Surat/Denison	0.0	0.0	0.0	0.0	0.0	0.1
Bonaparte	12.7	5.4	23.8	36.5	5.4	49.8
Total LPG Production	**67.7**	**18.1**	**78.6**	**146.3**	**22.9**	**158.6**
Total Sales Volume	**41.3**	**12.0**	**98.6**	**139.9**	**27.4**	**148.6**
LPG Price (Avg A$/t)	**577.27**	**476.75**	**537.59**	**549.28**	**474.45**	**601.55**
Total Sales Revenue (A$m)	**23.8**	**5.9**	**53.0**	**76.8**	**12.6**	**90.5**
Crude Oil (000's bbls)						
Cooper Basin	722.1	607.7	722.0	1444.1	1206.7	2685.6
Surat/Denison	19.1	28.0	18.0	37.1	46.4	90.2
Amadeus	41.8	49.0	66.5	108.3	109.3	236.5
Legendre	210.8	408.7	306.6	517.4	822.0	2045.8
Thevenard	110.4	155.9	110.8	221.2	304.7	561.1
Barrow	186.3	221.5	195.8	382.1	435.1	859.3
Stag	556.2	502.6	512.3	1068.5	1154.5	2124.8
Mutineer Exeter	2187.6	0.0	0.0	2187.6	0.0	0.0
Elang/Kakatua	65.6	46.1	57.4	123.0	115.1	226.7
Jabiru/Challis	50.1	29.4	39.2	89.3	81.4	176.7
Indonesia	22.9	0.0	38.2	61.1	0.0	68.0
SE Gobe	67.9	78.2	59.5	127.4	156.4	289.1
USA	14.4	20.9	16.9	31.3	73.9	171.7
Total Crude Oil Production	**4255.2**	**2148.0**	**2143.2**	**6398.4**	**4505.5**	**9535.5**
Total Sales Volume	**3411.4**	**2604.2**	**2330.0**	**5741.4**	**4908.7**	**9681.2**
Oil Price (Avg A$/bbl)	**70.20**	**50.65**	**59.70**	**65.94**	**46.76**	**51.84**
Oil Price (Avg US$/bbl)	**54.06**	**33.80**	**43.97**	**49.67**	**31.70**	**36.12**
Total Sales Revenue (A$m)	**239.5**	**131.9**	**139.1**	**378.6**	**229.5**	**501.8**
TOTAL						
Production (mmboe)	**13.8**	**11.6**	**12.5**	**26.3**	**21.2**	**47.1**
Sales Volume (mmboe)	**15.1**	**12.0**	**13.6**	**28.7**	**22.0**	**49.9**
Sales Revenue (A$m)	**553.2**	**334.1**	**465.9**	**1019.1**	**590.3**	**1500.9**

Sales and Production Summary

Total second quarter production was 13.8 million barrels of oil equivalent (mmboe), an increase of 10% over the first quarter, and 19% above the previous corresponding period.

Total sales revenue for the second quarter was a record $553.2 million, an increase of 19% over the first quarter and 66% above the previous corresponding period. The improvement in sales revenue reflects both increased sales volumes and improved product prices.

Production by Product

Comparisons with prior periods for gas and associated condensate and LPG production are made between the current quarter and the same quarter from the prior year (previous corresponding period), as production is heavily influenced by seasonal factors.

Conversely, comparisons for crude oil are made with the prior quarter, as oil production rates are not subject to seasonal variations.

Sales Gas and Ethane

Sales gas and ethane production for the quarter decreased by 4% to 47.5 petajoules (PJ) against the previous corresponding period.

This decline was the net result of the shut-in of East Spar during March 2005, the recommissioning of the Moomba Liquids Recovery Plant (LRP) which reduced the quantity of LPG in sales gas over that produced during the second quarter of 2004, and natural field decline in the Cooper Basin, offset by increased production in the US and other onshore Australian fields, together with the positive impact of the OMV and Novus acquisitions.

Quarterly sales gas and ethane sales volumes increased by 16% year on year to 59.5 PJ, of which 6.8 PJ was gas purchased to provide customer supply due to the shut-in of East Spar, prior to the commissioning of John Brookes.

Sales revenue for the quarter was up by 29% to $215.1 million. The average realised gas price increased by 11% to $3.61 per gigajoule (GJ) compared with $3.25 per GJ in the previous corresponding period.

Condensate

Condensate production was 11% or 0.1 mmbbl higher than the previous corresponding period due to the reinstatement of production from the Moomba LRP, higher production from Bayu-Undan, and improved US condensate yields, offset by the shut in of East Spar.

Quarterly condensate sales volumes increased by 106% year on year to 1.1 mmbbl from 0.5 mmbbl, due to the increased production and timing of liftings.

Condensate sales revenue was more than 150% higher than the previous corresponding period at $74.8 million. The realised condensate price increased by 23% to A$68.54 per barrel from A$55.70 previously.

LPG
Quarterly LPG production increased to 67,700 tonnes from 18,100 tonnes in the previous corresponding period due to the reinstatement of the Moomba LRP and the increased liquids production from Bayu-Undan.

LPG sales volumes increased to 41,300 tonnes from 12,000 tonnes and sales revenue increased commensurately to $23.8 million from $5.9 million in the previous corresponding period. The realised LPG price increased to $577.27 per tonne compared with $476.75 previously.

Crude Oil
Oil production of 4.26 million barrels (mmbbl) was double the first quarter of 2005. This was predominantly due to production from Mutineer-Exeter, together with higher volumes from Stag, offset by lower production at Legendre.

Quarterly oil sales volumes were 46% higher than the prior quarter due to higher production offset by the timing of liftings. Net underlifting during the quarter was approximately 0.84 mmbbl, including 0.26 mmbbl in the Cooper Basin, 0.24 mmbbl at Mutineer-Exeter, and 0.32 mmbbl in other Carnarvon Basin oil fields.

Oil sales revenue increased by 72% to $239.5 million for the quarter. The average realised oil price was A$70.20 (US$54.06) per barrel after hedging, 18% higher than the 2005 first quarter average of A$59.70 (US$43.97).

Production by Area

Cooper Basin
Sales gas and ethane production decreased by 8% compared with the previous corresponding period to 31.1 PJ from 33.8 PJ reflecting the recommissioning of the Moomba LRP which reduced the quantity of LPG in sales gas over that produced during the second quarter of 2004 and natural field decline.

Third party gas totalling 5.3 PJ was purchased during the quarter as part of the Cooper Basin gas portfolio optimisation, which takes account of contracted customer demands, facility maintenance requirements, field development capital costs, gas storage levels, spot gas sales and the availability of third party gas.

Condensate production of 0.50 mmbbl was 62% higher than the previous corresponding period due to the reinstatement of the Moomba LRP.

LPG production was more than 330% higher than the previous corresponding period at 55,000 tonnes due to the reinstatement of the Moomba LRP.

Crude oil production was unchanged as compared with the first quarter at 722,000 barrels, reflecting the favourable impact of the expanded oil delineation and development program commenced during 2004.

Surat Basin/Denison Trough
Quarterly sales gas production rose to 5.1 PJ from 3.6 PJ year on year due to increased output from Roma and Scotia, and a full quarter's production from Churchie.

Amadeus Basin
Sales gas production increased to 3.0 PJ from 2.6 PJ due to higher customer demand.

Otway Basin
Sales gas production reduced to 1.3 PJ from 1.6 PJ due to the disposal of onshore Otway assets, offset by the commencement of production from the offshore Minerva field in December 2004.

Gippsland Basin
Sales gas production increased to 2.7 PJ from 0.5 PJ due to the increased interests acquired from OMV Petroleum Pty Ltd, combined with the completion of the Baleen 4 horizontal production well.

Carnarvon Basin
Carnarvon Basin gas and condensate production remains temporarily suspended as the depleted East Spar field was shut in. Third party gas is being acquired by the East Spar joint venture to meet supply commitments until the John Brookes field begins production, which is scheduled for late August to early September 2005.

Oil production tripled to 3.25 mmbbl from 1.13 mmbbl in the first quarter of 2005 due largely to the contribution from Mutineer-Exeter.

Mutineer-Exeter production commenced on 29 March 2005, and averaged approximately 72,000 barrels per day over the second quarter, including the ramp-up period associated with start-up activities.

Once steady operations were achieved, average rates of approximately 80,000 to 90,000 barrels per day were recorded. The production rate is expected to decline during the second half of 2005 as water cut increases, at which time Electric Submersible Pumps (ESPs) will be used to optimise the reservoir production performance.

Stag oil production was up by 9% over the prior quarter to 0.56 mmbbl, reflecting the continuing benefits of the infill drilling campaign carried out in late 2004 and additional work-over activity. The joint venture is currently reviewing final details of a plan to drill and complete additional wells for water injection during the second half of 2005 that is expected to further boost production in 2006.

Legendre oil production was down by 31% to 0.21 mmbbl from 0.31 mmbbl due to normal field decline and a planned maintenance shutdown during May. An additional appraisal well is expected to be drilled during the third quarter.

Timor Sea
Crude oil production from the Timor Sea fields improved by 20% to 0.12 mmbbls during the quarter due mainly to a successful work-over of Jabiru 11 late in the first quarter 2005.

Bonaparte Basin
Bayu-Undan condensate production of 0.32 mmbbl was 26% higher than the previous corresponding period, although 45% below the first quarter. This reflected the impact of a six week planned shutdown during the second quarter for regulatory inspections, debottlenecking works and connection of the gas pipeline to the LNG plant.

Following the shutdown, the debottlenecking has resulted in improved gross liquid recoveries, with liquids flow rates averaging 108,000 barrels per day of which about 70,000 barrels per day is condensate.

Bayu-Undan LPG production of 12,700 tonnes more than doubled that of the previous corresponding period, but was 47% lower than the first quarter due to the planned shutdown.

Indonesia
Sales gas production from Brantas and Kakap (acquired during the second half of 2004) was 1.3 PJ.

An infill drilling campaign of up to five wells has recently commenced at the onshore Wunut field in the Brantas PSC, which is expected to lift production by the fourth quarter of 2005.

Papua New Guinea
Oil production at SE Gobe increased to 0.07 mmbls from 0.06 mmbbls in the prior quarter due mainly to the connection of SE Gobe 11 in June 2005.

United States
Sales gas production rose to 3.0 PJ from 2.3 PJ in the previous corresponding period, reflecting increased production in the Mountainside (Petru) project where additional wells were drilled and completed during the first quarter, and the Lafite Allen Dome project where the St. Joe recompletion exceeded expectations. Average gas prices realised in the US increased 15% to US$6.79 per mcf.

Condensate production increased to 0.06 mmbbl from 0.03 mmbbl in the previous corresponding period due to improved yields and better field performance at Petru and St. Joe.

2. CAPITAL EXPENDITURE

Total capital expenditure is summarised in the table below:

Capital Expenditure Summary ($millions)	Quarter Ended			YTD		Full Year
	Q2 2005	Q2 2004	Q1 2005	H1 2005	H1 2004	2004
Exploration [1]	36.6	16.3	41.9	78.5	41.1	125.6
Delineation[1,2]	24.1	27.5	19.8	43.9	44.2	90.9
Development	183.8	175.2	156.6	340.4	304.8	713.0
Total Capital Expenditure[2]	244.5	219.0	218.3	462.8	390.1	929.5

(1) As previously announced on 7 June 2005, Santos has elected to adopt the "Successful Efforts" approach to accounting for exploration and evaluation expenditure. A further breakdown of the amount of exploration and evaluation costs expensed and capitalised will be provided with the interim result which will be released on 25 August 2005.
(2) Delineation includes near field exploration, evaluation and appraisal expenditure.

2.1 Exploration Activity

Exploration expenditure was $36.6 million in the second quarter of 2005.

Wildcat drilling activity during the second quarter is shown in the table below:

Well	Basin/Area	Target	Licence	Santos Interest (%)	Well Status
Ras Abu Darag 1	Gulf of Suez	Oil	Ras Abu Darag	50	In progress
Bisma 1	East Java	Oil	Brantas PSC	18	P&A, dry hole
Dendera 1	Gulf of Suez	Oil	North Zeit Bay	50	P&A, dry hole
Koop 1	Texas	Gas	Thunder	80	P&A, temporarily abandoned, possible re-entry for further evaluation
Cougar B	Texas state waters	Gas	High Island 27L	75	P&A, dry hole

Other than the Ras Abu Darag 1 well, which was drilling at the end of the quarter, all wildcat wells were plugged and abandoned without intersecting commercial hydrocarbons.

During the quarter, a joint venture operated by an affiliate of Devon Energy Corporation, in which Santos has a 25% interest, was awarded the North Qarun exploration block in the Gindi Basin of the Western Desert in Egypt.

Shortly after the end of the quarter, Santos further strengthened its Sorell Basin acreage trend position with the award of the T40/P exploration permit.

Seismic Acquired

Seismic activity during the second quarter is shown in the table below.

Permit	Area/Basin	Type	km^2	Status
ATP259P	Jackson-Naccowlah / Cooper	3D	247	Acquisition Completed
Madura Offshore PSC	Merpati	3D	13	Acquisition Completed
Sampang PSC	Jeruk and surrounding areas	3D	197	Acquisition Completed

Forward Exploration Drilling Schedule

The current indicative drilling schedule for the remainder of 2005 is set out in the table below:

Well Name	Basin / Area	Target	Upside resource Potential (mmboe)				Santos Interest (%)	Timing
			1 - 50	50 -100	100 - 250	>250		
Caldita	Bonaparte	Gas				✓	40	Drilling
Henry	Otway	Gas	✓				50	Drilling
Khufu	Gulf of Suez	Oil		✓			20	Q3
Bobcat A	Texas state waters	Gas	✓				100	Q3
Firebird	Bonaparte	Gas			✓		21	Q3
NZB-2	Gulf of Suez	Oil	✓				50	Q3
Yamala	Bowen	Gas	✓				50	Q3
Banjar Panji	East Java	Oil	✓				18	Q3
Windula	Cooper	Oil	✓				60	Q3
Greenmount	Bowen	Gas	✓				50	Q3
Bricklanding	Barrow	Oil		✓			43	Q3
Nyari (Nuri)	East Java	Oil		✓			75	Q3
Herbras	East Java	Oil			✓		45	Q3
Black Horse	Texas	Gas	✓				100	Q4
NZB-3	Gulf of Suez	Oil	✓				50	Q4
Cougar LB54	Texas state waters	Gas	✓				100	Q4
Saratoga	Cooper	Oil	✓				60	Q4
Pawnee	Gulf of Suez	Oil		✓			50	Q4
Lindsay	Otway	Gas	✓				40	Q4

The exploration portfolio is constantly being optimised therefore the above program may vary as a result of rig availability, drilling outcomes and as new prospects mature.

2.2 Delineation Activity

Delineation expenditure was $24.1 million in the second quarter of 2005.

The table below details the delineation wells drilled during the quarter and their status:

Well	Basin/Area	Target	Santos Interest (%)	Well Status
Mutineer 11	Carnarvon	Oil	33.4	P&A, successful oil
Thomas Bright 3	Carnarvon	Gas	45	P&A, successful gas (July 2005)
Mulberry 3	Cooper	Oil	89	C&S, successful oil
Carmina 2	Cooper	Oil	66.6	C&S, successful oil
Mulberry 4	Cooper	Oil	89	C&S, cased as water injection well
Ipundu N9 (deepening)	Cooper	Oil	89	C&S, successful oil
Ipundu N4 (deepening)	Cooper	Oil	89	C&S, successful oil
Ipundu 12 (deepening)	Cooper	Oil	89	C&S, successful oil
Iliad 3	Cooper	Oil	70	C&S, successful oil
Dululu 1	Cooper	Oil	70	C&S, successful oil
Teringie 1	Cooper	Oil	100	C&S, successful oil (July 2005)
Upsilon 1	Cooper	Oil	100	P&A, dry hole
Matrix 1	Cooper	Gas	60	C&S, further evaluation for gas
Tanggulangin 4	East Java	Oil/Gas	18	C&S, successful gas, further evaluation for oil
Jeruk 2 ST4	East Java	Oil	45	Drilling ahead at end of quarter
Canoe Creek 1	Texas	Gas	100	P&A, dry hole
Von Gonten 1	Texas	Gas	40	P&A, dry hole
ME Garcia 1	Texas	Gas	85	Drilling ahead at end of quarter
Hardy GU 1	Texas	Gas	45	C&S, successful gas

The vertical Mutineer 11 appraisal well was plugged and abandoned as planned after intersecting thicker than expected reservoir high to prognosis and confirming better than expected pressure connection in the reservoir.

The Thomas Bright 3 appraisal well on the John Brookes gas field spudded in June and was still drilling at the end of the quarter. Shortly after the end of the quarter the results of this well indicated a 60 metre gas column on the flank of the structure.

In the offshore East Java Basin, the Jeruk 2 well was re-entered for sidetrack 4 to further evaluate the Jeruk oil discovery and was still drilling at the end of the quarter.

2.3 Development Activity

Development expenditure during the second quarter was A$183.8 million.

Bayu Undan LNG Project (Santos 10.6%)
Project approximately 86% complete at the end of the second quarter, and remains on schedule for first LNG production in early 2006. The tie-in of the gas pipeline from the offshore facilities to the onshore LNG plant was carried out during the planned regulatory shutdown in May.

John Brookes (Santos 45%)
Approximately 88% complete at the end of the second quarter, with gas production expected in late August to early September 2005. Two of the three development wells have been drilled and the third is in progress.

Casino (Santos 50%, operator)
Approximately 57% complete at the end of the second quarter and remains on schedule for first gas production during the first quarter of 2006. During the quarter, the directionally drilled shore crossing was in progress and two development wells were drilled, completed and production tested, with results exceeding expectations.

Oyong (Santos 45%, operator)
Approximately 38% complete at the end of the second quarter, with first oil production anticipated by late 2005 or early 2006. During the quarter the wellhead platform was installed and the development wells are currently being drilled. Tendering of the gas export pipeline and installation contract has commenced, to enable gas production to start in early 2007.

Maleo (Santos 75%, operator)
The Maleo gas sales agreement was signed in late May, and first gas production is expected in the second half of 2006 using a converted jack-up rig. Development drilling is expected to commence during the first quarter of 2006.

Cooper Basin (Santos 60%–89%, operator)
Thirteen gas development wells were drilled including four spudded in the first quarter with two still drilling at the end of the second quarter. Of the eleven wells finished during the quarter, one was plugged and abandoned and ten cased and suspended. Eight gas wells were connected during the quarter.

Six oil development wells were drilled and all were cased and suspended, with one oil well connected during the quarter. The Limestone Creek to Strzelecki oil pipeline was replaced during the quarter, and other South Australian Cooper Basin oil pipeline refurbishment is being undertaken

3. BUSINESS DEVELOPMENT

Acquisitions/Divestments
During June, an application was made for a production licence over the Kipper field in the Gippsland Basin as a result of reaching agreement between the RL2 joint venture and the Esso-BHP Billiton joint venture on access arrangements for the processing of Kipper gas through existing facilities. After unitisation, the Santos Group will have a 14% interest in the Kipper field.

On 1 July 2005, Santos announced its intention to acquire Tipperary Corporation Inc. and Tipperary Oil and Gas Australia Pty Ltd. Once completed, this acquisition will provide Santos with an approximate 75% operated working interest and 72% revenue interest in the producing Fairview coal seam methane field, located north of Roma in Queensland, together with more than 4,000km^2 of exploration acreage.

Total cash consideration for the acquisition, including the assumption of debt, is approximately US$466 million (A$612 million). An approximate 54% stake in Tipperary Corporation has already been acquired by Santos, and the balance of the transaction is expected to be completed early in the fourth quarter, subject to Tipperary Corporation shareholder approval.

On 18 July 2005, Santos announced that it had agreed to sell its 100% interest in the Golden Beach gas field to Cape Energy (Victoria) Pty Ltd.

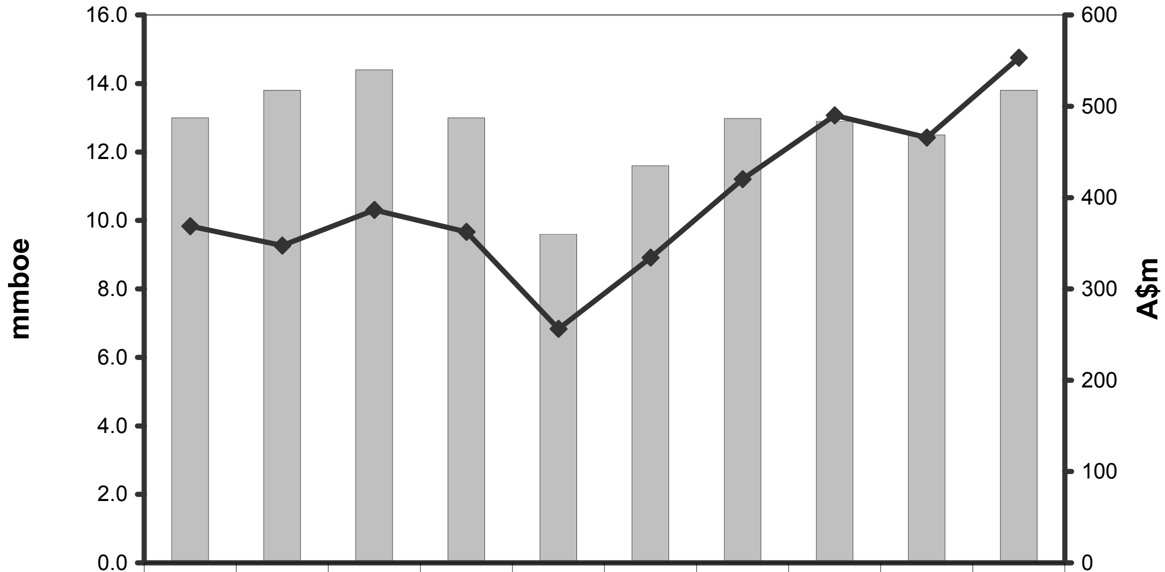
4. HEDGING

The table below details Santos' hedge position as at 30th June 2005:

Petroleum Liquids	2005
Swaps (mmboe)	0.30
Average price (US$/bbl)	40.70
Collars (mmboe)	1.11
Average ceiling price (US$/bbl)	60.68
Average floor price (US$/bbl)	45.00

5. CHART OF HISTORICAL PRODUCTION AND REVENUE

Production and Revenue by Quarter



	Q1 03	Q2 03	Q3 03	Q4 03	Q1 04	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05
Prdn mmboe	13.0	13.8	14.4	13.0	9.6	11.6	13.0	12.9	12.5	13.8
Revenue $m	368.7	347.4	386.4	362.5	256.4	334.1	420.3	490.1	465.8	553.2

6. CONVERSION FACTORS AND ABBREVIATIONS

Abbreviations		Conversion Factors	
PJ	petajoules	Sales Gas & Ethane, 1 PJ	171.937 boe x 10^3
mmbbl	million barrels	Crude Oil, 1 barrel	1 boe
mmboe	million barrels of oil equivalent	Condensate (Naphtha), 1 barrel	0.935 boe
t	tonnes	LPG, 1 tonne	8.458 boe
P&A	plugged and abandoned		
C&S	cased and suspended		