

18 October 2013

### Comparative performance at a glance

<b>Corresponding period</b>	<b>Q3 2013</b>	<b>Q3 2012</b>	<b>Change</b>
Production (mmboe)	13.4	13.5	-1%
Sales (mmboe)	15.5	16.6	-7%
Sales revenue (\$million)	1,027	853	+20%

  

<b>Quarterly comparison</b>	<b>Q3 2013</b>	<b>Q2 2013</b>	<b>Change</b>
Production (mmboe)	13.4	12.4	+8%
Sales (mmboe)	15.5	14.4	+8%
Sales revenue (\$million)	1,027	797	+29%

  

<b>Year-to-date comparison</b>	<b>2013</b>	<b>2012</b>	<b>Change</b>
Production (mmboe)	37.9	38.9	-3%
Sales (mmboe)	42.9	45.7	-6%
Sales revenue (\$million)	2,537	2,346	+8%

### Record quarterly sales revenue and strong progress on growth projects

- > Santos today announced record sales revenue of over \$1 billion for the third quarter of 2013. The record result was driven by the company's highest oil production in six years, strong oil prices and higher third party sales volumes.
- > Third quarter production of 13.4 million barrels of oil equivalent (mmboe) was 8% higher than the second quarter of 2013.
- > Gas production of 55.3 PJ (9.5 mmboe) was 5% lower than the corresponding period, with higher production from Darwin LNG offset by lower production in Bangladesh and the Otway Basin.
- > The average gas price of \$5.98/GJ for the September quarter was a record and 10% higher than the corresponding quarter, driven by higher gas prices in Western Australia and Indonesia, and higher LNG prices from Darwin LNG.
- > Quarterly crude oil production of 2.9 million barrels was 15% higher than the previous quarter, with higher production from Fletcher Finucane and the Cooper Basin. The average oil price for the quarter was A\$127 per barrel.
- > 2013 full-year production is expected to be at the low end of the previously stated guidance range of 52 to 55 mmboe. Refer page 2 for further details.

### Key activities during the period

- > Major growth projects on track: PNG LNG is over 90% complete and on track for first LNG in the second half of 2014 and GLNG is over 65% complete and on track for first LNG in 2015. Capital cost estimates for both projects are unchanged.
- > Strong construction progress across all aspects of the GLNG project, with the 200<sup>th</sup> CSG well for the year spudded in early October, the first Fairview wells connected to the new water processing infrastructure, completion of the clearing and grading of the mainland pipeline right-of-way and the raising of the second LNG tank roof.
- > Completion of the Antonov heavy lift aircraft operations into Komo airfield at PNG LNG and introduction of commissioning gas to the LNG plant.
- > Acquisition of a 50% interest in the Ande Ande Lumut oil field offshore Indonesia and 30% interests in two exploration permits in Papua New Guinea.

Santos Managing Director and Chief Executive Officer David Knox said that record sales revenue of over \$1 billion demonstrated the performance of the existing business at the same time as the company continued to progress the delivery of new projects and create opportunities for the future.

“Excellent progress continues to be made on our two major growth projects, with PNG LNG over 90% complete and GLNG over 65% complete. Both projects remain on schedule and capital cost estimates remain unchanged.”

“We also continue to execute our strategy of focused growth in Asia, with the acquisition of an interest in the Ande Ande Lumut oil field offshore Indonesia and interests in exploration permits in Papua New Guinea. Our development projects, Dua and Peluang, are also on track to deliver first oil and first gas respectively in the first half of 2014.”

“Exploration in the Browse Basin and in the Cooper Basin unconventional program continues and we are seeking further success with the exploration drill-bit in the fourth quarter,” Mr Knox said.

## 2013 Guidance

2013 full-year production is expected to be at the low end of the previously stated guidance range of 52 to 55 mmbœ, primarily due to:

- Deferred oil and gas production from Chim Sáo due to the shutdown of the gas export pipeline in late August. Oil production has been curtailed to minimise flaring and gas export is expected to resume in the December quarter.
- Deferred oil production from Fletcher Finucane due to issues with water separation systems on the FPSO curtailing oil production.

All other guidance is maintained as shown below.

Item	2013 guidance
Production costs (\$million)	670 - 690
Depreciation, depletion & amortisation (DD&A) expense (\$/boe)	16.50
Royalty-related taxation expense (\$million after tax) <sup>1</sup>	50
Capital expenditure (including exploration and evaluation) (\$billion) <sup>2</sup>	4

<sup>1</sup>Royalty-related taxation expense guidance assumes an average realised oil price of A\$100 per barrel.

<sup>2</sup>Capital expenditure guidance excludes capitalised interest.

Further detail of 2013 year-to-date capital expenditure, including exploration and evaluation expenditure, is reported in the table on page 7 of this report.

## I. Production

	Quarter ended			YTD		Full-year 2012
	Q3 2013	Q3 2012	Q2 2013	2013	2012	
<b>Sales gas, ethane and LNG (PJ)</b>						
Carnarvon	16.3	16.7	15.5	48.3	49.5	65.0
Cooper	16.8	17.1	14.4	44.9	49.3	66.6
Indonesia	6.7	6.9	6.8	20.6	21.7	28.1
Otway	4.8	5.6	4.1	13.7	14.4	19.4
Darwin LNG	4.6	4.3	4.4	13.0	10.4	14.4
Denison/Scotia/Spring Gully	3.1	2.1	2.8	8.8	8.2	11.2
GLNG	2.4	2.6	2.7	7.3	7.7	10.8
Bangladesh	0.2	1.8	0.6	1.9	3.2	4.9
Vietnam	0.4	0.9	0.4	1.3	1.7	2.1
<b>Total production (PJ)</b>	<b>55.3</b>	<b>58.0</b>	<b>51.7</b>	<b>159.8</b>	<b>166.1</b>	<b>222.5</b>
<b>Total production (mmboe)</b>	<b>9.5</b>	<b>10.0</b>	<b>8.9</b>	<b>27.5</b>	<b>28.6</b>	<b>38.3</b>
<b>Condensate (000 bbls)</b>						
Bayu-Undan	236.1	311.2	255.3	786.6	878.6	1,174.1
Cooper	283.7	229.7	296.0	782.4	779.0	1,030.7
Carnarvon	162.5	162.3	153.8	478.3	478.4	635.6
Amadeus	6.2	7.8	7.1	20.5	22.6	29.9
Otway	4.2	3.9	4.0	12.6	13.7	19.7
Indonesia	1.1	2.0	1.1	3.4	4.4	5.6
Bangladesh	-	-	1.7	1.7	-	-
Queensland	0.4	0.9	-	0.9	1.7	1.8
<b>Total production (000 bbls)</b>	<b>694.2</b>	<b>717.8</b>	<b>719.0</b>	<b>2,086.4</b>	<b>2,178.4</b>	<b>2,897.4</b>
<b>Total production (mmboe)</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>1.9</b>	<b>2.0</b>	<b>2.7</b>
<b>LPG (000 tonnes)</b>						
Cooper	33.7	26.5	30.4	93.0	94.2	125.1
Bayu-Undan	14.1	18.8	14.4	46.0	51.8	69.4
<b>Total production (000 tonnes)</b>	<b>47.8</b>	<b>45.3</b>	<b>44.8</b>	<b>139.0</b>	<b>146.0</b>	<b>194.5</b>
<b>Total production (mmboe)</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>	<b>1.2</b>	<b>1.2</b>	<b>1.6</b>
<b>Crude oil (000 bbls)</b>						
Cooper	818.4	858.8	731.3	2,255.7	2,408.4	3,226.1
Vietnam	571.3	843.1	699.7	1,979.2	2,123.4	2,870.2
Mutineer-Exeter/Fletcher Finucane	815.3	169.4	458.3	1,273.6	490.5	604.0
Stag	329.8	323.9	309.4	860.8	1,005.3	1,411.6
Barrow	138.1	141.4	135.1	408.6	428.0	566.6
Indonesia	54.5	83.5	24.7	152.8	261.0	340.2
Thevenard	51.2	53.6	52.1	146.6	123.9	180.6
Amadeus	44.5	52.3	45.0	135.0	151.4	198.0
PNG	10.2	18.0	14.1	40.0	59.4	73.8
Queensland	13.5	17.4	11.7	36.8	54.9	66.8
<b>Total production (000 bbls)</b>	<b>2,846.8</b>	<b>2,561.4</b>	<b>2,481.4</b>	<b>7,289.1</b>	<b>7,106.2</b>	<b>9,537.9</b>
<b>Total production (mmboe)</b>	<b>2.9</b>	<b>2.6</b>	<b>2.4</b>	<b>7.3</b>	<b>7.1</b>	<b>9.5</b>
<b>TOTAL</b>						
<b>Production (mmboe)</b>	<b>13.4</b>	<b>13.5</b>	<b>12.4</b>	<b>37.9</b>	<b>38.9</b>	<b>52.1</b>

## 2. Sales volumes and sales revenue

	Quarter ended			YTD		Full-year 2012
	Q3 2013	Q3 2012	Q2 2013	2013	2012	
<b>Sales gas, ethane and LNG</b>						
Sales – own product (PJ)	49.7	61.5	51.3	151.2	165.2	218.1
Sales – third party (PJ)	9.5	10.7	7.0	20.0	32.6	40.0
Total sales (PJ)	59.2	72.2	58.3	171.2	197.8	258.1
Total sales (mmboe)	10.1	12.4	10.1	29.4	34.0	44.3
Average gas price (A\$/GJ)	5.98	5.45	5.61	5.67	5.15	5.12
<b>Total sales revenue (\$million)</b>	<b>353</b>	393	327	<b>971</b>	1,018	1,322
<b>Condensate</b>						
Sales – own product (000 bbls)	792.9	874.1	589.2	1,854.1	2,139.2	2,982.7
Sales – third party (000 bbls)	60.8	64.9	19.7	84.7	146.8	197.8
Total sales (000 bbls)	853.7	939.0	608.9	1,938.8	2,286.0	3,180.5
Total sales (mmboe)	0.8	0.8	0.5	1.8	2.1	3.0
Average condensate price (A\$/bbl)	112.34	100.95	98.45	103.98	101.54	101.04
Average condensate price (US\$/bbl)	102.82	104.92	97.15	101.27	105.06	104.64
<b>Total sales revenue (\$million)</b>	<b>96</b>	95	60	<b>202</b>	232	321
<b>LPG</b>						
Sales – own product (000 tonnes)	47.3	44.9	35.1	133.4	140.2	181.7
Sales – third party (000 tonnes)	4.0	8.0	2.4	7.1	9.3	10.0
Total sales (000 tonnes)	51.3	52.9	37.5	140.5	149.5	191.7
Total sales (mmboe)	0.4	0.5	0.4	1.2	1.3	1.6
Average LPG price (A\$/tonne)	945.57	808.97	815.07	881.44	880.75	933.52
Average LPG price (US\$/tonne)	865.38	840.76	804.31	858.43	911.31	966.75
<b>Total sales revenue (\$million)</b>	<b>49</b>	43	30	<b>124</b>	132	179
<b>Crude oil</b>						
Sales – own product (000 bbls)	2,607.3	2,456.6	2,442.4	7,076.8	6,513.0	9,532.7
Sales – third party (000 bbls)	1,550.8	404.6	993.0	3,416.1	1,770.4	2,776.8
Total sales (000 bbls)	4,158.1	2,861.2	3,435.4	10,492.9	8,283.4	12,309.5
Total sales (mmboe)	4.2	2.9	3.4	10.5	8.3	12.3
Average crude oil price (A\$/bbl)	127.31	112.49	110.63	118.20	116.37	113.78
Average crude oil price (US\$/bbl)	116.51	116.91	109.17	115.12	120.41	117.83
<b>Total sales revenue (\$million)</b>	<b>529</b>	322	380	<b>1,240</b>	964	1,401
<b>Total</b>						
Sales – own product (mmboe)	12.2	14.2	12.2	35.9	38.1	51.3
Sales – third party (mmboe)	3.3	2.4	2.2	7.0	7.6	9.9
<b>Total sales volume (mmboe)</b>	<b>15.5</b>	16.6	14.4	<b>42.9</b>	45.7	61.2
Third party product purchases (\$m)	234	164	115	496	351	465
Sales – own product (\$million)	766	757	644	2,004	1,973	2,696
Sales – third party (\$million)	261	96	153	533	373	527
<b>Total sales revenue (\$million)</b>	<b>1,027</b>	853	797	<b>2,537</b>	2,346	3,223

### 3. Production by area

*Comparisons between periods for gas, condensate and LPG production are made between the current quarter and the same quarter from the previous year, as production is heavily influenced by seasonal factors. Conversely, comparisons for crude oil are made with the immediate previous quarter, as oil production rates are not generally subject to seasonal variations. Both comparisons are available in the table on page 3.*

#### Cooper Basin

Sales gas and ethane production was 2% lower than the corresponding quarter, although 17% higher than the previous quarter. Gas production capacity added during the quarter was curtailed by the suspension of drilling operations on rigs operated by Saxon between 23 June and 30 July 2013. During the quarter, 16 new gas wells were brought on line, compared to 26 in the previous quarter.

15 of 16 wells on the Cowralli pad had been drilled by the end of the quarter with the remaining well to be drilled by mid-October. Drilling performance has exceeded expectations confirming efficiency benefits that can be derived from undertaking pad well development. The wells will be progressively fracture stimulated and brought on line from November. The Moomba-191 shale well was flowing at 2 mmscf/day at the end of the quarter.

Crude oil production of 818,400 barrels was 12% higher than the previous quarter due to improved downtime performance and production from Cuisinier wells completed during the previous quarter.

Drilling activity increased during the quarter, with successful results in seven oil wells. This included Cook 24 and 27 with net pay in the Hutton and Murta reservoirs, Charo 18 as a future Birkhead producer, and Irtalie East 4 and 5 with net pay in the Basal Birkhead/Hutton reservoir. Cooroo North West, a near-field exploration well, intersected net pay in the Westbourne and Birkhead/Hutton reservoirs. The last well in the Cuisinier program, Cuisinier 12 intersected net pay in the Murta DC70 reservoir.

Oil wells brought on line in the quarter included Cuisinier 7, 8, 9, 10, 11 and Cook 24, 26, 27.

#### Denison/Scotia/Spring Gully

Sales gas production of 3.1 PJ was higher than Q3 2012 due to higher production from the Scotia field. Three CSG coreholes were spudded during the quarter.

#### Gunnedah

Santos continues to progress its Narrabri focused exploration program, which involves the drilling of 15 new appraisal wells, recommencement of existing pilot wells, construction of associated flowlines and operation of approved water storage facilities, in the Narrabri area in northwest NSW. State government approvals for the commencement of this program have been received, with rig operations to commence in the fourth quarter.

#### GLNG

Sales gas production of 2.4 PJ was lower than Q3 2012 due to lower customer nominations. Gross average daily production from the Fairview field during the quarter was 104 TJ/day.

#### Otway

Sales gas production of 4.8 PJ was 14% lower than Q3 2012 due to the Henry-2 well remaining offline for the majority of the quarter. This well was brought back on line in mid-October. Production from the Casino hub was 4.2 PJ of sales gas and 2,400 barrels of condensate. Minerva production was 0.6 PJ of sales gas and 1,800 barrels of condensate.

## Carnarvon

Gas production of 16.3 PJ was inline with Q3 2012, and 5% above the previous quarter reflecting ongoing strong performance from John Brookes and Reindeer. Condensate production of 162,500 barrels was in line with Q3 2012.

Total oil production for the quarter was 1,334,400 barrels, up 40% from the previous quarter with increased production from Fletcher Finucane. Gross production from Fletcher Finucane during the quarter was 22,900 bbls/day with production impacted by issues with water separation systems on the FPSO. Santos' share of Fletcher Finucane production was 793,100 barrels and Santos' share of Mutineer-Exeter production was 22,200 barrels for the third quarter. Thevenard, Barrow and Stag production was in line with the previous quarter.

## Bayu-Undan/Darwin LNG

Gross Bayu-Undan gas production of 59 PJ was 3% higher than Q3 2012 due to improved operating efficiency and plant capacity following the 2012 shutdown. Santos' net entitlement to production was 4.6 PJ.

Gross Bayu-Undan condensate production of 3.53 mmbbl and gross LPG production of 184,300 tonnes were both 27% lower than Q3 2012, due to lower offshore well capacity. Santos' net entitlement to production was 0.24 mmbbl of condensate and 14,100 tonnes of LPG.

A final investment decision has been taken on the Bayu Undan Phase 3 project which will deliver incremental liquids recovery and higher offshore well capacity through the development of two subsea wells tied back into the existing platform. First gas from the project is targeted for 2015.

## Indonesia

Santos' net entitlement to gas production of 6.7 PJ was in line with the corresponding period. Combined Wortel and Oyong gross gas production for the quarter was 82 mmscf/day. Gross production from Maleo was 78 mmscf/day. Santos' net entitlement to Oyong oil production was 54,500 barrels.

## Vietnam

Gross average oil production from Chim Sáo during the September quarter was 20,245 barrels per day. The gas export pipeline was shut down in late August and oil production curtailed to minimise flaring. Gas export is expected to resume in the December quarter.

Santos' net entitlement to oil production volume of 571,300 barrels was 18% lower than the second quarter, primarily due to a planned shutdown for Dua tie-in activities, FPSO maintenance during the third quarter and the shutdown of the gas export pipeline curtailing oil production.

## Bangladesh

Production from the Sangu field ceased during the third quarter as expected. Work has now commenced on the shutdown and handover activities of the Sangu facilities to Petrobangla.

## PNG

SE Gobe oil production for the third quarter of 10,200 barrels was lower than the second quarter, due to facility shut downs to enable work to be performed on PNG LNG associated gas works.

## 4. Capital expenditure

Total exploration, evaluation and development expenditure is summarised in the table below.

	Quarter ended			YTD		Full-year 2012
	Q3 2013	Q3 2012	Q2 2013	2013	2012	
<b>Capital expenditure (\$million)</b>						
Exploration	<b>118</b>	37	136	<b>307</b>	91	162
Evaluation	<b>40</b>	37	68	<b>129</b>	108	161
Development and other PP&E	<b>910</b>	689	784	<b>2,493</b>	1,983	2,847
Capitalised interest	<b>60</b>	48	37	<b>161</b>	134	183
<b>Total capital expenditure</b>	<b>1,128</b>	811	1,025	<b>3,090</b>	2,316	3,353

<b>Exploration and evaluation expended (\$million)</b>						
From current year expenditure:						
Exploration	<b>19</b>	15	9	<b>38</b>	58	77
Evaluation	<b>14</b>	25	15	<b>43</b>	66	86
Total current year expenditure	<b>33</b>	40	24	<b>81</b>	124	163
Write-off of amounts capitalised in prior years	-	-	-	<b>3</b>	2	2
<b>Total expensed</b>	<b>33</b>	40	24	<b>84</b>	126	165

### 4.1 Exploration activity

Well name	Basin/area	Target	Santos %	Well status
Winchester-1	Carnarvon – WA	Gas	75	P&A, gas discovery
Dufresne-1	Browse – WA	Gas	30	Drilling
Moomba-194	Cooper – SA	Gas	66.6	Drilling
Langmuir-1	Cooper – SA	Gas	66.6	C&S, gas discovery
Mt Kitty-1	Amadeus - NT	Gas	70	Suspended for further deepening
Kupio-1	Papua New Guinea	Gas	30 <sup>#</sup>	Drilling
OIG 6-7, 9-10	South Sumatra – Indonesia	CSG	10 <sup>*</sup>	CSG coreholes
EOM-1	South Sumatra – Indonesia	CSG	10 <sup>*</sup>	P&A, CSG corehole
Westgrove-8	Denison - QLD	CSG	50	Drilling, CSG corehole
New Fowler-1	Denison - QLD	CSG	50	Drilling, CSG corehole

<sup>#</sup>Santos' acquisition of a 30% interest is subject to certain conditions precedent and on obtaining PNG Government approval.

<sup>\*</sup>Santos has a 10% interest and subject to the satisfaction of certain conditions, has the option to increase its interest to 60%.

Winchester-1, located in WA-323-P in the Carnarvon Basin, was spudded on 7 April 2013. Wireline logging and pressure testing confirmed 58 metres of net gas pay in the Jurassic Angel and Triassic Mungaroo formations. Work to determine the resource range of the discovery is underway.

Dufresne-1, located in WA-408-P in the Browse Basin, spudded on 27 June 2013 and is drilling ahead to a planned total depth of 5,375 metres.

The Cooper Basin unconventional gas exploration program continued with significant activity in the basin centred gas (BCG) play, the Roseneath-Epsilon-Murteree (REM) shale play and the Patchawarra deep coal play. The Roswell-1 well was fracture stimulated in the Patchawarra deep coal and preliminary test flows are being monitored. The Roswell-2 horizontal well targeting the REM shale is currently drilling in top hole. The Roswell-1 wellbore will be utilised to monitor the fracture stimulation of the REM in the Roswell-2 well. Elsewhere in the REM shale play, the vertical well Moomba-194 (previously called Fortuna-1), located in PPL 113, was drilled to a depth of 3,368 metres and successfully cased and suspended. Fracture stimulation activities targeting multiple stacked targets will be undertaken in the fourth quarter. A follow-up horizontal well, Moomba-195H (Fortuna-2H) will be drilled in the REM shale in the first quarter of 2014.

Langmuir-1, located in PPL 102, the third vertical well testing the Nappamerri Trough basin centred gas accumulation, was drilled to a depth of 3,825 metres and successfully cased and suspended after penetrating a 1,000 metre gas charged section. Fracture stimulation and subsequent flow testing activities at Van der Waals-1 and Langmuir-1 will be undertaken in the fourth quarter.

In the Northern Territory, the Southern Amadeus Basin exploration program is progressing to plan with approximately 30% of the seismic program acquired to date across multiple exploration licences. Within EP-125, the Mt Kitty exploration well top-hole was successfully drilled and cased to a depth of 785 metres. The main hole will be drilled in the first quarter of 2014.

The Kupio-1 well in PPL261, operated by Talisman, was spudded on 9 September in the Western Province of Papua New Guinea, and is currently drilling ahead to a planned total depth of 2,567 metres.

The South Sumatra CSG drilling campaign is well underway, with cores successfully acquired from the primary target Muara Enim formation. A pilot program is now underway. The EOM-1 exploration core hole was drilled to a total depth of 596 metres, and following wireline logging and testing was plugged and abandoned as planned.

## 4.2 Seismic activity

Permit	Basin/area	Survey	Type	km/km <sup>2</sup>	Status
PPL 17/80/101	Cooper – SA	Gaschnitz pilot 3D	Onshore 3D	123 km <sup>2</sup>	Complete
EP 115	Amadeus – NT	N.W. Mereenie	Onshore 2D	397 km	Complete
EP 112/125	Amadeus – NT	Southern Amadeus	Onshore 2D	672 km	70% complete
EP 161	McArthur – NT	Tamboran	Onshore 2D	497 km	70% complete



Hides Gas Conditioning Plant, PNG LNG, September 2013.



## 5. Development projects

*Development expenditure during the third quarter of 2013 was \$910 million. The status of development projects during the third quarter is as follows.*

### Dua (Santos 31.875%, Premier Oil operator)

The Dua oil project is located in Block 12W in the Nam Con Son Basin, offshore Vietnam. The project was sanctioned in August 2012 and involves the development of a three-well subsea tie-back to the existing Chim São facilities. The average gross production rate is estimated to be 8,000 barrels per day for the first 12 months of production.

The project is over 65% complete and on track for first oil in the first half of 2014. FPSO modifications, riser pull-in and spool tie-in activities have been successfully completed and tested. The West Telesto drilling rig is expected in the field in the fourth quarter.

### Peluang (Santos 67.5%, operator)

Sanctioned in February 2013, the Peluang gas project is located in the Maleo gas field, offshore East Java in Indonesia. It will be developed as a tie-back to the existing facilities at Maleo, and will include one horizontal gas well, a minimum facility stand-alone wellhead platform and a pipeline to the Maleo platform.

The project is over 30% complete and on track for first gas in the first half of 2014, with an anticipated gross peak production of 25 mmscf/day. Fabrication of the wellhead platform and equipment skid packages is nearing completion, and preparation for offshore installation is progressing.

### PNG LNG (Santos 13.5%, ExxonMobil operator)

Sanctioned in December 2009, the PNG LNG project will develop gas and condensate resources in the Hides, Angore and Juha fields and associated gas resources in the operating oil fields of Kutubu, Agogo, Gobe and Moran in the Southern Highlands, Hela and Western Provinces of Papua New Guinea. The gas will be transported by pipeline to a gas liquefaction plant 25 kilometres north-west of Port Moresby with a capacity of 6.9 mtpa. The project has an estimated gross capital cost of US\$19 billion.

The project is over 90% complete and remains on track for first LNG in the second half of 2014. Construction continues to progress at the LNG plant and upstream locations, and commissioning activities are now well underway.

Antonov cargo aircraft operations into Komo airfield were successfully completed on 13 August and all required heavy loads have been delivered and set on their foundations at the Hides Gas Conditioning Plant (HGCP). Work continues on electrical and instrumentation installation, equipment tie-ins and interconnecting pipework in support of final weld-out activities. Commissioning activities are also underway in the utilities area.

650 kilometres of onshore and offshore pipeline between Kutubu and the LNG plant is now in operation, with the introduction of commissioning gas from Kutubu in September. Construction is progressing on the remaining section of onshore pipeline between Kutubu and the HGCP while construction of the spinline pipeline from the Hides well pads to the HGCP has commenced.

Drilling continues at Hides, with progress achieved on six of the eight initial production wells. The two drilling rigs are in operation on the C and D drill pads. Both of the B pad wells have been successfully drilled and completed, and the drilling pad is currently being prepared for production. At the C drill pad, the C2 well has been drilled to total depth and production liner installed while casing has been installed in the C1 well and drilling operations are continuing to plan. The D1 well was spudded on 20 September with the D2 well spudded on 9 October.

Commissioning is ramping up at the LNG Plant with gas introduced to the common process areas from Kutubu on 8 September. The LNG loading jetty is mechanically complete and final commissioning is in progress. Both LNG tanks are undergoing final air drying and nitrogen purging.

## GLNG project (Santos 30%, operator)

Sanctioned in January 2011, GLNG includes the development of CSG resources in the Bowen and Surat Basins in south-east Queensland, construction of a 420-kilometre underground gas transmission pipeline to Gladstone, and two LNG trains with a combined nameplate capacity of 7.8 mtpa on Curtis Island. The project has an estimated gross capital cost of US\$18.5 billion from the final investment decision to the end of 2015, based on foreign exchange rates which are consistent with the assumptions used at FID (A\$/US\$ 0.87 average over 2011-15). The project is over 65% complete and remains on track for first LNG in 2015.

### Upstream

Seventy-five wells were spudded in the GLNG acreage during the third quarter, which included 67 development wells and eight appraisal wells. In total, 194 wells were spudded from 1 January to 30 September 2013, which included 170 development wells (54 at Fairview, 116 at Roma) and 24 appraisal wells. The 200<sup>th</sup> well for the year was spudded in early October.

Construction progressed at the three upstream gas hub sites during the quarter, with the first batch of wells commissioning and flowing water to the new water treatment facilities at Fairview. Commissioning of the associated water amendment facility (AWAF 3) at Fairview Hub 5 was also completed during the quarter.

### Gas transmission pipeline

A significant milestone was achieved in mid-October with the completion of clearing and grading of the entire pipeline right-of-way, including the section on Curtis Island. 406 kilometres of the 420-kilometre pipeline has been strung and 95% of the total pipeline length has been welded. Over 300 kilometres of the pipeline has been buried, with rehabilitation complete on over 130 kilometres of the pipeline route.

Pre-commissioning of parts of the pipeline is underway, with clean and gauge activities successfully completed on 30% of the pipeline length and hydro-testing commenced.

Tunnelling works on the 4.3-kilometre marine crossing continue to progress ahead of schedule, with the tunnel construction now 70% complete. Construction of the reception shaft for the tunnel boring machine continues on Curtis Island.

### LNG plant

Construction on Curtis Island continues to progress well, with Train 1 approaching 70% complete and Train 2 over 50% complete on a value of work done basis.

Six module shipments comprising 34 of the 82 Train 1 modules have been delivered to Curtis Island and the seventh shipment departed the module yard on 5 October. The remaining 44 Train 1 modules are under assembly along with 18 of the 29 Train 2 modules.

The longest train 1 module, the propane condenser, was delivered and installed on site during the quarter. Heavy lifts of pressure vessels and columns are also well underway on the train 2 site, and its propane condenser substation has been installed. Nine of the 14 LNG loading jetty modules have been installed and the fourth and final loading arm base riser set in position.

A significant milestone was achieved during the quarter with the successful raising of the second LNG tank roof and its suspended deck in August. The concrete roof of LNG tank B has now been poured. The final section was also placed atop the plant flare tower in late September and work is now underway to install the flare stacks.

Also during the quarter, the GLNG portion of the dredging works was completed three months ahead of schedule and under budget.

GLNG project (Santos 30%, operator) continued



LNG plant site on Curtis Island, September 2013.



Construction of LNG train 1 (foreground) and train 2 on Curtis Island, September 2013.

## 7. Drilling summary

### 7.1 Appraisal/evaluation wells

The table below details wells drilled during the third quarter and their status.

Well name	Basin/area	Target	Santos %	Well status
Bolah-1	Cooper - QLD	Gas	60.06	Drilling
Cooroo North West-1	Cooper - QLD	Oil (NFE)	55.5	C&S, successful oil
Cuisinier-12	Cooper - QLD	Oil	45	C&S, successful oil
Cook-24*	Cooper - QLD	Oil	55	C&S, successful oil
West Mereenie-19	Amadeus - NT	Oil	100	Suspended for further deepening
West Mereenie-20	Amadeus - NT	Oil	100	Suspended for further deepening
West Mereenie-21	Amadeus - NT	Oil	100	Suspended for further deepening
West Mereenie-22	Amadeus - NT	Oil	100	Suspended for further deepening
West Mereenie-23	Amadeus - NT	Oil	100	Suspended for further deepening
West Mereenie-24	Amadeus - NT	Oil	100	Suspended for further deepening
East Mereenie-45	Amadeus - NT	Oil	100	Suspended for further deepening
Bottle Tree West-1	Denison - QLD	CSG	50	C&S, successful CSG corehole
Ironbark Gully-3	Fairview - QLD	CSG	23.85	C&S, successful CSG
Ironbark Gully-4	Fairview - QLD	CSG	23.85	C&S, successful CSG
Ironbark Gully-5	Fairview - QLD	CSG	23.85	C&S, successful CSG
Lilyvale-4*	Roma - QLD	CSG	24.57	C&S, successful CSG
Angry Jungle-7	Roma - QLD	CSG	24.57	C&S, observation well
Mostyn-1	Roma - QLD	CSG	24.57	C&S, successful CSG
Myalla-1	Roma - QLD	CSG	24.57	C&S, successful CSG
Mayfield-3	Roma - QLD	CSG	30	C&S, successful CSG
Mayfield-4	Roma - QLD	CSG	30	C&S, successful CSG

### 7.2 Development wells

The table below details development wells drilled during the third quarter and their status.

Well name	Basin/area	Target	Santos %	Well status
Charo-18	Cooper - SA	Oil	66.6	C&S, successful oil
Cook-25	Cooper - QLD	Oil	55	P&A
Cook-27	Cooper - QLD	Oil	55	C&S, successful oil
Irtalie East-4	Cooper - QLD	Oil	55	C&S, successful oil
Irtalie East-5	Cooper - QLD	Oil	55	C&S, successful oil
Okotoko West 3ST1	Cooper - QLD	Gas	60.06	C&S, successful gas
Cowralli-17	Cooper - SA	Gas	66.6	C&S, successful gas
Cowralli-18	Cooper - SA	Gas	66.6	C&S, successful gas
Cowralli-19	Cooper - SA	Gas	66.6	C&S, successful gas
Cowralli-20	Cooper - SA	Gas	66.6	C&S, successful gas
Cowralli-27*	Cooper - SA	Gas	66.6	C&S, successful gas
Cowralli-28	Cooper - SA	Gas	66.6	C&S, successful gas
Cowralli-29	Cooper - SA	Gas	66.6	C&S, successful gas

Well name	Basin/area	Target	Santos %	Well status
Pelican-13	Cooper - SA	Gas	66.6	C&S, successful gas
East Mereenie-44	Amadeus - NT	Oil	100	Suspended for further deepening
Hides B1 <sup>#</sup>	Papuan - PNG	Gas	13.50	C&S, successful gas
Hides B2 <sup>#</sup>	Papuan - PNG	Gas	13.50	C&S, successful gas
Hides C1 <sup>*#</sup>	Papuan - PNG	Gas	13.50	Drilling
Hides C2 <sup>*#</sup>	Papuan - PNG	Gas	13.50	Drilling
Hides D1 <sup>#</sup>	Papuan - PNG	Gas	13.50	Drilling
FV12-02-1 <sup>*</sup>	Fairview - QLD	CSG	23.85	C&S, successful CSG
FV12-02-2	Fairview - QLD	CSG	23.85	Suspended for further deepening
FV12-02-3	Fairview - QLD	CSG	23.85	Suspended for further deepening
FV12-03-1 <sup>*</sup>	Fairview - QLD	CSG	23.85	C&S, successful CSG
FV12-03-2 <sup>*</sup>	Fairview - QLD	CSG	23.85	C&S, successful CSG
FV12-03-3 <sup>*</sup>	Fairview - QLD	CSG	23.85	C&S, successful CSG
FV12-08-1 <sup>*</sup>	Fairview - QLD	CSG	23.85	C&S, successful CSG
FV12-08-2	Fairview - QLD	CSG	23.85	C&S, successful CSG
FV12-08-3	Fairview - QLD	CSG	23.85	C&S, successful CSG
FV12-12-1	Fairview - QLD	CSG	23.85	C&S, successful CSG
FV12-12-2 <sup>*</sup>	Fairview - QLD	CSG	23.85	C&S, successful CSG
FV13-09-4	Fairview - QLD	CSG	23.85	Suspended for further deepening
FV13-14-5	Fairview - QLD	CSG	23.85	Drilling
FV13-14-6	Fairview - QLD	CSG	23.85	Suspended for further deepening
FV13-14-7	Fairview - QLD	CSG	23.85	Suspended for further deepening
FV13-14-8	Fairview - QLD	CSG	23.85	Suspended for further deepening
FV13-14-9 <sup>*</sup>	Fairview - QLD	CSG	23.85	Suspended for further deepening
FV 16-49-1	Fairview - QLD	CSG	23.85	C&S, successful CSG
Waddy Brae-2	Fairview - QLD	CSG	23.85	C&S, successful CSG
Waddy Brae-3	Fairview - QLD	CSG	23.85	C&S, successful CSG
RM02-36-1	Roma - QLD	CSG	30	C&S, successful CSG
RM02-36-2	Roma - QLD	CSG	30	C&S, successful CSG
RM02-36-3	Roma - QLD	CSG	30	C&S, successful CSG
RM02-38-1	Roma - QLD	CSG	30	C&S, successful CSG
RM02-38-2	Roma - QLD	CSG	30	C&S, successful CSG
RM02-38-3	Roma - QLD	CSG	30	C&S, successful CSG
RM02-38-4	Roma - QLD	CSG	30	C&S, successful CSG
RM02-39-1	Roma - QLD	CSG	30	C&S, successful CSG
RM02-39-2	Roma - QLD	CSG	30	C&S, successful CSG
RM03-04-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-10-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-25-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-32-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-36-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-42-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-43-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-50-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-52-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-59-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-63-1	Roma - QLD	CSG	30	C&S, successful CSG

Well name	Basin/area	Target	Santos %	Well status
RM03-65-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-70-1*	Roma - QLD	CSG	30	C&S, successful CSG
RM03-71-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-72-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-75-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-76-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-77-1	Roma - QLD	CSG	30	C&S, successful CSG
RM03-78-1	Roma - QLD	CSG	30	C&S, successful CSG
RM07-01-1	Roma - QLD	CSG	30	C&S, successful CSG
RM07-01-2	Roma - QLD	CSG	30	C&S, successful CSG
RM07-04-1	Roma - QLD	CSG	30	Suspended for further deepening
RM07-04-2	Roma - QLD	CSG	30	Suspended for further deepening
RM07-04-3	Roma - QLD	CSG	30	C&S, successful CSG
RM07-04-4	Roma - QLD	CSG	30	C&S, successful CSG
RM08-14-1	Roma - QLD	CSG	30	Suspended for further deepening
RM08-14-2	Roma - QLD	CSG	30	Suspended for further deepening
RM08-14-3	Roma - QLD	CSG	30	Suspended for further deepening
RM08-14-4	Roma - QLD	CSG	30	Suspended for further deepening
RM09-03-1	Roma - QLD	CSG	30	Drilling
RM09-04-1	Roma - QLD	CSG	30	C&S, successful CSG
RM09-04-2	Roma - QLD	CSG	30	C&S, successful CSG
RM09-06-1	Roma - QLD	CSG	30	C&S, successful CSG
RM09-09-1	Roma - QLD	CSG	30	C&S, successful CSG
RM09-09-2	Roma - QLD	CSG	30	C&S, successful CSG
RM09-09-3	Roma - QLD	CSG	30	C&S, successful CSG
RM09-09-4	Roma - QLD	CSG	30	C&S, successful CSG
RM09-10-1	Roma - QLD	CSG	30	C&S, successful CSG
RM09-10-2	Roma - QLD	CSG	30	C&S, successful CSG
RM09-10-3	Roma - QLD	CSG	30	C&S, successful CSG
RM09-10-4	Roma - QLD	CSG	30	C&S, successful CSG
RM09-36-1	Roma - QLD	CSG	30	C&S, successful CSG
RM09-38-1	Roma - QLD	CSG	30	C&S, successful CSG
RM09-39-1	Roma - QLD	CSG	30	C&S, successful CSG
RM09-41-1	Roma - QLD	CSG	30	C&S, successful CSG
RM09-48-1	Roma - QLD	CSG	30	C&S, successful CSG

\* Spudded during second quarter 2013

° Spudded during third quarter 2012

# Not operated by Santos

## 8. Abbreviations and conversion factors

Abbreviations		Conversion factors	
PJ	petajoules	Sales gas and ethane, 1 PJ	171.937 boe x 10 <sup>3</sup>
TJ	terajoules	Crude oil, 1 barrel	1 boe
GJ	gigajoules	Condensate, 1 barrel	0.935 boe
mmbbl	million barrels	LPG, 1 tonne	8.458 boe
mmboe	million barrels of oil equivalent	LNG, 1 PJ	18,040 t
mmbtu	million British thermal units		
mmscf	million standard cubic feet		
mtpa	million tonnes per annum		
t	tonnes		
P&A	plugged and abandoned		
C&S	cased and suspended		
C&C	cased and completed		
P&S	plugged and suspended		
NFE	Near-field exploration		
WI	water injector		
ST	side track		
CSG	coal seam gas		
LNG	liquefied natural gas		
pa	per annum		
PSC	production sharing contract		
FPSO	floating production, storage & offloading		