

8 December 2021

Santos agrees sale of 12.5% interest in Barossa project to JERA

Santos today announced it had signed a binding Sale and Purchase Agreement (SPA) to sell a 12.5 per cent interest in the Barossa project to an Australian subsidiary of JERA Co., Inc. (JERA).

The effective date of the sale of the Barossa interest is 31 March 2020 and completion is expected in the first half of 2022. Upon completion, JERA will reimburse Santos for its share of capital expenditure on the project from the effective date to completion, with the total consideration due to Santos at completion expected to be approximately US\$300 million.

JERA is an existing partner in Darwin LNG with a 6.1 per cent interest. The signing of the SPA further builds partner alignment between the Darwin LNG and Barossa joint ventures for the development and processing of Barossa gas through the Darwin LNG facilities.

The Barossa project took a final investment decision in March 2021 and is progressing on schedule and budget for first LNG in the first half of 2025. The project comprises a floating production, storage and offloading (FPSO) vessel, subsea production wells, supporting subsea infrastructure and a gas export pipeline tied into the existing Bayu-Undan to Darwin LNG pipeline.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said he was delighted to sign the agreement with JERA and welcome them as a partner in the Barossa project.

“JERA is a long-standing partner and customer at Darwin LNG. We are delighted to have finalised our agreement with JERA consistent with the terms of the Letter of Intent that was agreed shortly after the announcement of the acquisition of ConocoPhillips’ interests in Barossa. I welcome JERA as a partner in the Barossa project and look forward to continuing to build on the important long-term relationship between our two companies.”

“Barossa is one of the lowest cost, new LNG supply projects in the world and will provide Santos and our partners with a competitive advantage in a tightening global LNG market.”

“Santos is also progressing the carbon capture and storage (CCS) opportunity at Bayu-Undan in the Timor Sea, which could provide a CCS hub for projects in the region, including Barossa,” Mr Gallagher said.

JERA Corporate Vice President and Managing Executive Officer Yukio Kani said Barossa is a good LNG investment in Australia for the company at this time.

“JERA is keen to partner with quality Australian and international partners like Santos and SK E&S, and our investment decision-making processes reflect decades of experience in the international LNG market,” he said.

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Mr Kani said “Barossa works well as part of our strategy to secure ongoing and reliable LNG supplies and the agreement reflected the ongoing global importance of LNG as a transitional fuel. In addition, JERA will also work with its partners to study the development of zero-emission projects and to evaluate CCS projects. Through these initiatives, JERA will evaluate opportunities for the reduction of CO2 emissions from the Barossa project with the partners.”

At completion, which is subject to customary consents, regulatory approvals and JERA entering into binding financing arrangements, the participants in the Barossa project will be Santos (50 per cent and operator), SK E&S (37.5 per cent) and JERA (12.5 per cent).

The participants in Darwin LNG are Santos (43.4 per cent and operator), SK E&S (25 per cent), INPEX (11.4 per cent), Eni (11 per cent), JERA (6.1 per cent) and Tokyo Gas (3.1 per cent).

Ends.

This ASX announcement was approved and authorised for release by Kevin Gallagher, Managing Director and Chief Executive Officer.