

6 March 2003

Ratification of Timor Sea treaty by Australia

Santos Limited today welcomed the ratification of the Timor Sea Treaty by the Australian Parliament. This is a further milestone in the future development of the liquefied natural gas (LNG) stage of the Bayu-Undan project.

The Bayu-Undan gas and liquids field is located in the Timor Sea, 500 kilometres north west of Darwin. Santos, with an 11.8% interest, is the only Australian company involved in the field.

An LNG development would represent the second stage of the project. The first stage, costing US\$1.8 billion and involving production of natural gas liquids (LPG and condensate) is already at an advanced stage, with first production planned for April 2004.

Total revenue from the full development of Bayu-Undan is estimated to exceed \$A30 billion.

"The passage of this legislation is an important step towards the commercialisation of Bayu-Undan gas reserves, to the benefit of both East Timor and Australia", said Santos' Managing Director, Mr. John Ellice-Flint.

"Following the project ramp-up, LNG production net to Santos would be over 3 million barrels of oil equivalent (mmboe) per annum. Approximately 50 mmboe of probable gas reserves would be moved to proven reserves".

"We look forward to working with all stakeholders to bring this important project to fruition," he said.

Current interests in the Bayu-Undan project are:

ConocoPhillips	64.14% (Operator)
Santos Group	11.83%
AGIP	12.32%
Inpex	11.71%

Santos Limited is a major Australian oil and gas exploration and production company with interests in all Australian hydrocarbon provinces. The Santos Group also operates in the USA, Indonesia and PNG.

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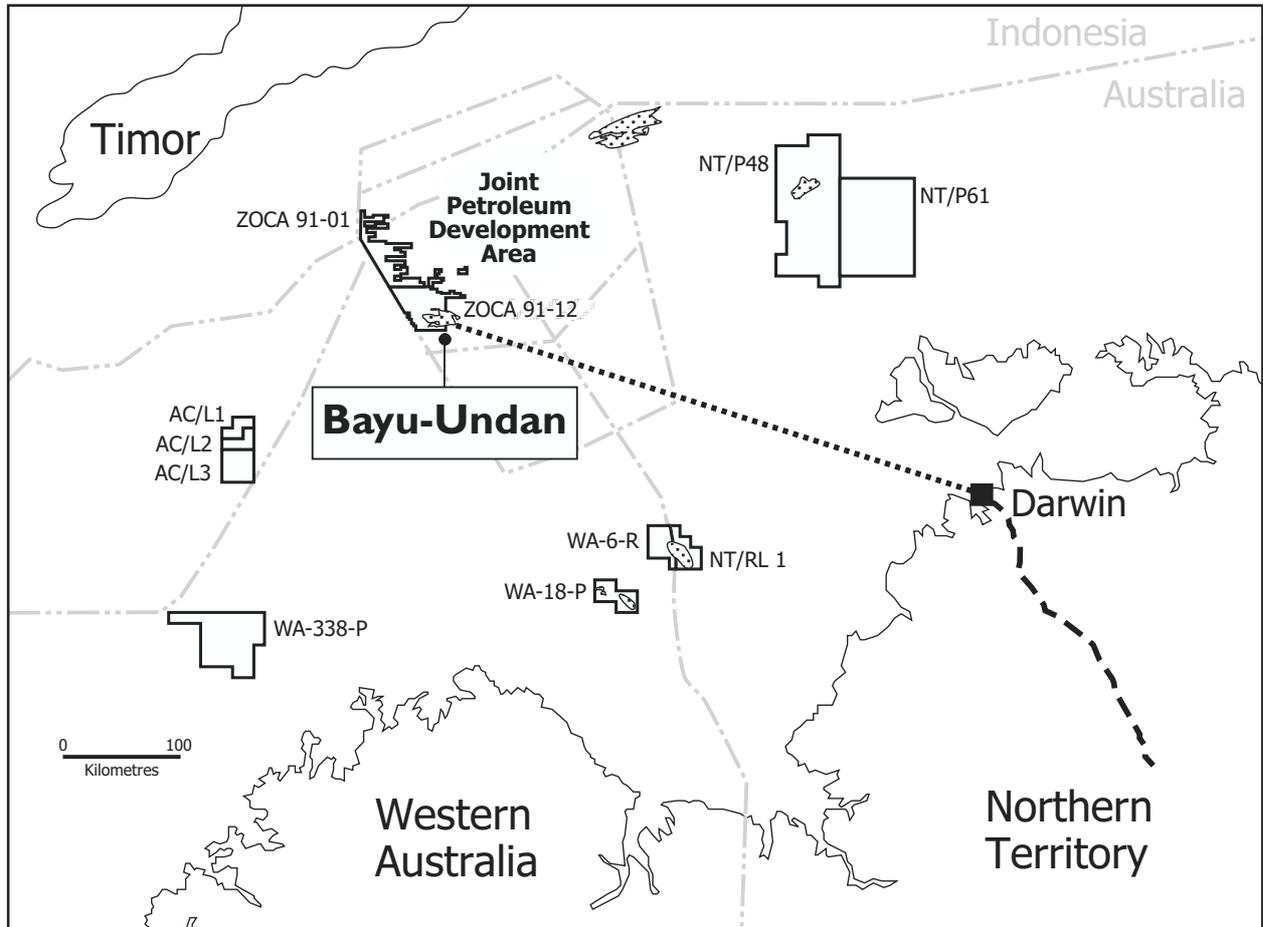
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Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR)

Map attached.

Bayu-Undan Liquids & LNG Project



Legend

-  Santos acreage
-  Gas field
-  Gas pipeline
-  Proposed gas pipeline



Fact Sheet

Bayu-Undan

- The Bayu-Undan gas and liquids field is located in 80 metres of water approximately 500 kilometres north west of Darwin, Australia and 250 kilometres south of Suai, East Timor in the Joint Petroleum Development Area (JPDA). Production revenue from the JPDA is shared between Timor East (90% revenue share) and Australia (10% revenue share).
- Bayu-Undan is a world-class resource first discovered in 1995. It contains gas reserves of over three trillion cubic feet and around 400 million barrels oil equivalent of condensate and liquified petroleum gas.
- Development is occurring in two phases, first a US\$1.8 billion Liquids Stripping (or gas recycle) project and second, the US\$1.4 billion LNG project and pipeline. Total revenue from the two phases is expected to exceed A\$30 billion.
- The project is operated by US company, ConnocoPhillips (64.14%). The other interest holders are Santos (11.83%), AGIP (12.32%) and Inpex (11.71%)

Liquids Stripping Project

- The Liquids Stripping Project was approved by regulatory authorities in February 2000. It involves offshore production of gas and separation of condensate and LPG from the gas for sale. The gas not transferred to Darwin for LNG production will be reinjected back into the underground reservoir.
- The field development involves 16 development wells (currently being drilled), three fixed platforms (currently being installed) and a floating, storage and offloading (FSO) unit. From the FSO liquids will be loaded into shuttle tankers for export.
- First production is expected in April 2004.

LNG Project

- In March 2002 ConocoPhillips, the operator, announced that it had signed Heads of Agreement with The Tokyo Electric Power Company Incorporated (TEPCO) and Tokyo Gas Co Ltd (TG) detailing terms for the sale of three million tons per year of LNG. The agreement covers a 17 year period, with the first cargo scheduled for early 2006. The agreement commits nearly 100 per cent of Bayu-Undan proven reserves.
- The LNG phase will involve construction of a 500 km pipeline and a gas liquefaction plant at Wickham Point near Darwin.