

# DELIVERING ON THE EXPLORATION STRATEGY

Exploration is a key growth driver for Santos and success with the drill bit is vital to adding value for Santos shareholders. During the past four years Santos has been working to build exploration opportunities by:

- acquiring new exploration acreage
- adding material exploration prospects
- drilling wildcat exploration wells.

## SUCCESS RATE OF 44% IN 2004

Santos' 2004 exploration effort produced good results, as the Company high graded its exploration acreage and started drilling one of the most exciting portfolios in the industry.

Santos discovered hydrocarbons in seven of the sixteen wildcat wells that were drilled, achieving an impressive success rate of 44%.

The program added at least 93 million boe (including the pre-drill estimate for Jeruk) of recoverable resources that will be further evaluated by delineation and, in some cases, production history to determine 1P and 2P reserve additions.

Importantly, these results were achieved with financial discipline, spending \$126 million which was substantially less than forecast.

The most significant drilling result for the year was the Jeruk oil discovery in the Sampang PSC offshore East Java, Indonesia. The Jeruk discovery is still under evaluation but its commercial significance appears encouraging. Santos has confirmed an oil column of at least 379 metres with a likely gross recoverable resource in excess of the pre-drill estimate of 170 million barrels.

Santos also had further exploration successes in the

Cooper Basin in central Australia where four of six wildcat wells were cased and suspended as gas discoveries.

There was also success in the offshore Otway Basin with the Martha gas discovery near the Casino field, which is currently being evaluated to determine its commercial significance. Additional drilling is planned to occur nearby in 2005 to follow up this encouraging result.

Santos discovered gas in the United States at the Torres 1A onshore well, which was brought onto production only two months after drilling was completed.

Other wells in the offshore Otway Basin included the deep water Amrit 1 well, which was plugged and abandoned after failing to intersect economic hydrocarbons, and Callister 1 which was also plugged and abandoned with gas shows.



**'2004 was a great year for our explorers. We started drilling one of the most exciting portfolios in our industry and our success to date shows that our strategy of basin excellence is delivering.'**

## JACQUES GOUADAIN

Vice President  
Geoscience and New Ventures



**Float-off of Jack Bates rig prior to deep water drilling operations, offshore Otway Basin, Victoria.**