Central Business Unit

Keeping the Cash Flowing

Jon Young
General Manager
Central Business Unit

Santos

Disclaimer & Important Notice

This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be effected by a variety of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, gas commercialisation, development progress, operating results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

All references to dollars, cents or $ in this document are to Australian currency, unless otherwise stated.

Santos

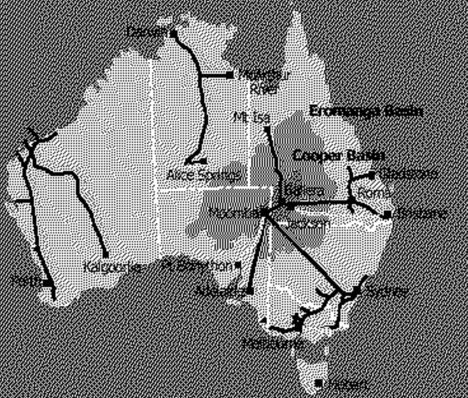
Key Messages

- World class petroleum resource
- Cooper Basin in harvest mode
- Aggressive cost management
- Significant oil potential
- Material gas exploration potential
- Strategies are in place to implement

Santos

Overview

The Cooper Basin - a world class hydrocarbon province



- OGIP: 18 tcf (gross)
- OOIP: 1500 mmbbls (gross)
- Cumulative Production:
  - Gas: 6.8 tcf (gross)
  - Oil: 264 mmbbls (gross)
- Total JV Investment: $9 billion

Santos

Delivering on 2001 Strategies

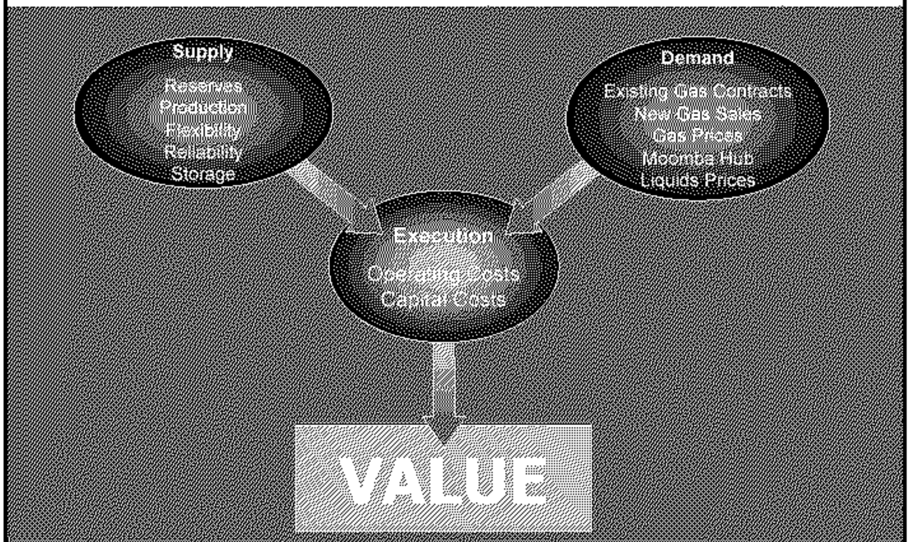
In 2001, the Cooper Basin strategic focus was on the following

Volume	Extend plateau gas production	**~550 PJ**
Price	Increase gas and premium product prices	**> 10%**
Growth	Grow liquids production	**+10%**
Costs	Minimise cost increases	**~$200 m**

Business Unit Consolidation | Leadership Team | Structure | Processes

Santos

Value Creation

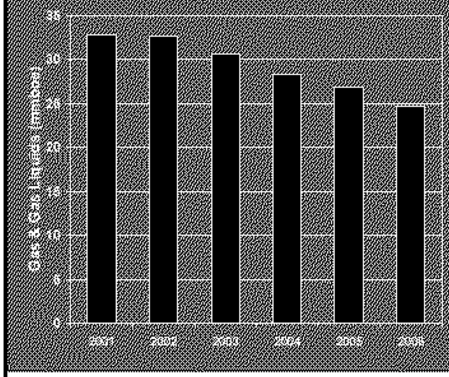


Santos

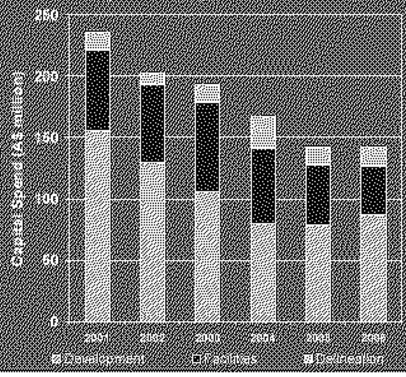
Cooper Basin Gas Business

As gas production comes off plateau, annual capital spend will reduce by ~ $85 million by 2006

Production



Capital Spend

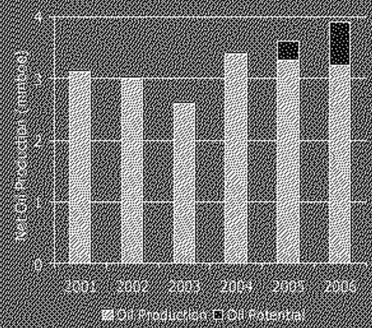


Santos

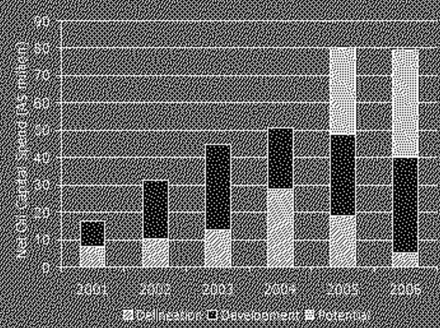
Cooper Basin Oil Business

The Cooper Basin oil business has significant growth potential in the near term

Production



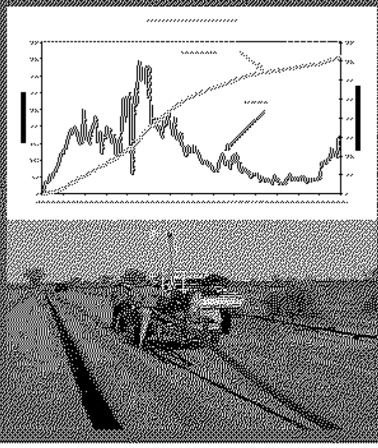
Capital Spend

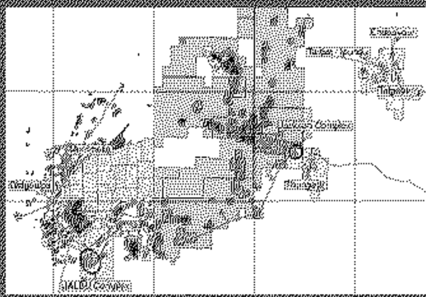


Santos

Cooper Basin Oil Business

JALBU and similar follow-up opportunities offer significant upside potential

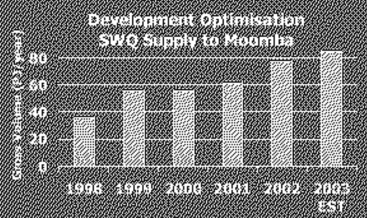


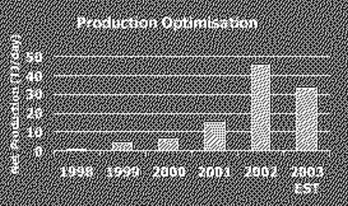


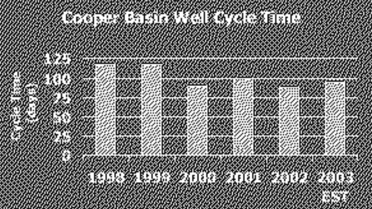
Santos

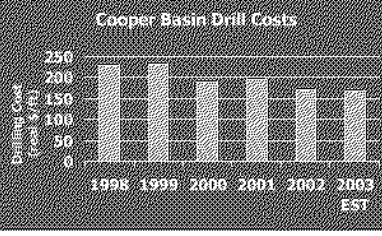
Cost Management-Capital Costs

Programs are in place to optimise capital spend and maximise value





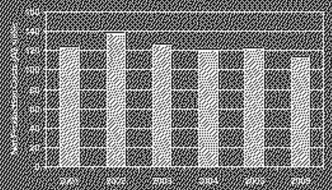




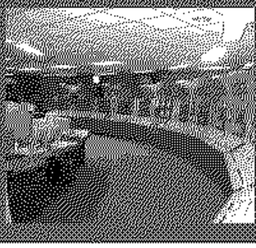
Santos

Cost Management - Production Costs

Programs are in place to reduce production costs by ~ $20 million p.a. by 2006...



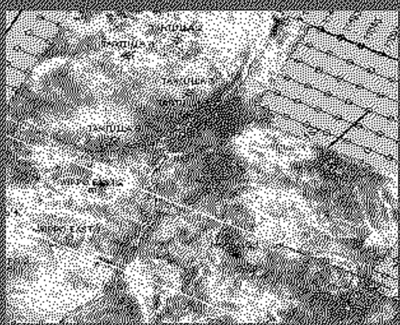
- Maintenance Improvement Program
- Shared Services
- Fuel & Loss
- Operations Support
- Wellhead Telemetry
- Asset Control Enhancement

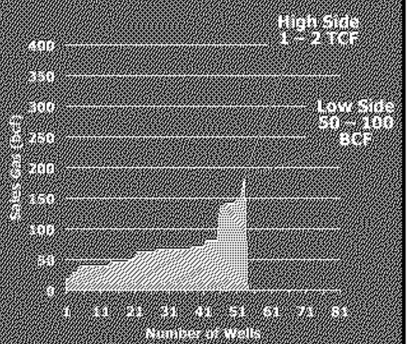


Santos

Exploration Potential

Whilst conventional gas plays are mature, emerging plays have material potential

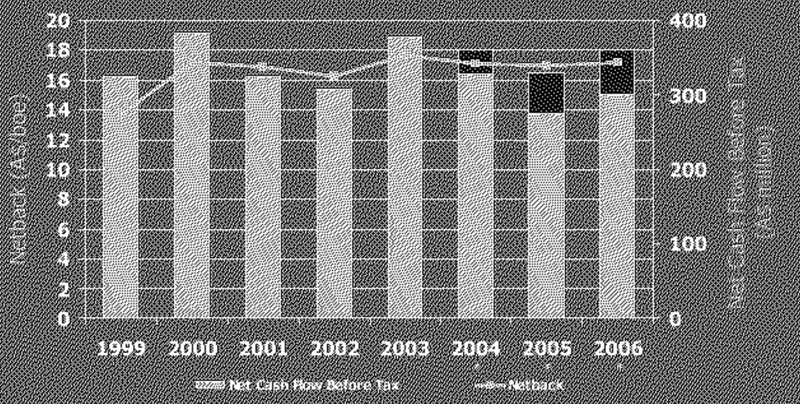




Santos

Keeping The Cash Coming

Cost reduction and price strategies are maintaining margins and cashflow...



* Based on average 2003 oil prices and exchange rates

Santos

Key Messages

- World class petroleum resource
- Cooper Basin in harvest mode
- Aggressive cost management
- Significant oil potential
- Material gas exploration potential
- Strategies are in place to implement

Santos

Western Business Unit

Doubling Production in Mid 2005

Paul Moore
General Manager Western Business Unit

Santos

Disclaimer & Important Notice

This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be effected by a variety of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, gas commercialisation, development progress, operating results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

All references to dollars, cents or $ in this document are to Australian currency, unless otherwise stated.

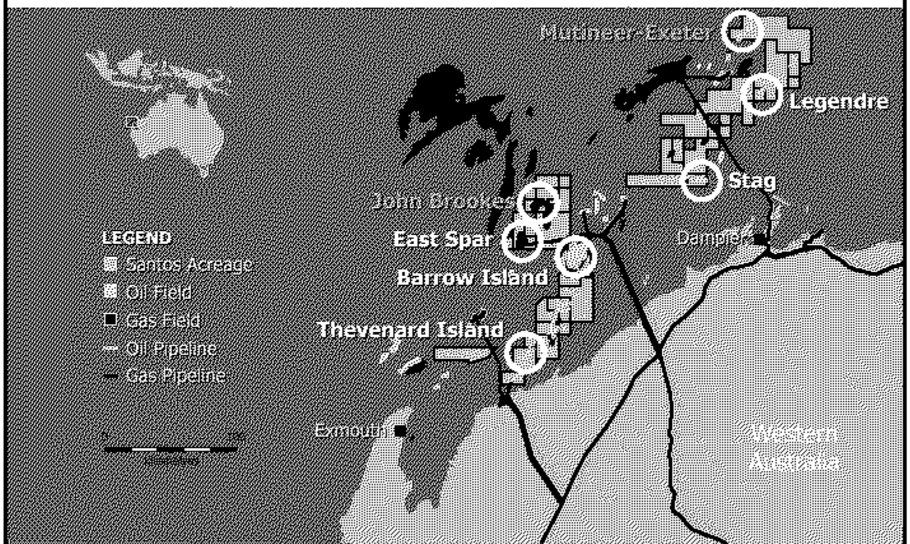
Santos

Progress – 2003

	Program Focus	Results
Fields	• Delivered production and netback as forecast	• Successful infill drilling program • Flat production cost forecast in 2004
	• Prove up additional reserves	• Proved up Mutineer-Exeter • Appraised John Brookes (Thomas Bright)
	• Transition to offshore production operator	• Establish Perth office • Mutineer-Exeter sanctioned • Moving to first oil in 2005
Gas Commercialisation	• Deliver additional gas contracts	• 92 PJ Alinta gas contract
Exploration Focus	• Increase Santos exposure to higher impact oil business	• Successful Carnarvon Basin oil program • Increased acreage in Browse Basin and deep water Houtman Basin

Santos

WBU Field Locations



Santos

Carnarvon Oil

Stag
Field Priorities

- 2003: increased equity and offset decline
  - Globex 12.5% equity purchased Oct 2003
- Minimise production rate decline via infill drilling
  - Stag 25H drilled in 2003
- Three sidetrack and recompletions planned in 2004

Operator: Apache (Santos 66.7%)

Legendre
Field Priorities

- 2003: infill well to increase rate/reserves
  - Drilled LN4H well (April '03)
  - Further opportunities being screened
- Maximise production rate through GOR & WOR management
- Possible infrastructure synergies
  - Drill Ajax exploration prospect (Dec '03)

Operator: Woodside (Santos 22.6%)

Santos

Carnarvon Oil

Barrow
Field Priorities

- 2003: ongoing optimisation
  - Improve performance of waterflood via:
    - Upward recompletions and refracs
    - Prioritised water injection
- Upgrade surface piping network for long remaining field life
- Plan for possible future synergies with Gorgon development

Operator: Chevron Texaco (Santos 28.6%)

Thevenard
Field Priorities

- Pressure maintenance at Roller and Saladin to enhance production
- Reduce opex to maintain profitability
- Farmout exploration acreage to promote drilling and extend field life

Operator: Chevron Texaco (Santos 35.7%)

Santos

Carnarvon Gas

East Spar
Field Priorities

- Infill drilling and dovetail to John Brookes
- East Spar 1 watered out (Oct '03)
- Start-up East Spar 6 to maintain field deliverability (Dec '03)
- New Alinta gas sales contract (92 PJ)

Operator: Apache (Santos 45%)

John Brookes
Field Priorities

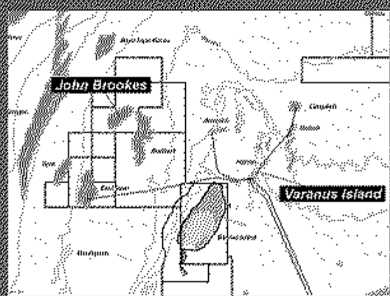
- 400 PJ – 1000 PJ gas resource
- Distance 35 km from East Spar, 55 km from Varanus Island
- Successful appraisal Q1 2003
- Further appraisal by year end
- Large number of potential domestic gas customers
- Probable first gas in 2005?

Operator: Apache (Santos 37.5%)

Santos

John Brookes Gas Development

- Production 150 TJ/day with design potential of 240 TJ/d
- Initial capex of approximately A$170 m
- Unmanned wellhead platform in 70 m water
  - Two - three conventional wells
  - Two further wells drilled to maintain deliverability later
- Single 3-phase export pipeline to Varanus
- Upgrade of the existing Varanus Island gas plant



Santos

Carnarvon Exploration: Ajax Prospect

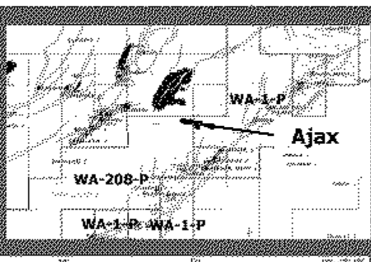
Spud late December '03

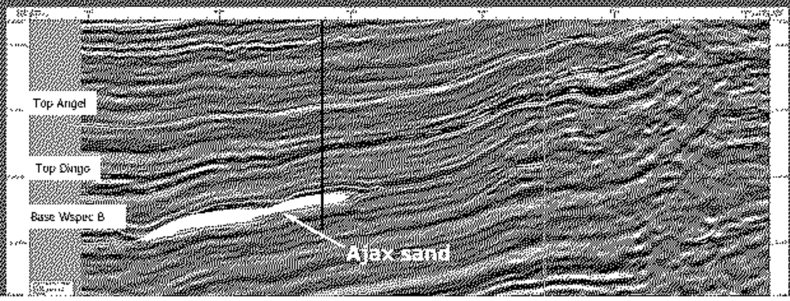
Probability of Commercialisation: 9%

P90-P10 resource: 1-70 mmbbls

Working Interest: 22.6%

Gross Well Cost: A$5 million





Santos

Charlemagne Prospect

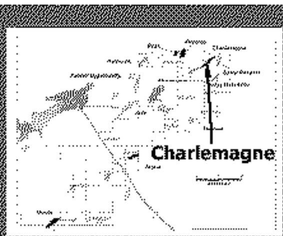
Late 2004

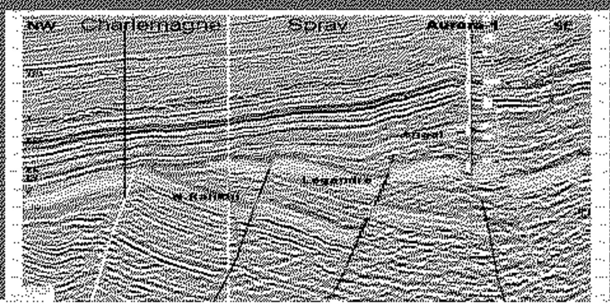
Probability of Commercialisation: 7%

P90-P10 resource: 2-52 mmbbls

Working Interest: 33.4%

Gross Well Cost: A$8 million





Santos

Mutineer-Exeter

Delivering new reserves and projects

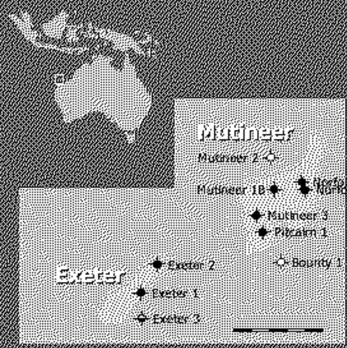
Mutineer is 10 km NE of Exeter and 40 km NNE of the Woodside operated Cossack-Pioneer FPSO.

RESERVES 100% TERMS

1P	2P	3P
55	101	169

KEY METRICS

CAPEX A$million (gross)	OPEX A$million (gross) over 7 years	PEAK DAILY RATE BOPD
480	800	100,000

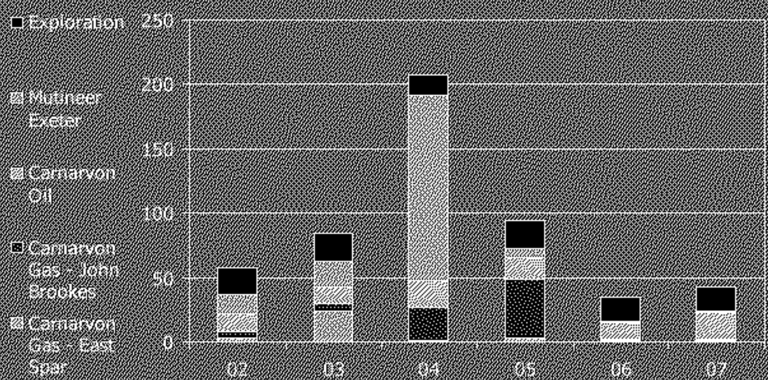


- Dev. approved 14 Oct 2003
- Production mid 2005
- Operator: Santos (33.4%)

Santos

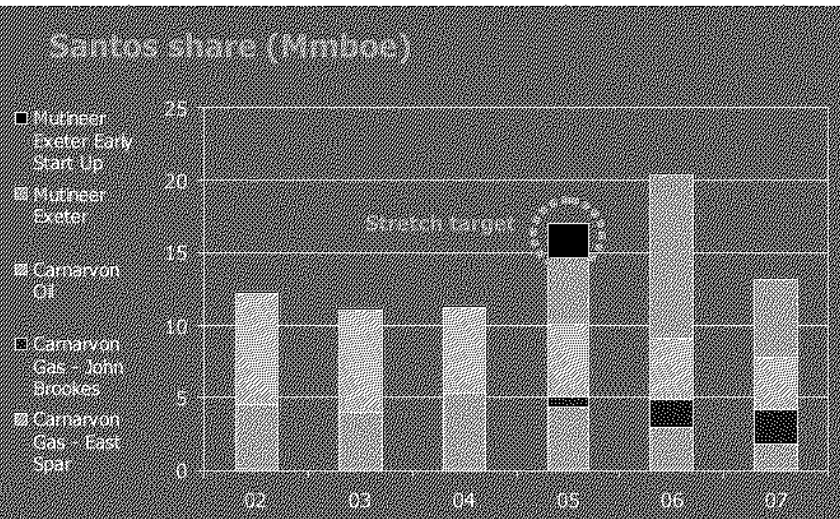
2002-2007 Capital Profile

Santos share ($ million)



Santos

2002-2007 Production Profile



Santos

Conclusion

- Stable base gas business
- Mutineer-Exeter will triple oil production in mid 2005

Santos

Northern Business Unit

Doubling Production

Rod Rayner
General Manager Northern Business Unit

Santos

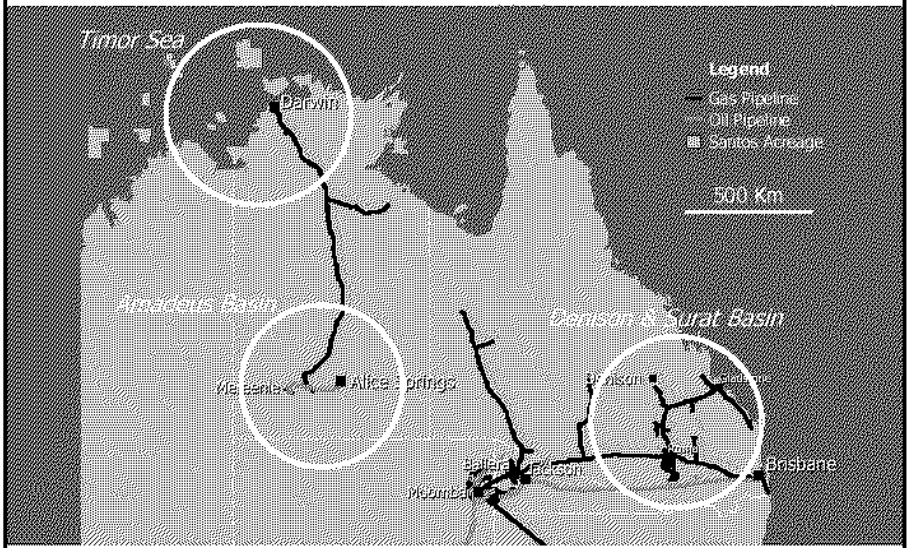
Disclaimer & Important Notice

This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be effected by a variety of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, gas commercialisation, development progress, operating results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

All references to dollars, cents or $ in this document are to Australian currency, unless otherwise stated.

Santos

Santos Northern Interests



Santos

Delivering Firsts for Santos

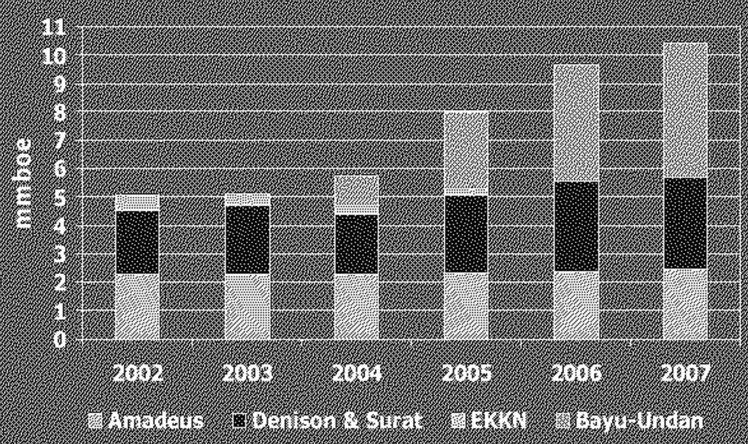
- 100% growth by 2007
  - Santos' first LNG project
  - Santos' first CSM project
- Timor Sea
  - Gas commercialisation
  - Oil development
- Denison & Surat
  - Existing asset growth
  - New growth plays

Santos

Delivering Results

Area	Achievements
Bayu-Undan	• Liquids project on schedule for Q2 2004 production • LNG contract in place 2003 • Pipeline and LNG plant under construction
Timor Gas	• Development plan for Petrel/Tern fields • Operatorship of Evans Shoal
Denison & Surat	• Scotia field producing • Churchie field discovered and producing
Amadeus	• Record gas sales

Production to Double



Secure Domestic Gas Contracts

- High quality customers
- Sustained record of supply
- Increasing gas for power generation
- Spot market emerging

Santos

Scotia – Prime CSM Project

- Santos is currently one of largest CSM players
- First production Q2 2002
- CS Energy contract
- 10 wells producing
- Current prod rate 10-11 TJ/d
- 20 wells producing by 2005
- Target prod rate 22 TJ/d
- 2P Reserves 154 PJ @ 31/12/02

Santos

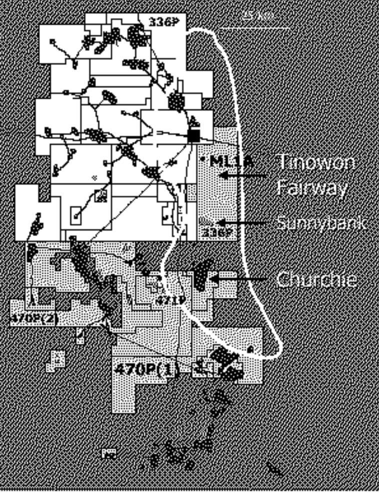
Scotia – Keys to realising value

- Well costs
  - 03 program realised 25% reduction in well costs
  - Wells drilled and completed in less than 5 days
- Ongoing production costs
  - Low staffing levels – currently generate ~$2m per person
  - Target to reduce Opex/boe by 33% by 2006
- Maximising production rates
  - 5 wells drilled in 2003, 5 planned for 2004

Santos

Tinowon Play – Growth Opportunity

- Santos 51% interest in Churchie field
- Reviewing opportunities in Roma area ATP 336P and PLs (Santos 46.25–85%)
- Sunnybank 6 test of bypassed gas and oil pay in other Permian and Triassic reservoirs

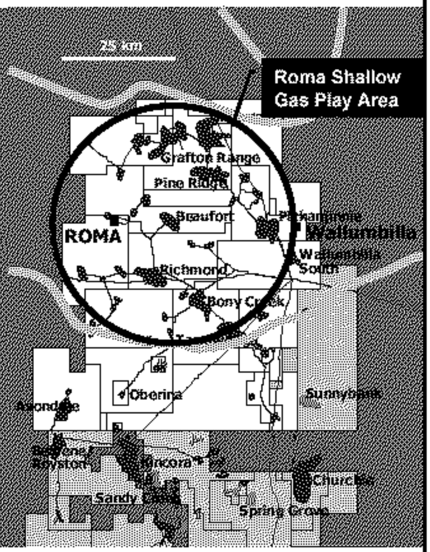


Santos operated
Santos involvement

Santos

Roma Shallow Gas – New Play

- Pleasant Hills 8A producing for 15 years from target zone
- Pilot – evaluation of existing wellbores
- Exploration/appraisal drilling
- Peak production 30 MMscf/d using existing infrastructure
- Long term business and cash flows

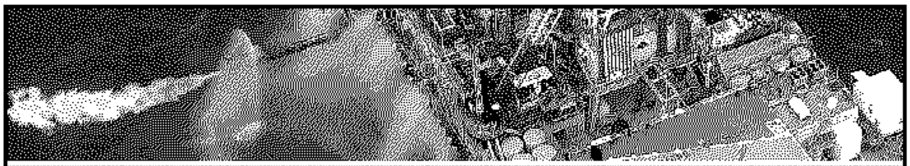


Santos

Onshore Objectives

- Achieve 21% production growth by 2007 in existing areas
- Evaluate Roma shallow gas play
- Enhance understanding of Tinowon
- Further refinement to ensure ongoing low cost operations
- Continue to supply NT market requirements
- Realise market opportunities as they emerge

Santos



US Business Unit

Building Competitive Advantage

Kathy Hogenson
President United States Business Unit

Santos

Disclaimer & Important Notice

This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be effected by a variety of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, gas commercialisation, development progress, operating results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

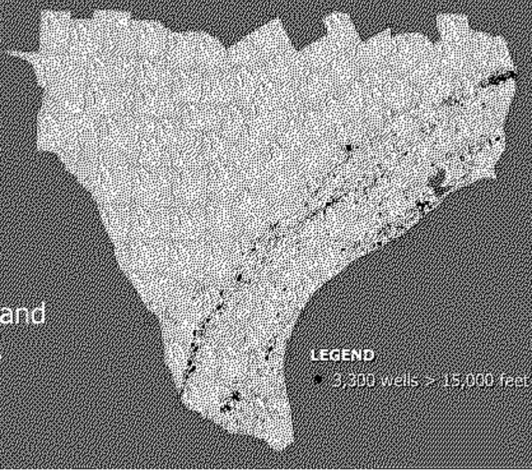
All references to dollars, cents or $ in this document are to Australian currency, unless otherwise stated.

Santos

Why Is Santos In The US?

Concentrating efforts in the Texas Gulf Coast Region

- World's largest gas market
- Leveraging core competencies from Cooper Basin gas experience
- Multiple play types and productive intervals



Why Did Santos Acquire Esenjay?

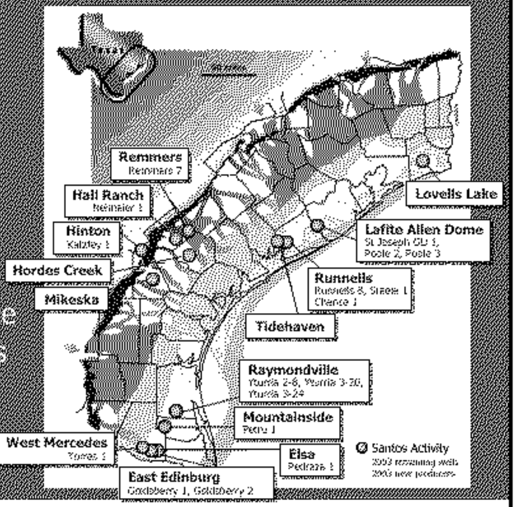
An exploration prospect generator

- Accelerated time to assemble drillable prospect inventory
- Ownership in a significant new field discovery
- Exposure to prolific Frio, Wilcox and Vicksburg trends
- E&P talent and ability to attract top performers

What Has Santos Accomplished Since Acquiring Esenjay?

Focused on geopressured Frio and Wilcox

- Drilled 47 wells in core area
- Completed 60% as producers
- Identified two impactive new venture play areas

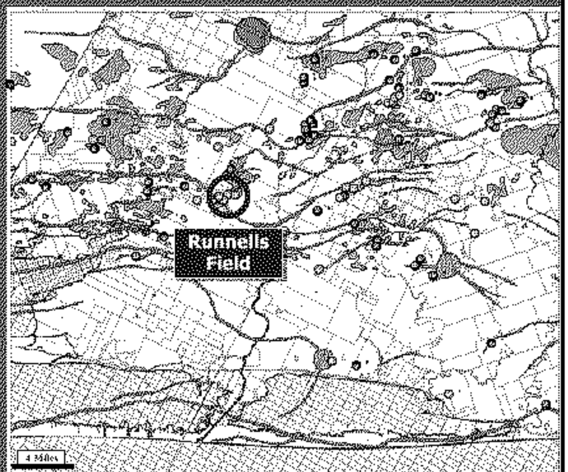


Santos

Building Competitive Advantage

Matagorda County 2001-2003 drilling

- 147 wells drilled
- 89 wells deeper than 10,000'
- 39 wells deeper than 12,000' (*23% Santos*)
- 19 wells deeper than 14,000' (*36% Santos*)

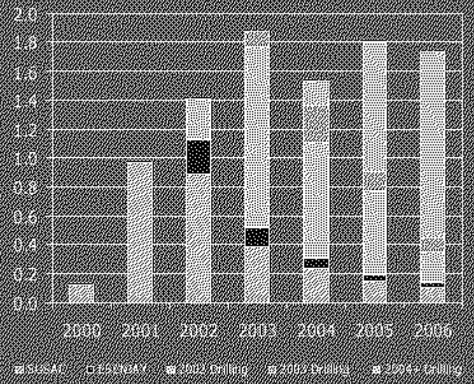


Santos

Production Growth

USBU Production (mmboe)

- 300% growth, to 2.1 mmboe in 2003
- Generated US $3.9 MM average monthly operating cash flow in 2003
- Production in 2004, >1.5 mmboe

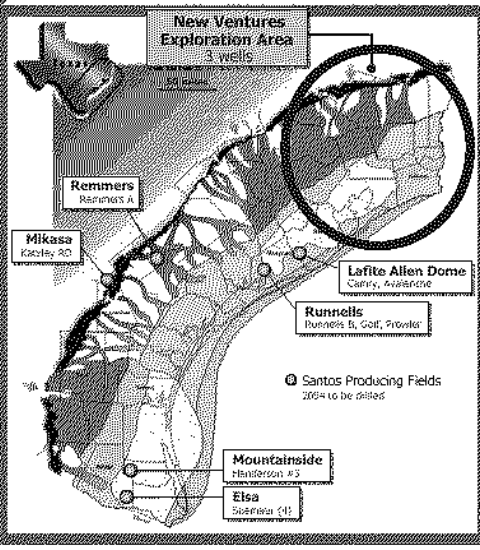


Santos

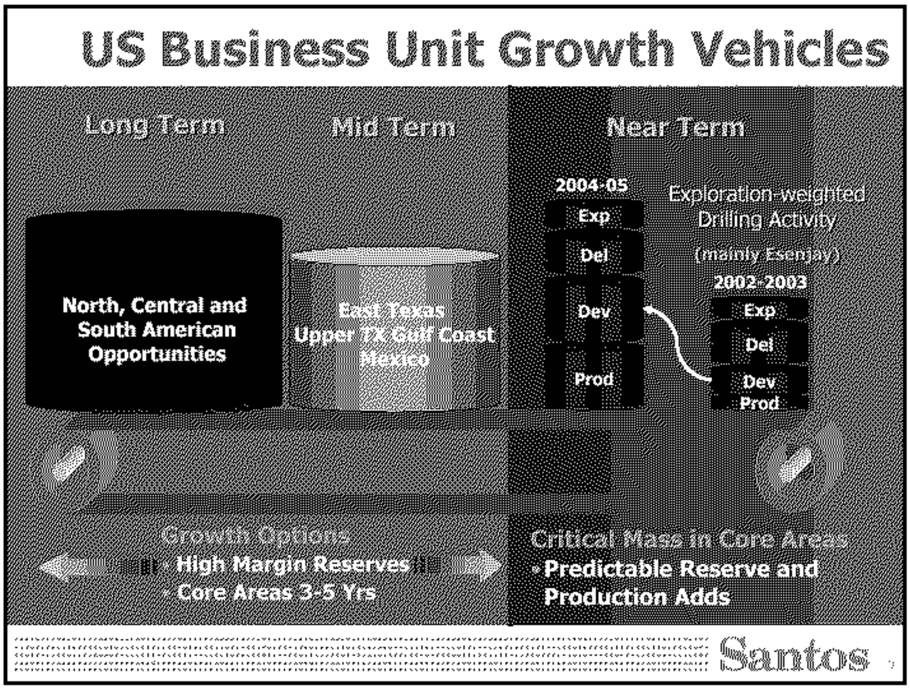
2004 Activity Includes Core Area & New Venture Drilling

LEGEND

- Major fluvial axis
- Mixed fluvial & deltaic facies
- Mixed progradational & aggradational deltaic facies
- Dominantly aggradational barrier & sandplain facies
- Shelf platform facies
- Pro-delta facies
- Frio outcrop
- Sediment supply



Santos

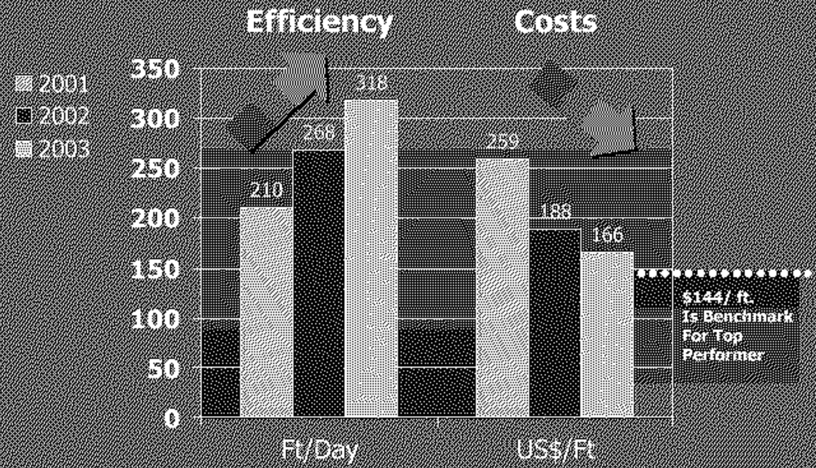


Identified Challenges & Action Steps

Challenges	Action Steps
• Predictability and Repeatability	• Producing Acquisition Upside
• Finding & Development Costs	• Assessment Techniques /Drilling
• Resource Impact	• High Grade/New Ventures
• Performance Assessments	• Industry Benchmarks by Trend
• High Cash Margins	• Opex Reduction/Hedging

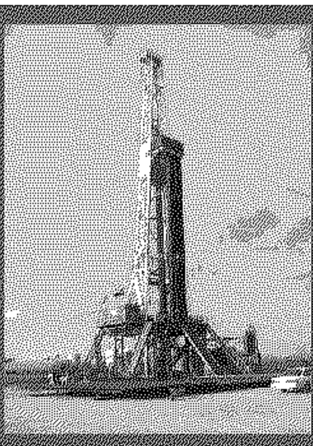
Santos

Santos Has Moved Toward "Best-in-Class" Drilling Cost Performance

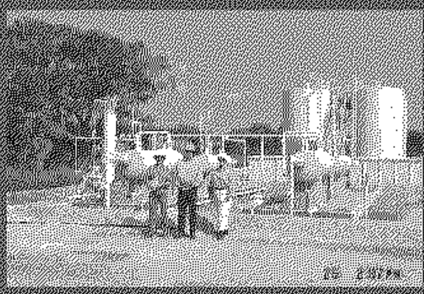


Santos

Santos Drilling & Production Operations



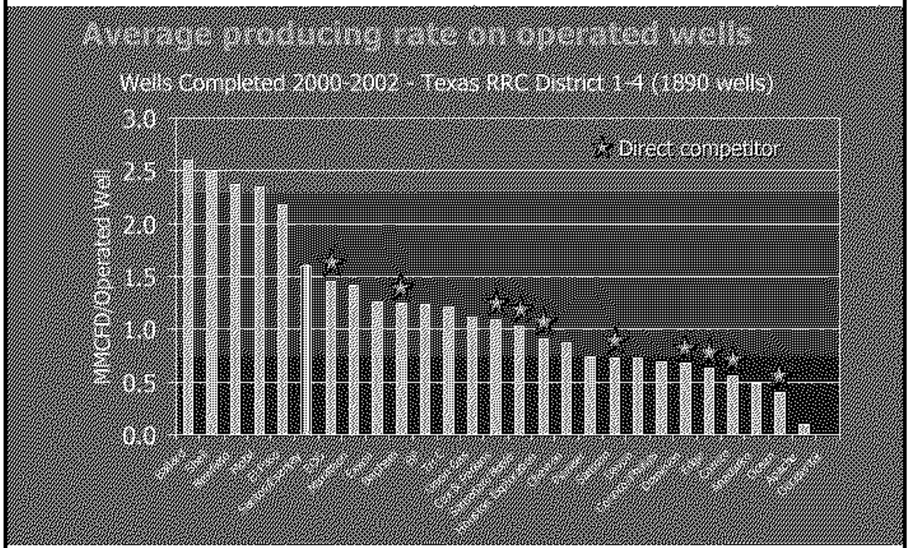
Nabors 777 rig at the Poole location



Poole central production facility

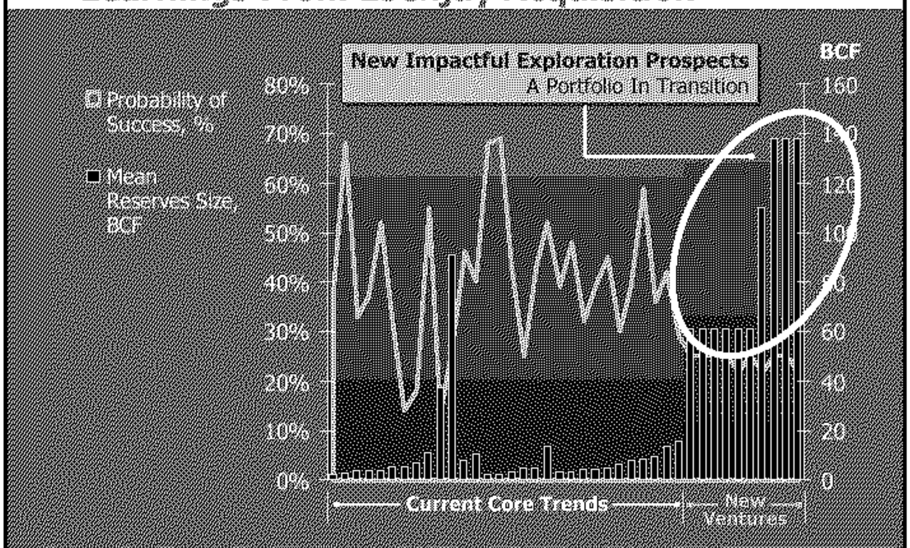
Santos

Santos Is Outperforming Direct Competitors



Santos

Exploration New Ventures Reflect Leveraged Learnings From Esenjay Acquisition



Santos

Conclusions

- Completed assimilation of Esenjay
- Poised to deliver growth through acquisitions & drill bit
  - New prospects developed within Esenjay play areas
  - New venture drilling to begin in 2004
  - Targeted trends for preferred property acquisitions
- Taking action steps to address identified challenges
  - Building competitive advantage