

29 April 2014

PNG LNG starts production ahead of schedule

Santos today announced that the PNG LNG project has started producing liquefied natural gas (LNG) ahead of schedule.

Production from the first LNG train will increase over coming weeks and the first cargo is expected to be shipped to Asian markets before mid-year.

Work on the second train is also progressing and LNG production from this unit is expected to start in the next several weeks.

Santos Managing Director David Knox said that first LNG production from PNG LNG represented a significant milestone for the project, following first condensate production in late March.

"I congratulate our operator ExxonMobil on the successful delivery of this major milestone ahead of schedule. We look forward to the continued ramp up of LNG production until the first cargo is ready to be loaded in the coming weeks."

"Delivery of the PNG LNG project is a key step in Santos' strategy to become a major LNG supplier to Asia. PNG LNG will quadruple Santos' LNG production once the project reaches full output."

"Our GLNG project also continues to make good progress and remains on track for first LNG next year, within the current budget," Mr Knox said.

Sanctioned in December 2009, the US\$19 billion PNG LNG project includes the development of gas production and processing facilities in the Hela, Southern Highlands and Western Provinces of Papua New Guinea, over 700 kilometres of pipelines and a two-train LNG processing and loading facility with a capacity of 6.9 million tonnes per annum located near Port Moresby.

Santos has a 13.5% interest in the PNG LNG project. Other co-venturers include affiliates of ExxonMobil (operator), Oil Search, National Petroleum Company of PNG, JX Nippon Oil & Gas Exploration, Mineral Resources Development Company and Petromin PNG Holdings Limited.

The PNG LNG project operator's release is attached.

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News Release



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ExxonMobil Starts Production Ahead of Schedule at PNG LNG Project

- Project remains on target for first LNG cargo in the coming weeks
- Production ramp-up continuing
- PNG LNG project is expected to produce more than 9 trillion cubic feet of gas

IRVING, Texas – April 28, 2014 – Exxon Mobil Corporation today announced the \$19 billion PNG LNG project has started producing liquefied natural gas (LNG) in Papua New Guinea ahead of schedule.

Production from the first LNG train will increase over the coming weeks and the first cargo is expected to be shipped to Asia markets before midyear.

Work on the second train is progressing and LNG production from this unit is expected to start in the next several weeks.

The project, which is operated by ExxonMobil affiliate ExxonMobil PNG Limited, is expected to produce more than 9 trillion cubic feet of gas over an estimated 30 years of operations.

“The PNG LNG project exemplifies ExxonMobil’s leadership in project execution, advanced technologies and marketing capabilities,” said Neil W. Duffin, president of ExxonMobil Development Company. “Project revenue and profitability are underpinned by long-term LNG sales contracts covering more than 95 percent of the plant’s capacity.”

The project is an integrated development that includes gas production and processing facilities in the Southern Highlands, Hela, Western, Gulf and Central provinces of Papua New Guinea. Approximately 435 miles of pipeline connect the facilities, which include a gas conditioning plant and liquefaction and storage facilities with capacity of 6.9 million tonnes of LNG per year.

Flooding, minimal pre-existing infrastructure and extremely steep slopes were among obstacles that were overcome in constructing the project. Pipe had to be airlifted in some areas because the soil could not support heavy machinery and lack of infrastructure required construction of supplemental roads, communication lines and a new airfield.

“The project is optimally located to serve growing Asia markets where LNG demand is expected to rise by approximately 165 percent between 2010 and 2025, to 370 million tonnes per year,” said Duffin.

In addition to ExxonMobil PNG Limited, co-venturers include Oil Search Ltd., National Petroleum Company of PNG, Santos Ltd., JX Nippon Oil & Gas Exploration Corporation, Mineral Resources Development Company (representing landowners) and Petromin PNG Holdings Limited.

ExxonMobil continues to assess and advance new expansion and development opportunities in Papua New Guinea.

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About ExxonMobil

ExxonMobil, the largest publicly traded international oil and gas company, uses technology and innovation to help meet the world's growing energy needs. ExxonMobil holds an industry-leading inventory of resources, is the largest refiner and marketer of petroleum products, and its chemical company is one of the largest in the world. For more information, visit www.exxonmobil.com or follow us on Twitter www.twitter.com/exxonmobil.

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