



20 February 2015

2014 Reserves statement

Santos today announced that proved plus probable (2P) petroleum reserves were 1,245 million barrels of oil equivalent (mmboe) as at the end of 2014. This represents an organic five-year 2P reserves replacement ratio of 97% and provides a reserves life of 23 years based on 2014 production of 54 mmboe.

Proved (1P) reserves increased to 622 mmboe. The organic five-year 1P reserves replacement ratio is 116%.

2P reserves declined by 123 mmboe, inclusive of 54 mmboe production. This was primarily due to a 62 mmboe reduction in Gunnedah Basin 2P reserves following a re-assessment during the year, as advised at the company's investor seminar in November 2014. Excluding the Gunnedah Basin re-assessment, 2P reserves were 6 mmboe or 0.5% lower before 2014 production.

GLNG 1P and 2P reserves increased by 22% and 4% respectively after 2014 production. At the end of 2014, the project's 2P reserves and Santos portfolio and third party gas had increased to over 7,800 petajoules.

Santos's 2014 reserves and contingent resources reflect the current lower oil price environment and the company's future oil price estimates.

Santos' 2014 Reserves statement is attached to this release.

Ends.

Media enquiries

Rob Malinauskas
+61 8 8116 5918 / +61 (0) 438 862 132
robert.malinauskas@santos.com

Investor enquiries

Andrew Nairn
+61 8 8116 5314 / +61 (0) 437 166 497
andrew.nairn@santos.com

Santos Limited ABN 80 007 550 923

GPO Box 2455, Adelaide SA 5001
T: +61 8 8116 5000 / F: +61 8 8116 5131
www.santos.com

2014 RESERVES STATEMENT

Reserves highlights

- Year-end 2014 proved (1P) reserves were 622 million barrels of oil equivalent, slightly higher than 2013
- Proved plus probable (2P) reserves were 1,245 mmboe, 9% lower than 2013
- 2P Reserves life of 23 years, based on 2014 production of 54 mmboe
- GLNG proved reserves up 22% and proved plus probable reserves up 4%.
- Gunnedah Basin proved plus probable reserves down 32%
- 116% organic five-year 1P reserves replacement
- 97% organic five-year 2P reserves replacement

Reserves and 2C contingent resources

		2014	2013	% change
Proved	mmboe	622	620	0.3
Proved plus probable	mmboe	1,245	1,368	(9.0)
Contingent resources	mmboe	1,721	1,869	(7.9)

Proved plus probable reserves declined by 123 mmboe in 2014 (inclusive of 54 mmboe production). This was primarily due to a 62 mmboe reduction in Gunnedah Basin 2P reserves following a re-assessment during the year, as advised at the company's investor seminar in November 2014.

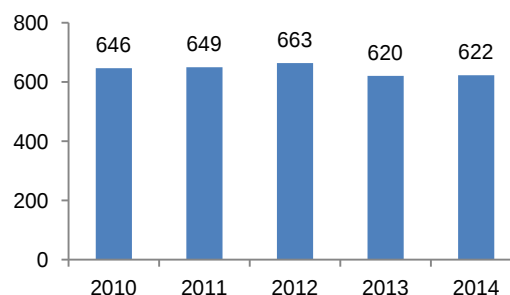
Excluding the Gunnedah Basin re-assessment, 2P reserves were 6 mmboe or 0.5% lower before 2014 production.

The key movements in proved plus probable reserves before production were:

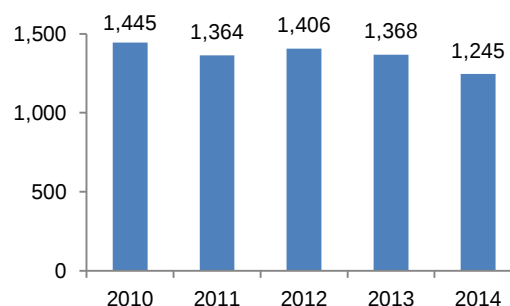
- 18 mmboe addition from growth in GLNG reserves.
- 18 mmboe net reduction in the Cooper Basin, mainly due to a review of production performance and reservoir studies.
- 10 mmboe reduction in John Brookes due to a re-assessment of fuel usage and heating value.

After deducting 2014 production of 54 mmboe, year-end proved and probable reserves were 1,245 mmboe, 9% lower than 2013.

Proved reserves (mmboe)



Proved plus probable reserves (mmboe)



Proved plus probable reserves by product

		2014	2013	% change
Sales gas	PJ	6,450	7,035	(8.3)
Crude oil	mmbbl	61	70	(12.3)
Condensate	mmbbl	53	63	(15.6)
LPG	000t	3,002	3,510	(14.5)
Total	mmboe	1,245	1,368	(9.0)

Proved plus probable reserves by area

		2014	2013	% change
Eastern Australia	mmboe	795	877	(9.3)
WA&NT	mmboe	195	221	(11.7)
Asia Pacific	mmboe	255	270	(5.5)
Total	mmboe	1,245	1,368	(9.0)

Cooper Basin

Proved plus probable reserves by product

Santos share		2014	2013	% change
Sales gas	PJ	972	1,108	(12.3)
Crude oil	mmbbl	26	29	(12.5)
Condensate	mmbbl	15	18	(18.3)
LPG	000t	1,791	2,246	(20.2)
Total	mmboe	222	256	(13.3)

Sales gas proved plus probable reserves decreased by 7% before production, primarily due to a review of production performance and reservoir studies, and a re-assessment of PEL 106A, partially offset by higher gas uplift associated with additional wellhead compression.

GLNG

Reserves and 2C contingent resources

GLNG share		2014	2013	% change
Proved	PJ	2,245	1,844	21.7
Proved plus probable	PJ	5,603	5,406	3.6
Contingent resources	PJ	1,202	1,374	(12.5)

GLNG share proved and proved plus probable reserves increased by 427 PJ and 223 PJ respectively before production, primarily due to positive re-assessments in the Fairview, Roma and Scotia fields.

In addition to the reserves in the table above, Santos' share of 2P reserves in the APLNG-operated Combabula, Ramyard and Spring Gully fields was 389 PJ at the end of 2014.

GLNG has also executed the following third party gas supply agreements:

- 750 PJ from Santos over 15 years commencing in 2015.
- 365 PJ from Origin Energy over 10 years commencing in 2015.
- Up to 194 PJ from Origin Energy over 5 years commencing in 2016.
- A combined 85 PJ from two suppliers: one tranche for 10-15 TJ/day over 7 years commencing in 2015 and a second tranche for 60-100 TJ/day for 21 months commencing in 2016.
- Up to 445 PJ from the Meridian joint venture over 10 years commencing in 2015.

Gas swap arrangements have also been executed with APLNG covering a number of fields in Queensland, enabling the more efficient development and transport of gas resources.

Gunnedah Basin

Santos conducted an exploration and appraisal program within the Narrabri Gas Project in the Gunnedah Basin during 2013 and 2014. The program provided additional geological and reservoir data.

The incorporation of this new data led to a detailed geological and engineering re-evaluation over 2014, including the remapping of methane and CO₂ content, net gas pay and the revision of expected recoverable volumes and ultimately led to a 62 mmboe reduction in 2P reserves.

Further, the contingent resource estimates have also been adjusted to incorporate the above re-evaluation and the guidance in the 2011 'Guidelines for the Application of the Petroleum Resource Management System' relating to the discovery test criteria and the extent of any such discovery.

2C Contingent resources

Contingent resources decreased by 8% to approximately 1.7 billion barrels oil equivalent.

Key movements in contingent resources included:

- 161 mmboe addition from exploration discoveries, including Lasseter in the Browse Basin and Cooper Basin unconventional.
- 266 mmboe reduction in the Gunnedah Basin from re-assessments and application of SPE-PRMS guidelines.
- 60 mmboe net reduction due to revisions in Cooper Basin unconventional and conventional gas.
- 25 mmboe addition from a re-assessment of the Browse and Bonaparte Basin fields.

Proved reserves

Year-end 2014 (Santos share)

Basin / Area	Sales gas PJ	Crude oil mmbbl	Condensate mmbbl	LPG 000 tonnes	All products mmboe		
					Developed	Undeveloped	Total
Eastern Australia							
Surat/Bowen	792	0	0	-	41	95	136
Cooper/Eromanga	458	9	6	778	51	49	100
Gunnedah	186	-	-	-	8	24	32
Gippsland/Otway	240	-	4	310	25	23	47
Total EA	1,676	9	10	1,088	125	191	316
Western Australia & Northern Territory							
Carnarvon	521	6	6	-	67	33	101
Bonaparte	92	-	2	134	18	1	19
Amadeus	35	4	1	298	7	6	13
Total WA&NT	648	10	9	432	93	40	133
Asia Pacific							
Papua New Guinea	810	0	14	-	100	52	152
Vietnam	17	9	-	-	12	-	12
Indonesia	53	0	0	-	9	-	9
Total Asia Pacific	880	9	14	-	122	52	173
Total 1P	3,204	28	32	1,520	340	282	622
Proportion of total proved reserves that are unconventional							27%

Proved reserves reconciliation

Product	Reserves Year-end 2013	Production	Revisions and extensions	Discoveries	Commercialisation	Net acquisitions and divestments	Reserves Year-end 2014
Sales gas (PJ)	3,140	(233)	294	-	2	1	3,204
Crude oil (mmbbl)	33	(10)	4	-	(0)	-	28
Condensate (mmbbl)	36	(3)	(1)	-	(0)	-	32
LPG (000 tonnes)	1,580	(167)	108	-	0	-	1,520
Total 1P (mmboe)	620	(54)	55	-	0	0	622

Proved plus probable reserves

Year-end 2014 (Santos share)

Basin / Area	Sales gas PJ	Crude oil mmbbl	Condensate mmbbl	LPG 000 tonnes	All products mmboe		
					Developed	Undeveloped	Total
Eastern Australia							
Surat/Bowen	2,187	0	0	-	43	334	376
Cooper/Eromanga	972	26	15	1,791	120	101	222
Gunnedah	777	-	-	-	8	126	134
Gippsland/Otway	324	-	5	398	34	30	64
Total EA	4,260	26	19	2,189	205	591	795
Western Australia & Northern Territory							
Carnarvon	654	15	7	-	94	41	135
Bonaparte	112	-	3	216	21	3	24
Amadeus	123	8	2	597	24	12	36
Total WA&NT	889	23	13	813	139	56	195
Asia Pacific							
Papua New Guinea	1,212	0	20	-	159	69	228
Vietnam	12	12	-	-	14	-	14
Indonesia	76	0	0	-	13	-	13
Total Asia Pacific	1,301	12	21	-	186	69	255
Total 2P	6,450	61	53	3,002	530	716	1,245
Proportion of total proved plus probable reserves that are unconventional							41%

Proved plus probable reserves reconciliation

Product	Reserves Year-end 2013	Production	Revisions and extensions	Discoveries	Commercialisation	Net acquisitions and divestments	Reserves Year-end 2014
Sales gas (PJ)	7,035	(233)	(396)	26	5	13	6,450
Crude oil (mmbbl)	70	(10)	1	0	(0)	-	61
Condensate (mmbbl)	63	(3)	(6)	-	0	-	53
LPG (000 tonnes)	3,510	(167)	(341)	-	0	-	3,002
Total 2P (mmboe)	1,368	(54)	(76)	5	1	2	1,245

2C Contingent resources

Year-end 2014 (Santos share)

Basin / Area	Sales gas PJ	Crude oil mmbbl	Condensate mmbbl	LPG 000 tonnes	All products mmboe
Eastern Australia	5,202	35	26	3,446	984
Western Australia & Northern Territory	3,298	35	39	56	639
Asia Pacific	297	45	2	-	98
Total 2C	8,797	115	67	3,502	1,721

2C Contingent resources reconciliation

Product	Contingent resources Year-end 2013	Production	Revisions and extensions	Discoveries	Commercialisation	Net acquisitions and divestments	Contingent resources Year-end 2014
Total 2C (mmboe)	1,869	-	(308)	161	(1)	0	1,721

Notes

1. This reserves statement:
 - a. is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of the qualified petroleum reserves and resources evaluators listed in note 13 of this reserves statement. Details of each qualified petroleum reserves and resources evaluator's employment and professional organisation membership are set out in note 14 of this reserves statement; and
 - b. as a whole has been approved by Barbara Pribyl, who is a qualified petroleum reserves and resources evaluator and whose employment and professional organisation membership details are set out in note 13 of this reserves statement; and
 - c. is issued with the prior written consent of Barbara Pribyl as to the form and context in which the estimated petroleum reserves and contingent resources and the supporting information are presented.
2. The estimates of petroleum reserves and contingent resources contained in this reserves statement are as at 31 December 2014.
3. Santos prepares its petroleum reserves and contingent resources estimates in accordance with the Petroleum Resources Management System (PRMS) sponsored by the Society of Petroleum Engineers (SPE).
4. All estimates of petroleum reserves and contingent resources reported by Santos are prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator or evaluators. Processes are documented in the Santos Reserves Guidelines which are overseen by a Reserves Committee. The frequency of reviews is dependent on the magnitude of the petroleum reserves and contingent resources and changes indicated by new data. If the changes are material, they are reviewed by the Santos internal technical leaders, prior to overall approval by management and the Reserves Committee.
5. Santos engages independent experts Gaffney, Cline & Associates, Netherland, Sewell & Associates, Inc. and DeGolyer and MacNaughton to audit and/or evaluate reserves and contingent resources. Each auditor found, based on the outcomes of its respective audit and evaluation, and its understanding of the estimation processes employed by Santos, that Santos' 31 December 2014 petroleum reserves and contingent resources quantities in aggregate compare reasonably to those estimates prepared by each auditor. Thus, in the aggregate, the total volumes summarised in the tables included in this reserves statement represent a reasonable estimate of Santos' petroleum reserves and contingent resources position as at 31 December 2014.
6. Unless otherwise stated, all references to petroleum reserves and contingent resources quantities in this reserves statement are Santos' net share.
7. Reference points for Santos' petroleum reserves and contingent resources and production are defined points within Santos' operations where normal exploration and production business ceases, and quantities of produced product are measured under defined conditions prior to custody transfer. Fuel, flare and vent consumed to the reference points are excluded.
8. Petroleum reserves and contingent resources are aggregated by arithmetic summation by category and as a result, proved reserves may be a very conservative estimate due to the portfolio effects of arithmetic summation.
9. Petroleum reserves and contingent resources are typically prepared by deterministic methods with support from probabilistic methods.
10. Any material concentrations of undeveloped petroleum reserves that have remained undeveloped for more than 5 years: (a) are intended to be developed when required to meet contractual obligations; and (b) have not been developed to date because they have not yet been required to meet contractual obligations.
11. Petroleum reserves replacement ratio is the ratio of the change in petroleum reserves (excluding production) divided by production.
12. Information on petroleum reserves and contingent resources quoted in this reserves statement is rounded to the nearest whole number. Some totals in the tables may not add due to rounding. Items that round to zero are represented by the number 0, while items that are actually zero are represented with a dash "-".
13. Conversion factors:

Sales gas and ethane, 1PJ	171,937 boe
LPG, 1 tonne	8.458 boe
Condensate, 1 barrel	0.935 boe
Crude oil, 1 barrel	1 boe
14. Qualified Petroleum Reserves and Resources Evaluators

Name	Employer	Professional Organisation
B Pribyl	Santos Ltd	SPE
P Lyford	Santos Ltd	SPE
B Camac	Santos Ltd	SPE, PESA
A Western	Santos Ltd	SPE
W Bard	Santos Ltd	SPE
E Klettke	Santos Ltd	SPE, APEGA
J Ariyaratnam	Santos Ltd	SPE
A Wisnugroho	Santos Ltd	SPE
J Telford	Santos Ltd	SPE
M Lees	Santos Ltd	SPE
D Smith	NSAI	SPE

SPE: Society of Petroleum Engineers
 APEGA: The Association of Professional Engineers and Geoscientists of Alberta
 PESA: Petroleum Exploration Society of Australia