

# First Quarter Activities Report

For period ending 31 March 2015



17 April 2015

## First quarter production up 15%, GLNG first LNG expected around the end of Q3

Santos today announced higher first quarter production, higher sales and significant progress at the GLNG project.

First quarter production of 14 million barrels of oil equivalent (mmboe) and sales volumes of 15.2 mmboe were 15% and 10% higher respectively than the corresponding quarter.

Santos Managing Director and Chief Executive Officer David Knox said that Santos had delivered a sound start to 2015, including higher production, excellent progress on GLNG commissioning and exploration success offshore Malaysia.

"I am pleased to report strong progress at GLNG, where first LNG is now expected around the end of the third quarter, within the US\$18.5 billion budget."

"First gas was introduced into the LNG plant in early March and the first two gas turbine generators which provide electrical power supply to the plant are running."

Sales revenue was 10% lower primarily due to the fall in global oil prices, partially offset by stronger domestic gas prices and a weaker Australian dollar.

Mr Knox said the company had taken prompt and decisive actions to respond to the current low oil price environment.

"First quarter capital expenditure was 40% lower than last year, and we continue to make solid inroads towards reducing production costs per barrel across the business," Mr Knox said.

During the quarter, Santos also announced a significant oil discovery at the Bestari-1 exploration well offshore Malaysia. The well encountered 67 metres of net oil pay in multiple sand packages within the primary Miocene age formation. The oil bearing sands are of high quality with good porosity and permeability.

All guidance for 2015 is maintained.

## Comparative performance at a glance

| Corresponding period                 | Q1 2015 | Q1 2014 | Change |
|--------------------------------------|---------|---------|--------|
| Production (mmboe)                   | 14.0    | 12.2    | +15%   |
| Sales (mmboe)                        | 15.2    | 13.8    | +10%   |
| Average realised oil price (A\$/bbl) | 72      | 129     | -44%   |
| Sales revenue (\$million)            | 825     | 913     | -10%   |
| Capital expenditure (A\$million)     | 566     | 944     | -40%   |
| Quarterly comparison                 | Q1 2015 | Q4 2014 | Change |
| Production (mmboe)                   | 14.0    | 15.1    | -7%    |
| Sales (mmboe)                        | 15.2    | 18.0    | -16%   |
| Average realised oil price (A\$/bbl) | 72      | 92      | -22%   |
| Sales revenue (\$million)            | 825     | 1,090   | -24%   |
| Capital expenditure (A\$million)     | 566     | 893     | -37%   |

Sales gas, ethane and gas to LNG production of 63.2 petajoules for the quarter was 25% higher than the corresponding quarter, reflecting a full quarter of PNG LNG production. Total sales gas, ethane and LNG sales revenue jumped 78% to \$520 million for the quarter.

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Quarterly crude oil production of 2.0 million barrels was 22% lower than the previous quarter, primarily due to scheduled dry dock maintenance of the Mutineer-Exeter/Fletcher Finucane FPSO during the first quarter. The average oil price for the quarter was A\$72 per barrel, 22% lower than the previous quarter, reflecting lower global oil prices partially offset by a weaker Australian dollar. Total crude oil sales revenue of \$223 million for the quarter was 42% lower than the previous quarter reflecting lower oil prices and sales volumes.

## 2015 Guidance

All 2015 guidance is maintained, as shown in the table below.

| Item                                                                    | 2015 Guidance   |
|-------------------------------------------------------------------------|-----------------|
| Production                                                              | 57-64 mmboe     |
| Production costs                                                        | \$14.2-14.6/boe |
| Depreciation, depletion & amortisation (DD&A) expense                   | \$17.5-18.0/boe |
| Capital expenditure (including exploration and evaluation) <sup>1</sup> | \$2 billion     |

<sup>1</sup> Capital expenditure guidance excludes capitalised interest, which is forecast at approximately \$135 million.

Further detail of 2015 year-to-date capital expenditure, including exploration and evaluation expenditure, is reported in the table on page 8 of this report.



GLNG plant, Curtis Island, February 2015

## 1. Production (Santos share)

|                                       | Q1 2015        | Q1 2014        | Q4 2014        | Full-year 2014 |
|---------------------------------------|----------------|----------------|----------------|----------------|
| <b>Sales gas and ethane (PJ)</b>      |                |                |                |                |
| Cooper                                | 14.9           | 14.5           | 17.5           | 63.3           |
| Carnarvon                             | 13.8           | 14.6           | 14.5           | 54.2           |
| Indonesia                             | 5.6            | 6.2            | 6.5            | 25.1           |
| Otway                                 | 3.5            | 3.8            | 3.5            | 16.0           |
| Denison/Scotia/Spring Gully/Combabula | 3.3            | 3.0            | 3.1            | 12.4           |
| GLNG                                  | 1.8            | 2.6            | 1.7            | 7.9            |
| Vietnam                               | 1.2            | 1.0            | 0.9            | 3.2            |
| Other <sup>1</sup>                    | 0.2            | -              | 0.4            | 0.4            |
| <b>Total production (PJ)</b>          | <b>44.3</b>    | <b>45.7</b>    | <b>48.1</b>    | <b>182.5</b>   |
| <b>Total production (mmboe)</b>       | <b>7.6</b>     | <b>7.9</b>     | <b>8.3</b>     | <b>31.4</b>    |
| <b>Sales gas to LNG (PJ)</b>          |                |                |                |                |
| PNG LNG                               | 14.0           | 0.2            | 14.6           | 34.0           |
| Darwin LNG                            | 4.9            | 4.7            | 3.6            | 16.5           |
| <b>Total production (PJ)</b>          | <b>18.9</b>    | <b>4.9</b>     | <b>18.2</b>    | <b>50.5</b>    |
| <b>Total production (mmboe)</b>       | <b>3.2</b>     | <b>0.8</b>     | <b>3.1</b>     | <b>8.7</b>     |
| <b>Condensate (000 barrels)</b>       |                |                |                |                |
| PNG LNG                               | 334.7          | 4.7            | 382.9          | 915.6          |
| Cooper                                | 243.7          | 263.5          | 276.2          | 1,036.9        |
| Bayu-Undan                            | 190.5          | 234.4          | 78.3           | 695.4          |
| Carnarvon                             | 136.6          | 135.8          | 141.4          | 533.4          |
| Amadeus                               | 9.2            | 9.7            | 10.2           | 41.0           |
| Other <sup>2</sup>                    | 4.5            | 4.5            | 4.5            | 19.7           |
| <b>Total production (000 barrels)</b> | <b>919.2</b>   | <b>652.6</b>   | <b>893.5</b>   | <b>3,242.0</b> |
| <b>Total production (mmboe)</b>       | <b>0.9</b>     | <b>0.6</b>     | <b>0.8</b>     | <b>3.0</b>     |
| <b>LPG (000 tonnes)</b>               |                |                |                |                |
| Cooper                                | 25.8           | 29.0           | 34.9           | 128.4          |
| Bayu-Undan                            | 10.4           | 12.9           | 4.7            | 39.0           |
| <b>Total production (000 tonnes)</b>  | <b>36.2</b>    | <b>41.9</b>    | <b>39.6</b>    | <b>167.4</b>   |
| <b>Total production (mmboe)</b>       | <b>0.3</b>     | <b>0.4</b>     | <b>0.3</b>     | <b>1.4</b>     |
| <b>Crude oil (000 barrels)</b>        |                |                |                |                |
| Vietnam                               | 774.3          | 728.1          | 770.8          | 2,822.0        |
| Cooper                                | 708.6          | 804.1          | 819.9          | 3,230.6        |
| Stag                                  | 180.1          | 250.5          | 271.1          | 1,085.5        |
| Barrow                                | 117.5          | 150.1          | 119.9          | 526.7          |
| Mutineer-Exeter/Fletcher Finucane     | 85.8           | 487.3          | 454.8          | 1,443.6        |
| Amadeus                               | 63.6           | 44.1           | 69.1           | 225.6          |
| Indonesia                             | 32.3           | 33.5           | 47.7           | 168.2          |
| Other <sup>3</sup>                    | 9.5            | 24.3           | 20.1           | 92.5           |
| <b>Total production (000 barrels)</b> | <b>1,971.7</b> | <b>2,522.0</b> | <b>2,573.4</b> | <b>9,594.7</b> |
| <b>Total production (mmboe)</b>       | <b>2.0</b>     | <b>2.5</b>     | <b>2.6</b>     | <b>9.6</b>     |
| <b>Total</b>                          |                |                |                |                |
| <b>Production (mmboe)</b>             | <b>14.0</b>    | <b>12.2</b>    | <b>15.1</b>    | <b>54.1</b>    |

<sup>1</sup> Amadeus and Gunnedah

<sup>2</sup> Otway, Indonesia and Queensland

<sup>3</sup> Queensland and PNG



## 2. Sales volumes and sales revenue (Santos share)

|                                           | Q1 2015     | Q1 2014     | Q4 2014      | Full-year 2014 |
|-------------------------------------------|-------------|-------------|--------------|----------------|
| <b>Sales gas and ethane<sup>1</sup></b>   |             |             |              |                |
| Sales – own product (PJ)                  | 39.4        | 39.8        | 44.3         | 171.1          |
| Sales – third party (PJ)                  | 6.0         | 7.1         | 11.8         | 35.9           |
| Total sales (PJ)                          | 45.4        | 46.9        | 56.1         | 207.0          |
| Average gas price (A\$/GJ)                | 5.38        | 4.89        | 5.17         | 4.97           |
| <b>Total sales revenue (\$million)</b>    | <b>244</b>  | <b>229</b>  | <b>290</b>   | <b>1,028</b>   |
| <b>LNG<sup>2</sup></b>                    |             |             |              |                |
| Sales volumes (000 tonnes)                | 332.4       | 85.0        | 294.8        | 766.5          |
| Average LNG price (A\$/tonne)             | 829.03      | 745.08      | 904.71       | 859.21         |
| Average LNG price (US\$/tonne)            | 647.56      | 669.68      | 773.53       | 778.18         |
| <b>Total sales revenue (\$million)</b>    | <b>276</b>  | <b>63</b>   | <b>267</b>   | <b>659</b>     |
| <b>Condensate</b>                         |             |             |              |                |
| Sales – own product (000 barrels)         | 872.7       | 474.2       | 947.8        | 2,991.1        |
| Sales – third party (000 barrels)         | 20.1        | 27.4        | 36.1         | 136.3          |
| Total sales (000 barrels)                 | 892.8       | 501.6       | 983.9        | 3,127.4        |
| Average condensate price (A\$/bbl)        | 65.46       | 103.29      | 104.17       | 101.39         |
| Average condensate price (US\$/bbl)       | 51.13       | 92.84       | 89.06        | 91.83          |
| <b>Total sales revenue (\$million)</b>    | <b>58</b>   | <b>52</b>   | <b>103</b>   | <b>317</b>     |
| <b>LPG</b>                                |             |             |              |                |
| Sales – own product (000 tonnes)          | 35.0        | 28.9        | 51.0         | 163.8          |
| Sales – third party (000 tonnes)          | 2.5         | 1.3         | 3.0          | 8.8            |
| Total sales (000 tonnes)                  | 37.5        | 30.2        | 54.0         | 172.6          |
| Average LPG price (A\$/tonne)             | 637.71      | 1,054.89    | 836.84       | 897.20         |
| Average LPG price (US\$/tonne)            | 498.12      | 948.14      | 715.50       | 812.60         |
| <b>Total sales revenue (\$million)</b>    | <b>24</b>   | <b>32</b>   | <b>45</b>    | <b>155</b>     |
| <b>Crude oil</b>                          |             |             |              |                |
| Sales – own product (000 bbls)            | 1,975.4     | 2,720.8     | 2,791.3      | 10,363.0       |
| Sales – third party (000 bbls)            | 1,139.2     | 1,455.4     | 1,394.6      | 6,083.1        |
| Total sales (000 bbls)                    | 3,114.6     | 4,176.2     | 4,185.9      | 16,446.1       |
| Average crude oil price (A\$/bbl)         | 71.58       | 128.51      | 92.09        | 114.21         |
| Average crude oil price (US\$/bbl)        | 55.91       | 115.51      | 78.74        | 103.44         |
| <b>Total sales revenue (\$million)</b>    | <b>223</b>  | <b>537</b>  | <b>385</b>   | <b>1,878</b>   |
| <b>Total</b>                              |             |             |              |                |
| Sales – own product (mmboe)               | 13.0        | 11.1        | 14.6         | 51.3           |
| Sales – third party (mmboe)               | 2.2         | 2.7         | 3.4          | 12.4           |
| <b>Total sales volume (mmboe)</b>         | <b>15.2</b> | <b>13.8</b> | <b>18.0</b>  | <b>63.7</b>    |
| Third party product purchases (\$million) | 111         | 180         | 174          | 786            |
| Sales – own product (\$million)           | 704         | 682         | 875          | 3,105          |
| Sales – third party (\$million)           | 121         | 231         | 215          | 932            |
| <b>Total sales revenue (\$million)</b>    | <b>825</b>  | <b>913</b>  | <b>1,090</b> | <b>4,037</b>   |

<sup>1</sup> Domestic sales gas and ethane

<sup>2</sup> PNG LNG and Darwin LNG

### 3. Activity by area

Comparisons between periods for gas, condensate and LPG production are made between the current quarter and the same quarter from the previous year, as production is heavily influenced by seasonal factors. Conversely, comparisons for crude oil are made with the immediate previous quarter, as oil production rates are not generally subject to seasonal variations. Both comparisons are available in the table on page 3.

#### Cooper Basin

##### Gas and gas liquids

Sales gas and ethane production of 14.9 petajoules (PJ) was higher than the corresponding quarter reflecting the higher level of drilling activity undertaken throughout 2014 and the resultant increase in well capacity beyond natural field decline. This additional capacity was offset by higher planned plant downtime than Q1 2014 as the Moomba plant is prepared for higher gas demand going forward.

Condensate and LPG production were lower than the corresponding quarter due to new wells online in 2014 having lower liquid yields.

The Big Lake infill drilling program concluded with Big Lake-133, the final well of the 33 well campaign, successfully cased and suspended as a future gas producer. Drilling of a four well pad in the Nephrite field was also successfully completed, with Nephrite South-12 and -13 cased and suspended as future producers. Drilling of a three well pad in the Coonatie field and a two well pad in the Narie field progressed with the first three wells Coonatie-21 and -22 along with Narie-5 drilled, cased and suspended as future producers. The second well in the campaign, Narie-4, is drilling ahead.

Non-pad appraisal and development drilling also continued with Coonatie-24, Kanowana-11 and Correa-2 all successfully drilled, cased and suspended as a future gas producers. A development drilling campaign in the Mudera, Marabooka and Strzelecki fields was also completed with eight wells drilled, cased and suspended.

In South West Queensland, a four-well development and appraisal campaign is underway in the Barrolka Field. The first two wells, Barrolka-14 and 15 were successfully cased and suspended in the quarter and Barrolka-17, which spudded on 22 March 2015, is currently drilling ahead.

An eight-well near field exploration campaign continued in the wet gas fairway in the western part of South Australian Cooper Basin. To date, six of the eight wells have been drilled with five of these cased and suspended for future production.

Appraisal activity continued with Gaschnitz-2 (PPL 101), located in the South Australian Cooper Basin Nappamerri Trough Basin Centred Gas opportunity, drilled to a total depth of 3,790 metres. The well encountered a fully gas saturated Permian section down-dip from Gaschnitz-1ST1 and was cased and suspended.

##### Crude oil

Crude oil production of 708,600 barrels was 14% lower than the previous quarter as a result of natural field decline and higher downtime.

In South West Queensland, drilling continued with three appraisal wells (Cuisinier-19, -20 and -21) cased and suspended as future oil producers.

## Carnarvon

Gas production of 13.8 PJ was 5% lower than the corresponding quarter due to lower customer nominations. Condensate production of 136,600 barrels was slightly higher than the corresponding period.

Total oil production for the quarter of 383,400 barrels was lower than the previous quarter because the Mutineer-Exeter/Fletcher Finucane wells were offline due to the FPSO being in dry dock during the quarter as part of a scheduled maintenance program. Production is expected to re-commence in early May.

On 9 March, Santos announced that it had entered a contract to supply natural gas to Australia's biggest alumina producer, Alcoa of Australia Limited. The contract commences in 2018 and will see Santos supply 82PJ of gas to Alcoa over an initial contract term of five years. The contract allows for two five year extension options by mutual agreement.

## PNG LNG

Gross gas production for the first quarter was 103.5 PJ (Santos share 14.0 PJ), measured at the inlet of the LNG plant. 24 LNG cargos were shipped during the first quarter. Gross condensate production for the quarter was 2.5 mmbbls (Santos share 334,700 barrels), measured at the Kutubu entry point.

## Bayu-Undan/Darwin LNG

Gross gas production in the first quarter of 55.3 PJ was slightly higher than Q1 2014 due to improved plant efficiency. 13 LNG cargoes were shipped during the first quarter. First gas from Bayu Undan Phase 3 was delivered ahead of schedule in March and drove a significant increase in condensate production compared to the previous quarter.

Santos' net entitlement to production increased to 4.9 PJ of gas, 190,500 barrels of condensate and 10,400 tonnes of LPG in the quarter.

## Indonesia

Santos' net entitlement to gas production of 5.6 PJ was slightly lower than the corresponding period due to lower gross production in Maleo and Oyong, partially offset by higher production from Peluang and higher contractor entitlement in Oyong. Combined Wortel and Oyong gross gas production for the quarter averaged 55 TJ/day while combined gross production from Maleo and Peluang averaged 76 TJ/day. Santos' net entitlement to Oyong oil production for the quarter was 32,300 barrels.

## Otway

Sales gas production of 3.5 PJ was largely in line with the corresponding quarter, due to higher Minerva demand, strong Casino well performance and the deferral of the Iona gas plant planned shutdown to Q2 2015. Production from the Casino hub was 3.0 PJ of sales gas and 1,700 barrels of condensate. Minerva production was 0.5 PJ of sales gas and 1,000 barrels of condensate.

## Vietnam

Gross oil production from the Chim Sào and Dua fields was 29,800 barrels per day, slightly higher than the previous quarter due to better FPSO operating efficiency and lower downtime. Santos' net entitlement to oil production from the combined fields was 774,300 barrels. Net entitlement gas production was 1.2 PJ.

In early January, the 100th crude oil cargo was loaded from the Chim Sào FPSO. Over 31 million barrels of oil have been shipped since the start-up of the Chim Sào field in October 2011.

## Denison/Scotia/Spring Gully/Combabula

Sales gas production of 3.3 PJ was up 10% on the corresponding quarter, primarily due to higher production from the Combabula field.

## GLNG

Sales gas production of 1.8 PJ was lower than the corresponding quarter primarily due to lower domestic nominations. The Fairview field was produced to meet domestic nominations with the remaining production injected into storage. First gas from Fairview was introduced into the GLNG LNG Plant via the gas transmission pipeline in early March.

## Narrabri

The Bibblewindi East and West pilots and the Tintsfield pilot were all on line at the end of quarter. The Wilga Park Power station was operating at close to 12MW, driven by natural gas from the Bibblewindi pilots.

Approval documents were submitted to the NSW government for phase two of work at the Leewood water facility outside the Pilliga. Santos is seeking to construct treatment facilities to allow produced water from the appraisal process to be reused for irrigation and construction.

The Environmental Impact Statement for the proposed Narrabri Gas Project is being finalised.

## 4. Capital expenditure

Total exploration, evaluation and development expenditure is summarised in the table below.

|                                                        | Q1 2015    | Q1 2014    | Q4 2014    | Full-year 2014 |
|--------------------------------------------------------|------------|------------|------------|----------------|
| <b>Capital expenditure (\$million)</b>                 |            |            |            |                |
| Exploration                                            | 132        | 63         | 51         | 323            |
| Evaluation                                             | 40         | 56         | 112        | 292            |
| Development and other PP&E                             | 335        | 758        | 668        | 2,980          |
| Capitalised interest                                   | 59         | 67         | 62         | 236            |
| <b>Total capital expenditure</b>                       | <b>566</b> | <b>944</b> | <b>893</b> | <b>3,831</b>   |
| <b>Exploration and evaluation expensed (\$million)</b> |            |            |            |                |
| Exploration                                            | 51         | 27         | 70         | 162            |
| Evaluation                                             | 9          | 14         | 27         | 69             |
| Total current year expenditure                         | 60         | 41         | 97         | 231            |
| Write-off of amounts capitalised in prior years        | 13         | -          | 16         | 26             |
| <b>Total expensed</b>                                  | <b>73</b>  | <b>41</b>  | <b>113</b> | <b>256</b>     |

### 4.1 Exploration activity

| Well name                            | Basin / area      | Target    | Santos % | Well status                                                                       |
|--------------------------------------|-------------------|-----------|----------|-----------------------------------------------------------------------------------|
| Hides-F1 (Hides Deep) <sup>#</sup> * | Papuan – PNG      | Gas       | 24       | P&A exploration section, development section completed as a future Hides producer |
| Bestari-1 <sup>#</sup>               | Offshore Malaysia | Oil       | 20       | P&A, Oil discovery                                                                |
| Ehsan-1 <sup>#</sup> *               | Offshore Malaysia | Oil / Gas | 25       | Drilling                                                                          |
| Lawa-1 <sup>#</sup>                  | Offshore Malaysia | Oil       | 20       | Drilling                                                                          |

<sup>#</sup> Not operated by Santos.

\* Spudded during fourth quarter 2014

#### Papua New Guinea

Drilling concluded during the quarter on the exploration component of the Hides F1 well after reaching a total depth of 4,633 metres. Despite intersecting thick argillaceous sandstone intervals in the Koi Iange formation, wireline evaluation confirmed poor reservoir quality. The exploration component of the well was plugged and abandoned and the development section completed as a gas producer for the PNG LNG Project.

During the quarter, Santos completed the acquisition of an interest in the PPL 269 permit from New Guinea Energy Ltd. Following a subsequent on-sale of a part interest to Talisman, Santos' interest in the permit is 30%. Seismic acquisition in the frontal foldbelt area is progressing in the permit.



## Malaysia

The significant oil discovery made by the Bestari-1 exploration well in the Deepwater Block R Production Sharing Contract (PSC) is currently being evaluated with a view to planning an appraisal campaign. Bestari-1 encountered 67 metres of net oil pay in multiple sand packages within the Miocene aged primary objectives at true vertical subsea depths ranging from 1,860 metres to 2,702 metres. The oil bearing sands are of high quality with good porosity and permeability. Oil samples, recovered from wireline pressure and sampling tools, confirm 27-30 degree API oil with no indication of H<sub>2</sub>S and negligible CO<sub>2</sub>. Block R is located offshore Malaysia in water depths ranging from 100 metres to 1,400 metres.

Lawa-1, the second well in the Block R exploration program, spudded on 31 March and is drilling ahead.

Santos completed the acquisition of a 20% interest in the Block R PSC from JX Nippon (27.5% and operator) and INPEX (27.5%) in January 2015. PETRONAS Carigali owns the remaining 25% interest.

The second well in the two-well exploration program in Offshore Malaysia, Deepwater Block S, Ehsan-1, was spudded on 31 December 2014 and is drilling ahead.

## 4.2 Seismic activity

| Permit                                            | Basin / area                  | Survey                  | Type                                       | km / km <sup>2</sup>                                               | Status                                                                      |
|---------------------------------------------------|-------------------------------|-------------------------|--------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------|
| ATP 259L<br>PL 80, 112, 155, 156                  | Cooper – QLD                  | Coolah 3D               | Onshore 3D                                 | 163.3 km <sup>2</sup>                                              | 100% complete<br>255.4 km <sup>2</sup> overall                              |
| ATP 636P                                          | Cooper – QLD                  | Gumbo 3D                | Onshore 3D                                 | 464.3 km <sup>2</sup>                                              | 100% complete<br>547.7 km <sup>2</sup> overall                              |
| EPP 43                                            | Ceduna – SA                   | Springboard MC3D        | Offshore 3D<br>(Multiclient)               | 5,150 km <sup>2</sup>                                              | 98.5% complete<br>(total 7,854 km <sup>2</sup> of<br>7,984km <sup>2</sup> ) |
| WA27L, WA26L,<br>WA498P, WA54L,<br>Vacant Acreage | Carnarvon - WA                | Davros MC3D -<br>Phase1 | Offshore 3D<br>(Multiclient)               | 566 km <sup>2</sup><br>(Santos license)                            | 100% complete<br>(Santos licensed part<br>of survey)                        |
| WA323P, WA330P,<br>WA452                          | Carnarvon - WA                | Davros MC3D -<br>Phase2 | Offshore 3D<br>(Multiclient)               | 368 km <sup>2</sup><br>(Santos licensed<br>1,117 km <sup>2</sup> ) | 33% complete<br>(Santos licensed part<br>of survey)                         |
| SS-11                                             | Bay of Bengal –<br>Bangladesh | St Martins 2D           | Offshore 2D                                | 3,146 km                                                           | 100% complete<br>3,230 km overall                                           |
| PPL269                                            | Papuan                        | PPL 269 2D              | Onshore 2D<br>(Non-Operated<br>– Talisman) | 123.5 km                                                           | 70% complete<br>Continuing                                                  |
| Block 124                                         | Phu Khan Basin,<br>Vietnam    | Block 124               | Offshore 2D<br>(Non-Operated<br>– ENI)     | 424.9 km                                                           | 17.7% complete<br>(2,398 km planned)                                        |

## 5. Development projects

### GLNG project (Santos 30%, operator)

Sanctioned in January 2011, GLNG includes the development of CSG resources in the Bowen and Surat Basins in south-east Queensland, construction of a 420-kilometre underground gas transmission pipeline to Gladstone, and two LNG trains with a combined nameplate capacity of 7.8 mtpa on Curtis Island. The project has an estimated gross capital cost of US\$18.5 billion from the final investment decision to the end of 2015 when the second train is expected to be ready for start-up, based on foreign exchange rates which are consistent with the assumptions used at FID (A\$/US\$ 0.87 average over 2011-15).

The project is approaching 95% complete with first LNG expected around the end of the third quarter, within budget.

#### Upstream

GLNG's upstream facilities are supplying gas to the LNG plant on Curtis Island via the 420-kilometre gas transmission pipeline.

In total, 467 CSG wells are on-line. 347 Fairview wells are on-line and deliverability continues to exceed expectations. 120 Roma wells are on-line and average per-well gas capacity continues to grow in-line with expectations, with one development well producing 2.1 TJ/day.

In line with the 2015 drilling plan, 16 wells were drilled in the GLNG acreage during the first quarter, which included 15 development wells in Roma and one appraisal well in Fairview, and 39 wells were completed as producers. During the quarter, the last of the 71 Fairview Eastern Flank Phase 1 wells were completed and the connection program is well advanced.

Commissioning of both the Fairview 4 and Fairview 5 gas processing hubs is complete and the facilities are operational. Both hubs produced above nameplate capacity during performance testing. Commissioning of the Roma 2 hub is nearing completion and the hub is providing electrical power to the field.

The 120-kilometre Comet Ridge to Wallumbilla pipeline loop was completed and commissioned during the quarter.

#### Downstream

First gas was introduced to the LNG plant on Curtis Island on 6 March 2015 and commissioning activities are progressing well. The main flare was lit and the first two train 1 gas turbine generators are running and supplying power to the LNG plant. Train 1 utilities are complete and the compressor control building and main substation switchboards have been energised.

Train 1 piping and cabling is nearing completion with loop testing well advanced. Train 2 piping installation and cable pulling is well underway.

Both LNG tanks are nearing completion, with drying and nitrogen purging complete on Tank B and underway on Tank A, following which the tanks will be ready to receive LNG. The LNG loading jetty is complete.



*GLNG plant flare, Curtis Island, March 2015*

## 7. Drilling summary

### 7.1 Appraisal/evaluation wells

The table below details wells drilled during the first quarter and their status.

| Well name                     | Basin/area     | Target | Santos % | Well status         |
|-------------------------------|----------------|--------|----------|---------------------|
| Barossa-4ST1 <sup>#</sup>     | Bonaparte – NT | Gas    | 25       | P&A, successful gas |
| Barrolka-17                   | Cooper - QLD   | Gas    | 60.06    | Drilling            |
| Cuisinier-19 <sup>*</sup>     | Cooper - QLD   | Oil    | 54.64    | C&S, successful oil |
| Cuisinier-20                  | Cooper - QLD   | Oil    | 54.64    | C&S, successful oil |
| Cuisinier-21                  | Cooper - QLD   | Oil    | 54.64    | C&S, successful oil |
| Coonatie-24                   | Cooper – SA    | Gas    | 72.32    | C&S, successful gas |
| Correa-2                      | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| Gaschnitz-2 <sup>*</sup>      | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| Kyanite-1                     | Cooper – SA    | Gas    | 60.0     | C&S, gas discovery  |
| Nulla North-1                 | Cooper – SA    | Gas    | 100      | C&S, gas discovery  |
| Spinel-1                      | Cooper – SA    | Gas    | 100      | C&S, gas discovery  |
| Yebna North-5ST1 <sup>*</sup> | Fairview - QLD | CSG    | 23.85    | Suspended           |

### 7.2 Development wells

The table below details development wells drilled during the first quarter and their status.

| Well name                      | Basin/area     | Target | Santos % | Well status         |
|--------------------------------|----------------|--------|----------|---------------------|
| Bayu Undan DS-02 <sup>**</sup> | Bonaparte – NT | Gas    | 11.49    | C&C, successful gas |
| Barrolka-14                    | Cooper - QLD   | Gas    | 60.06    | C&S, successful gas |
| Barrolka-15                    | Cooper - QLD   | Gas    | 60.06    | C&S, successful gas |
| Coonatie-21                    | Cooper – SA    | Gas    | 72.32    | C&S, successful gas |
| Coonatie-22                    | Cooper – SA    | Gas    | 72.32    | C&S, successful gas |
| Kanowana-11                    | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| Marabooka-16                   | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| Mudera-18                      | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| Mudera-19                      | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| Mudera-20                      | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| Mudera-21                      | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| Mudera-22                      | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| Narie-4                        | Cooper – SA    | Gas    | 66.6     | Drilling            |
| Narie-5                        | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| Nephrite South-12              | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| Nephrite South-13              | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| Strzelecki-30                  | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |



| Well name               | Basin/area     | Target | Santos % | Well status         |
|-------------------------|----------------|--------|----------|---------------------|
| Strzelecki-31           | Cooper – SA    | Gas    | 66.6     | C&S, successful gas |
| FV07-11-1               | Fairview – QLD | CSG    | 23.85    | Drilling            |
| FV18-26-2*              | Fairview – QLD | CSG    | 23.85    | C&S, successful CSG |
| FV18-26-3*              | Fairview – QLD | CSG    | 23.85    | C&S, successful CSG |
| FV18-26-5*              | Fairview – QLD | CSG    | 23.85    | C&S, successful CSG |
| FV18-26-6*              | Fairview – QLD | CSG    | 23.85    | C&S, successful CSG |
| FV18-26-7*              | Fairview – QLD | CSG    | 23.85    | C&S, successful CSG |
| FV18-26-8*              | Fairview – QLD | CSG    | 23.85    | C&S, successful CSG |
| FV18-26-9*              | Fairview – QLD | CSG    | 23.85    | C&S, successful CSG |
| FV18-26-10*             | Fairview – QLD | CSG    | 23.85    | C&S, successful CSG |
| Angore-A1 <sup>#</sup>  | Papuan – PNG   | Gas    | 13.5     | Drilling            |
| Angore-B1 <sup>#*</sup> | Papuan – PNG   | Gas    | 13.5     | Suspended           |
| RM09-14-1               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM09-14-2               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM09-21-1               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM09-21-2               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM09-27-1               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM09-27-2               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM09-30-1               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM09-31-1               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM09-31-2               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM09-31-3               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM09-31-4               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM09-37-1               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM09-40-1               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM13-01-3               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |
| RM13-01-4               | Roma – QLD     | CSG    | 30       | C&S, successful CSG |

\* Spudded during fourth quarter 2014

<sup>#</sup> Not operated by Santos

## 8. Abbreviations and conversion factors

| Abbreviations |                                           | Conversion factors         |                               |
|---------------|-------------------------------------------|----------------------------|-------------------------------|
| PJ            | petajoules                                | Sales gas and ethane, 1 PJ | 171.937 boe x 10 <sup>3</sup> |
| C&C           | cased and completed                       | Crude oil, 1 barrel        | 1 boe                         |
| C&S           | cased and suspended                       | Condensate, 1 barrel       | 0.935 boe                     |
| CSG           | coal seam gas                             | LPG, 1 tonne               | 8.458 boe                     |
| DW            | deepened well                             | LNG, 1 PJ                  | 18,040 tonnes                 |
| FPSO          | floating production, storage & offloading |                            |                               |
| GJ            | gigajoules                                |                            |                               |
| LNG           | liquefied natural gas                     |                            |                               |
| mmbbl         | million barrels                           |                            |                               |
| mmboe         | million barrels of oil equivalent         |                            |                               |
| mmbtu         | million British thermal units             |                            |                               |
| mmscf         | million standard cubic feet               |                            |                               |
| mtpa          | million tonnes per annum                  |                            |                               |
| P&A           | plugged and abandoned                     |                            |                               |
| pa            | per annum                                 |                            |                               |
| PSC           | production sharing contract               |                            |                               |
| ST            | side track                                |                            |                               |
| T             | tonnes                                    |                            |                               |
| TJ            | terajoules                                |                            |                               |