

24 March 2021

Santos awards Barossa FPSO contract

Santos, as operator of the Barossa joint venture, today announced award of the project's major contract for the construction, connection and operation of the Floating Production, Storage and Offloading vessel (FPSO).

The FPSO services contract awarded to international vessel builder and operator BW Offshore (BWO) is subject to a final investment decision (FID) on Barossa and represents the largest capital expenditure component of the approximately US\$3.6 billion Barossa offshore gas and condensate project to backfill Darwin LNG. The contract contains an upfront pre-payment and an option to buyout, and achieves an overall reduction of approximately US\$1 billion in capital expenditure.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said through extensive and intensive contract review processes, the company had achieved a significant financial saving as well as significant energy efficiency improvements.

"The decision to proceed with an FPSO services contract maintains a low ongoing operating cost while engineering enhancements have significantly reduced the project's carbon footprint," Mr Gallagher said.

"This reduction in capital expenditure makes Barossa one of the lowest cost of supply projects in the world for LNG and will provide new supply into a tightening LNG market."

The FPSO will be built in South Korea and Singapore before being towed and permanently located in the field where it will process natural gas prior to its transport via pipeline to Darwin LNG. Condensate will be stored on the FPSO for periodic offloading.

Barossa will provide the next source of gas for the existing Santos-operated Darwin LNG plant once current reserves from the Santos-operated Bayu-Undan field in the Timor Sea have been depleted.

Mr Gallagher said the awarding of this contract builds on the momentum of the Barossa project over the past six months and is the final milestone ahead of FID.

"At the end of last year, we announced that transport and processing agreements had been finalised for Barossa gas to be tolled through Darwin LNG and we signed a long-term LNG sales agreement with Diamond Gas International, a wholly-owned subsidiary of Japan's Mitsubishi Corporation."

A final investment decision on the Barossa project is anticipated in the coming weeks with first gas targeted for the first half of 2025.

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Santos currently holds a 62.5 per cent operated interest in the Barossa joint venture along with partner SK E&S (37.5 per cent).

Santos is finalising an agreement to sell a 12.5 per cent interest in Barossa to Darwin LNG partner JERA and has a binding agreement to sell 25 per cent interests in Bayu-Undan and Darwin LNG to SK E&S, subject to FID on Barossa.

Ends.

This ASX announcement was approved and authorised for release by Kevin Gallagher, Managing Director and Chief Executive Officer.