82-34

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Santos

02034344

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: 91 KING WILLIAM STREET
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Subject: Santos CLSA Investor Pack 2002

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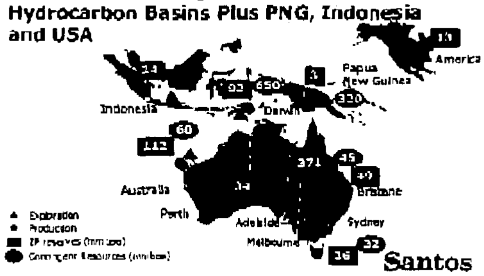
Getting Results

John C Ellice-Flint
Managing Director
Santos

Interests In All Major Australian Hydrocarbon Basins Plus PNG, Indonesia and USA



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CLSA Investor Forum 2002

Santos 2002

Improving performance

Transforming the company

Getting results

Santos

Financial & Operational Performance

	[redacted]		
NPAT ($m)	446.0	487.0	309.1
Operating Cash Flow ($m)	692.0	1,023.0	530.0
Production (mmboe)	55.7	56.0	49.2
ROACE (%)	14.1	16.7	11.5
Gearing (%)	39.0	37.5	63.3
Dividends (cps)	30	40	27

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Transforming the Company

- Clear strategy [redacted]
- New appointment [redacted] ucture
- Costs and perfor [redacted] em
- Reserves review [redacted]

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The Strategic Vision

"The leading Australian energy company recognised by stakeholders and peers as being within the top quartile of the world's oil and gas companies"

Financial [redacted]		Operational [redacted]	
• Total Shareholder Returns	>14%	• Reserve Replacement	>150%
• Cashflow growth	>10%	• Finding Cost	<US $1.25 /BOE
• Earnings per Share growth	>10%	• Finding and Development Cost	<US $5.50 /BOE
• Return on capital employed	>10%	• Production Growth	5-8% p.a.

Santos aspires to be a top quartile performer by the end of 2003

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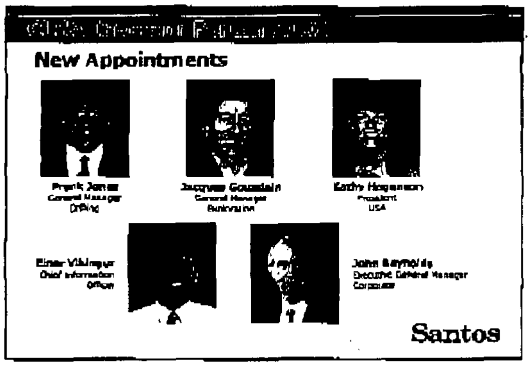
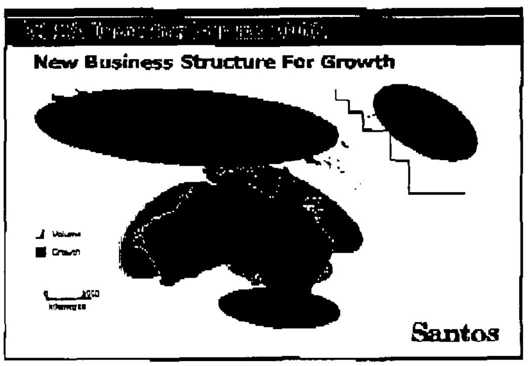
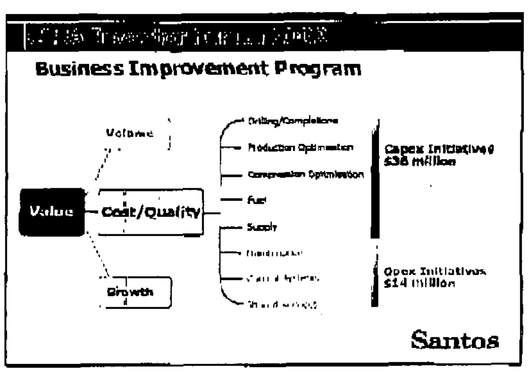
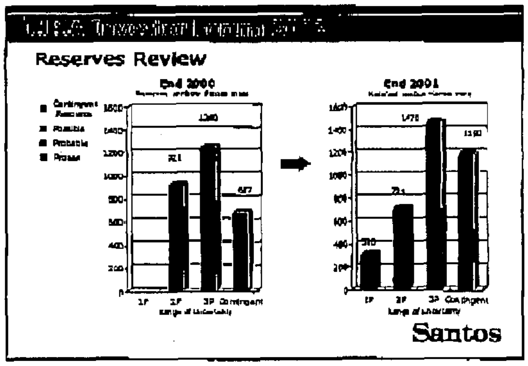
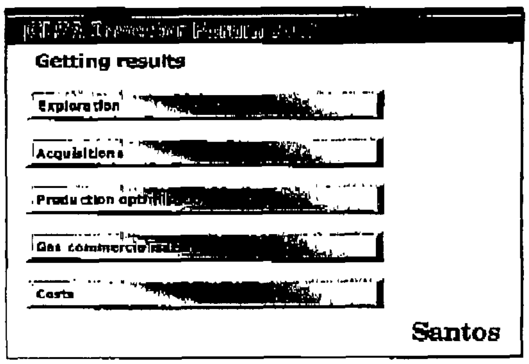
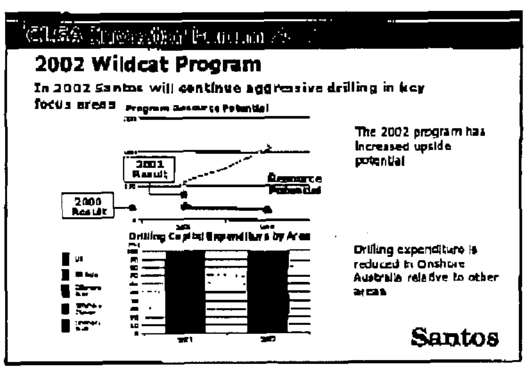

New Appointments
General Manager
General Manager
President
USA
Chief Information Officer
Executive General Manager
Santos


New Business Structure For Growth
Santos

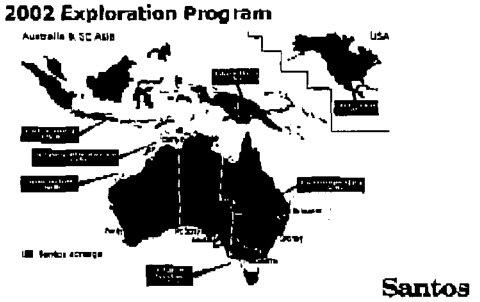

Business Improvement Program
Volume
Value
Cost/Quality
Growth
Drilling/Completions
Production Optimisation
Compression Optimisation
Fuel
Supply
Capex Initiatives
$38 million
Opex Initiatives
$14 million
Santos


Reserves Review
End 2000
End 2001
1340
1470
1190
Santos


Getting results
Exploration
Acquisitions
Production optimisation
Gas commercialisation
Costs
Santos


2002 Wildcat Program
In 2002 Santos will continue aggressive drilling in key focus areas
2001 Result
2000 Result
Resource Potential
The 2002 program has increased upside potential
Drilling Capital Expenditure by Area
Drilling expenditure is reduced in Onshore Australia relative to other areas
Santos

2002 Exploration Program



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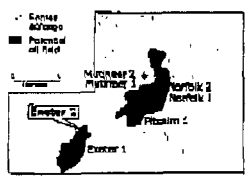
Transforming Exploration
Mutineer Complex/Exeter

Permit:	WA191-P
Interest:	33.4% (Exeter 45.5%)
Norfolk1:	20m net oil column
Norfolk2:	9m net oil column
Exeter1:	18m net oil column
Exeter2:	9m net oil column
Reserve Potential:	50 to 150 mmbbl



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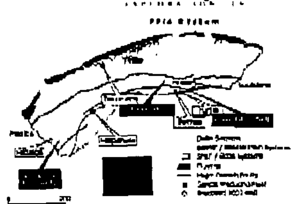
Esenjay Acquisition
Provides significant exploration upside

- 2002 (SUSAC) production 3.0 mmboe
- 2003 (SUSAC) production 3.9 mmboe
- Total net area: $1,900 (40,000 acres)
- Exploration prospects 47 (+32 prospects) Exploration resource potential of +450 BCF
- 3D seismic 4,100 sq. miles (+3,700 sq. miles)

ESENJAY



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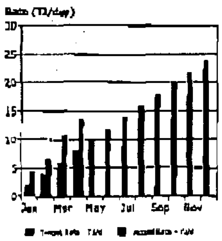
Production Optimisation
Santos Share

- 50% - 70% lower cost than conventional program
- Potential Capex saving of $20-30m/yr
- Estimated saving of $17M YTD 2002
- Potential to deliver ≈ 75 TJ/d initial rate increase
- 13.5 TJ/d added YTD 2002



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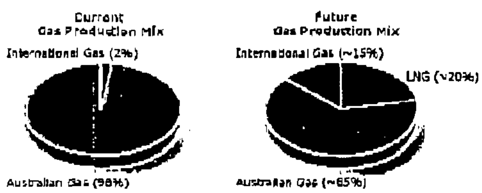
Santos' Gas Strategy
Focusing on Higher Margin Business



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Bayu/Undan

Wellhead Platform Number 1

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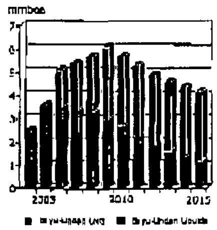
Bayu-Undan Liquids and LNG Project
- Santos First LNG Project

- Interest
  - 11.5% (upstream and downstream)
- Reserves
  - Liquids 400 mmboe
  - Gas 3.4 TCF (640 mmboe)
- LNG production to commence 2006
  - 2010 peak production of 3.0 mmboe(Santos share)
- Liquids production to commence 2004
  - 2006 peak production of 3.6 mmboe (Santos Share)
- Estimated cost
  - Liquids US$1.5 to $1.8 billion
  - LNG US$1.5 billion



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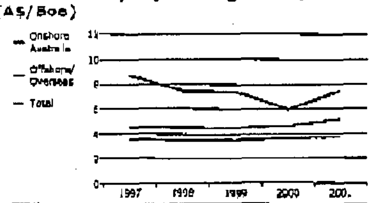
Santos Group Operating Costs/Boe
(A$/Boe)



	1997	1998	1999	2000	200.
Onshore Aust	3.63	3.80	[illegible]	[illegible]	3.78
Offshore/Overseas	[illegible]	7.44	7.30	5.98	7.47
Total	4.39	4.34	4.31	4.89	5.13

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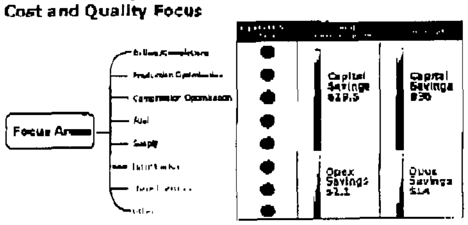
Business Improvement Program
Cost and Quality Focus



*Santos has targeted internal stretch targets in excess of $50m

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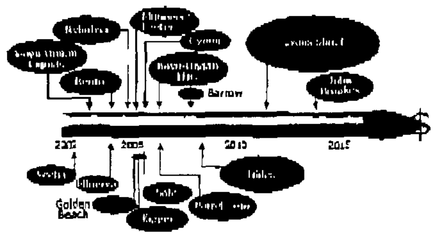
Growing Pipeline of Projects

Potential Timing & Volume



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Why Santos?

- Maintaining perfor[illegible]growth
- More dynamic [illegible] gas producer
- Developing inventory [illegible]
- Strong balance sheet [illegible]

"The team and strategy is delivering results"

Santos

Disclaimer and 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 affected 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, 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.

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Exploration

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2001 Exploration Achievements

- Discoveries in all areas of activity
- Spent $151M with overall 52% success rate
- Booked 2P reserve of 25.9 mmboe and discovered a mean resource of 67 mmboe (subject to further appraisal)
- Re-engineered exploration processes
- Focus on higher risk exploration prospects and new venture opportunities

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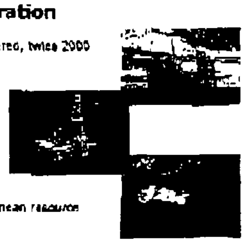
Improved 2001 Exploration

- Mean resource of 67 mmboe discovered, twice 2000
- 52% success rate
- Main discoveries:
  - Oyong
  - Wellington
  - Crows Nest
  - Corowa
  - Henderson
- In 2002 aiming to deliver twice the mean resource discovered in 2001



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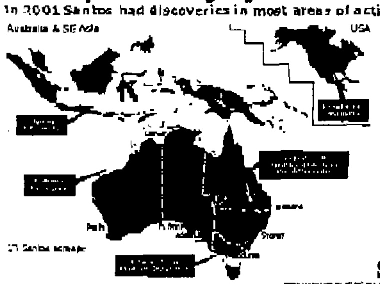
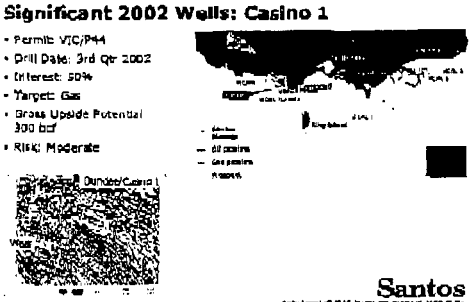
2001 Exploration Highlights

In 2001 Santos had discoveries in most areas of activity



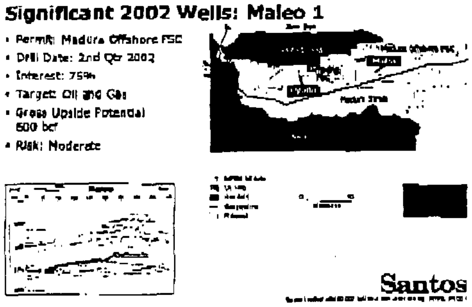
Significant 2002 Wells: Casino 1

- Permit: VIC/P44
- Drill Date: 3rd Qtr 2002
- Interest: 50%
- Target: Gas
- Gross Upside Potential 300 bcf
- Risk: Moderate



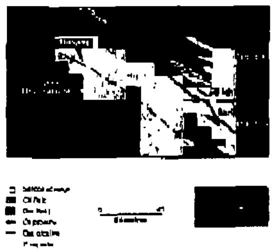
Significant 2002 Wells: Maleo 1

- Permit: Madura Offshore PSC
- Drill Date: 2nd Qtr 2002
- Interest: 75%
- Target: Oil and Gas
- Gross Upside Potential 600 bcf
- Risk: Moderate



Significant 2002 Wells: Bosavi 1

- Permit: PPL 206
- Drill Date: 3rd Qtr 2002
- Interest: 46%
- Target: Oil
- Gross Upside Potential 150 mmboe
- Risk: High



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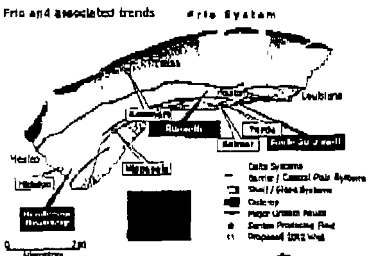
Significant 2002 Wells: South Texas

- Wildcat wells in Frio and associated trends
- Target: Gas
- Risk: Moderate



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Esenjay Acquisition

ESENJAY

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Acquisition Rationale

- Strategic fit with existing US activities
- Significant production impact in 2003
- High impact exploration potential
- Builds upon the results that new US team delivered in
- exposure to the the 23 TCF p.a. United States

Transaction Summary

- Expected to accelerate growth, provide exploration cycle time advantage, and enhance the development of Santos' balanced portfolio
- Total consideration of US$80 million (US$2.84 per share, 4% premium to recent closing price)
- Transaction values reserves at US$60 million and exploration potential at US$20 million. Expect to achieve F+D costs target of <US$5.50/boe.
- Expected to add:
  - Over 40,000 net acres of prospective leases, a four-fold increase
  - 32 new exploration prospects (22 drill-ready)
  - Access to 3,300 square miles of 3-D seismic
  - Reserves at YE 2001 of 47.3 BCF of gas and 1.0 million bbl of oil
  - Production at YE 2001 of 16 MCF/d of gas equivalent
  - Accretive to earnings in 2002

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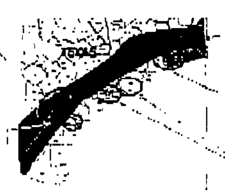
Growing Critical Mass In The US
Exploration & Delineation Portfolios



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Key Santos US Operating Facts

	2001	2002 Estimate
Production	1.0 MMboe	3.0 MMboe
YE Estimate 2P Reserves		
· Gas	59.3 BCF	130.0 BCF
· Oil and liquids	1.25 MMboe	2.14 MMboe
Exploration & Delineation Program		
· Portfolio Prospects	15 prospects	47 prospects
· Risked Resource Potential	100 - 125 BCF	425 - 575 BCF
Acreage	11,500 net acres	51,000 net acres
3-D seismic	800 square miles	4,100 square miles
Capex	US$ 22.1 million	US$ 39.0 million
Identified Acquisitions	US$ 28.5 million	US$ 80+ million
Identified Divestments	US$ 11.6 million	US$ 5-20 million

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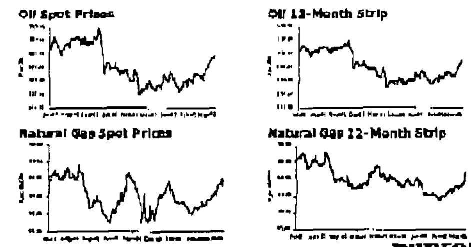
US Gas Market Outlook Is Positive

Commodity Price Activity From June 30, 2001 to Present[1]



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South Texas Offers A Competitive Advantage

- Mature infrastructure
- Drill depths below 13,000' lightly explored
- Rapid monetisation of resources
- Application of world-class, low-cost, fracture stimulation technology developed in the Cooper Basin

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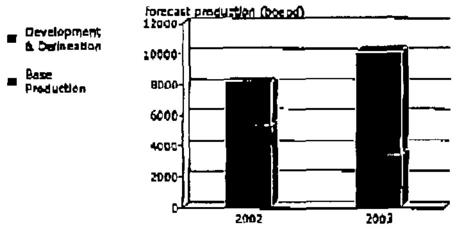
Growing US Production Profile
(post acquisition/prior to exploration)



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Expected Portfolio - YE 2002

- 84% production rate increase
  - 32 MMcfde to 59 MMcfde
- 3.0 MMboe production
- 116% 2P reserve growth
- Capital Investment of US$118 million
- Cash flow from operations of US$34.6 million
- ROCE of 13.2 %

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Gas Commercialisation

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Santos Gas Business

- Complements higher [illegible]
- Strong foundation [illegible]
- Diversified customer [illegible]
- Potential for growth in [illegible] through LNG

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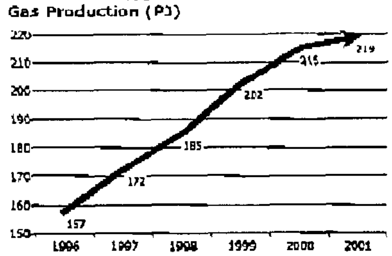
Record Santos Gas Production

Gas Production (PJ)



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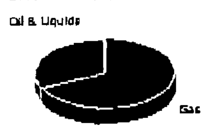
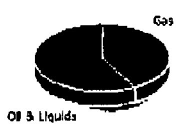
Santos is Oil and Gas

2001 Production



2001 Revenue



- Gas is [illegible] production
- Oil and [illegible] of total revenue [illegible]

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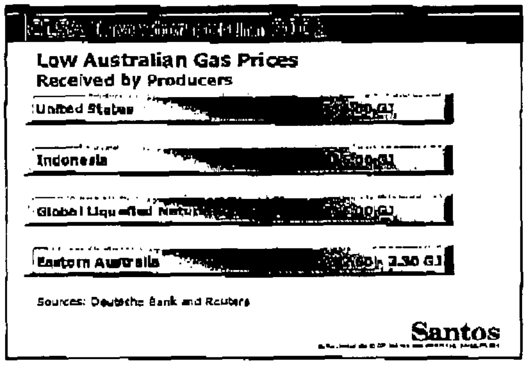
Low Australian Gas Prices
Received by Producers
United States
Indonesia
Global Liquefied Natu
Eastern Australia
Sources: Deutsche Bank and Reuters
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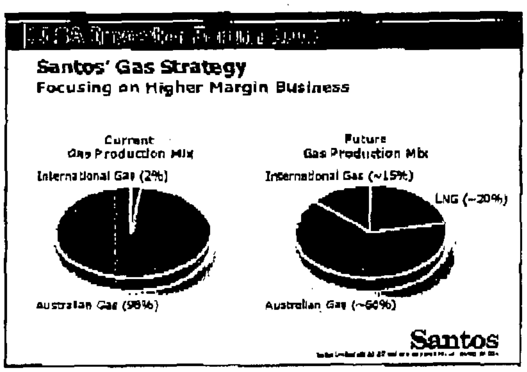
Santos' Gas Strategy
Focusing on Higher Margin Business
Current
Gas Production Mix
International Gas (2%)
Australian Gas (98%)
Future
Gas Production Mix
International Gas (~15%)
LNG (~20%)
Australian Gas (~60%)
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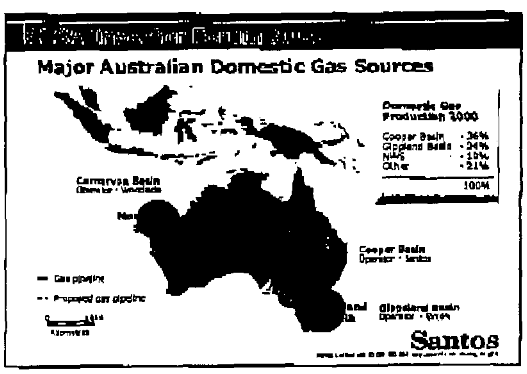
Major Australian Domestic Gas Sources
Cooper Basin - 36%
Gippsland Basin - 34%
100%
Carnarvon Basin
Cooper Basin
Operator - Santos
Gas pipeline
Proposed gas pipeline
Santos

Cooper Basin - World Class Petroleum Province

- Australia's largest onshore ...
- Original gas in place of ... able gas of 9.7 TCF
- Gas reserves of 3.5 TCF ...
- Reserve upside: price inc...
- 2001 production equal to ...

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Gas Prices and Supply

- Low gas price limits ...
- Infrastructure development ... efficiency
- Costs of distance and small ...
- Substantial quantities ... economic to develop at existing prices

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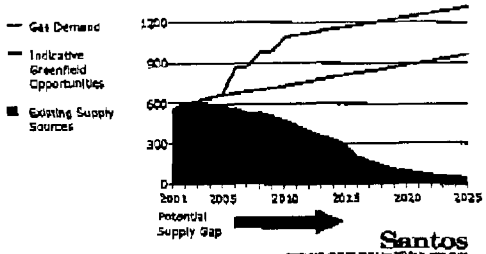
Eastern Australia Emerging Gas Supply Gap

Petajoules



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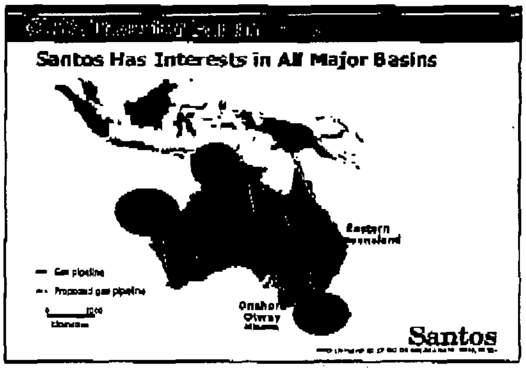
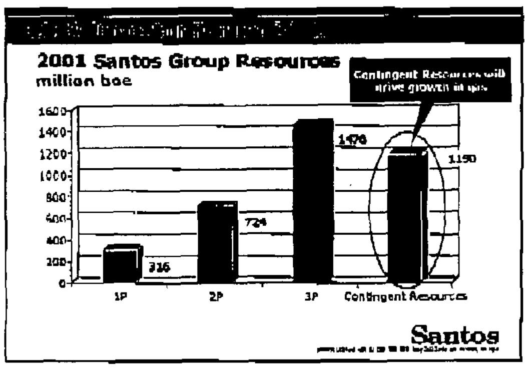
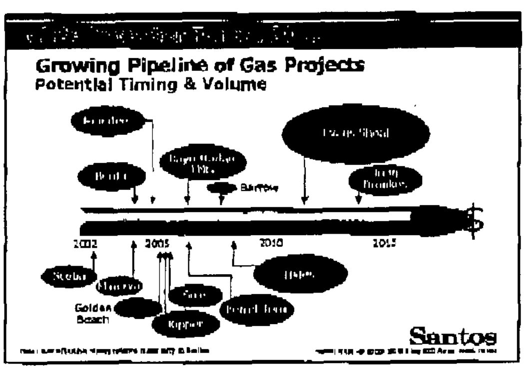

Santos Has Interests in All Major Basins
Eastern Queensland
Gas pipeline
Proposed gas pipeline
Onshore Otway
Santos


2001 Santos Group Resources
million boe
Contingent Resources will drive growth in gas
1600
1400
1200
1000
800
600
400
200
0
316
724
1476
1150
1P
2P
3P
Contingent Resources
Santos


Growing Pipeline of Gas Projects
Potential Timing & Volume
Barrow
2002
2005
2010
2015
Golden Beach
Santos

Timor Sea
Significant Gas Resource Base

	Greater Sunrise	Bayu Undan	Evans Shoal	Petrel & Tern	Blacktip	Total	% of Total
Shell	2.7	-	3.3	-	0.4	6.3	29%
Phillips	3.0	1.8	-	-	-	4.8	22%
Woodside	3.3	-	-	-	0.4	3.7	17%
Santos	[redacted]						19%
Osaka Gas	1.0	-	0.7	-	-	1.7	8%
Agip	-	0.2	-	-	0.3	0.5	2%
Kerr McGee	-	0.3	-	-	-	0.3	2%
INPEX*	-	0.4	-	-	-	0.4	2%
Total	10.0	3.6	6.6	1.2	1.0	21.8	100%

* [illegible]

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PNG Gas Project

Location	PNG Foldbelt - PDL's 1, 2, 4, 5
Reserves	5TCF Gas, 300MMbbl NGL
Santos Interest	PDL 1 = 25%
Operator	Esso Highlands Limited - 31% (pre backin)
Development	New CGF at Kutubu, wet gas pipeline to a marine processing facility in the Gulf of Papua, dry gas pipeline to Cape York and Brisbane. Utilise existing Kutubu facilities initially with later development and tie in of the Hides field.
Product Streams	capacity 600+MMscf Sales gas to QLD; 37,000bpd LPG, condensate and oil
First Gas	Nominally 2005, most likely 2006
Capital Cost	US$2,350m excl Aust P/L

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Growing List of Gas Projects

Project	Santos Interest (%)	Market	Development by date	Est. Annual Peak
[illegible]	[illegible]	Domestic Gas	[illegible]	[illegible]
Bayu-Undan LNG	[illegible]	Asian LNG	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	10.00%	[illegible]	2003-2004	[illegible]
[illegible]	[illegible]	Australian Domestic Gas	[illegible]	[illegible]
[illegible]	[illegible]	Australian Domestic Gas	[illegible]	[illegible]
[illegible]	[illegible]	Australian Domestic Gas	2004	[illegible]
[illegible]	[illegible]	Australian Domestic Gas	[illegible]	[illegible]
Hides (PNG Gas)	12.50%	Australian Domestic Gas	2006-2007	[illegible]
[illegible]	[illegible]	Australian Domestic Market	[illegible]	[illegible]
Evans Shoal	[illegible]	LNG/GTL	2010	[illegible]
[illegible]	20.00%	[illegible]	2008-2010	[illegible]

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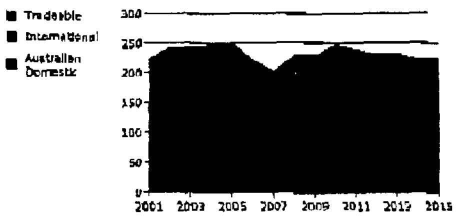
Baseline Gas Production Potential
Petajoules (excludes exploration & acquisitions)



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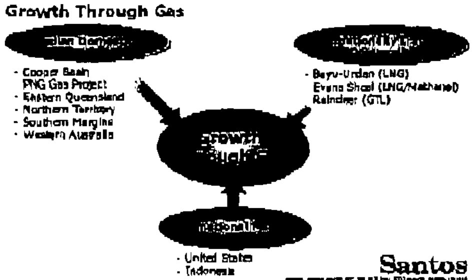
Santos' Gas Vision
Growth Through Gas



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Finance & Operations

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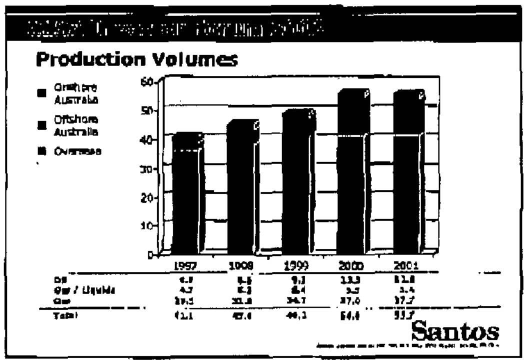
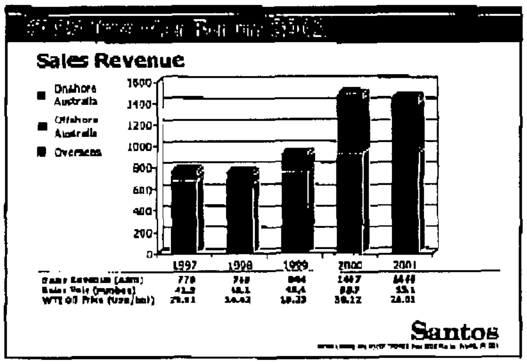
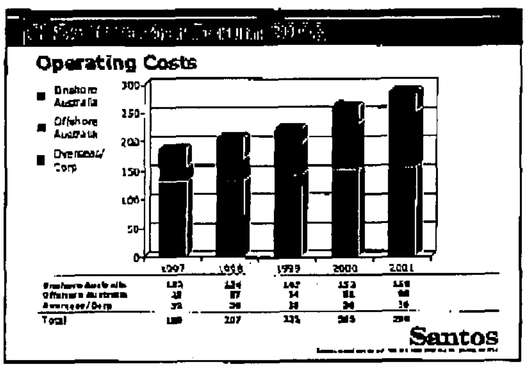
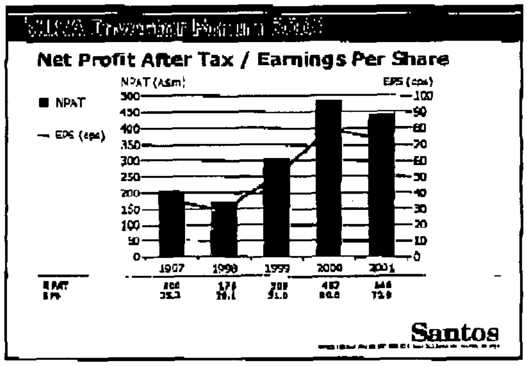
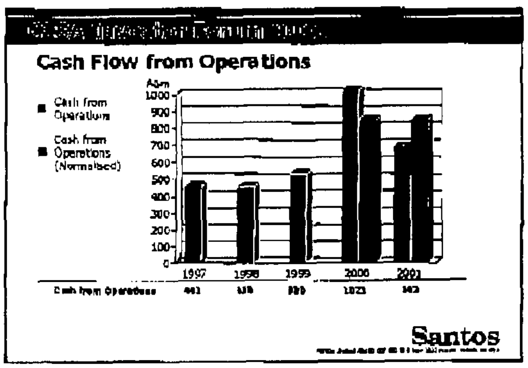
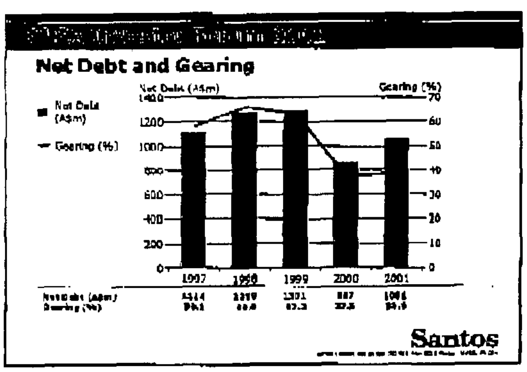

Production Volumes
Onshore Australia
Offshore Australia
Overseas
60
50
40
30
20
10
0
1997
1998
1999
2000
2001
Total
Santos

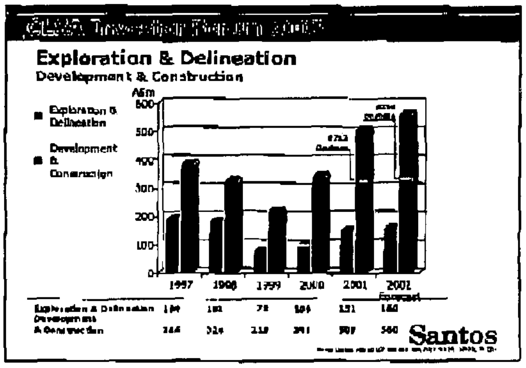

Sales Revenue
Onshore Australia
Offshore Australia
Overseas
1600
1400
1200
1000
800
600
400
200
0
1997
1998
1999
2000
2001
Santos

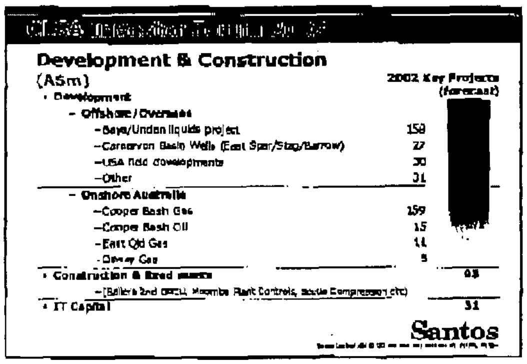

Operating Costs
Onshore Australia
Offshore Australia
Overseas/ Corp
300
250
200
150
100
50
0
1997
1998
1999
2000
2001
Total
207
Santos


Net Profit After Tax / Earnings Per Share
NPAT (A$m)
EPS (cps)
NPAT
EPS (cps)
1997
1998
1999
2000
2001
Santos


Cash Flow from Operations
A$m
Cash from Operations
Cash from Operations (Normalised)
1997
1998
1999
2000
2001
Santos


Net Debt and Gearing
Net Debt (A$m)
Gearing (%)
1997
1998
1999
2000
2001
Santos


Exploration & Delineation
Development & Construction
A$m
600
500
400
300
200
100
0
Exploration & Delineation
Development & Construction
1997
1998
1999
2000
2001
2002 Forecast
Exploration & Delineation
Development & Construction
Santos


Development & Construction
(A$m)
2002 Key Projects (forecast)
Development
Offshore / Overseas
Bayu/Undan liquids project 158
Carnarvon Basin Wells (East Spar/Stag/Barrow) 27
USA field developments 30
Other 31
Onshore Australia
Cooper Basin Gas 159
Cooper Basin Oil 15
East Qld Gas 11
IT Capital 31
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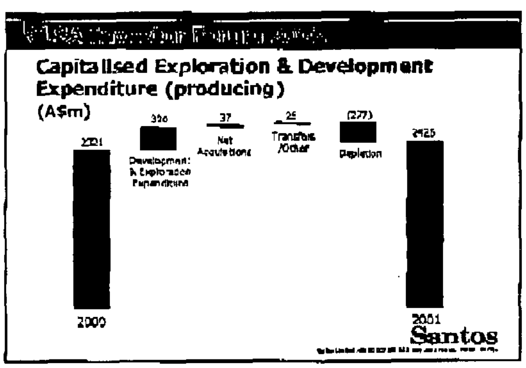
Capitalised Exploration & Development Expenditure (producing)
(A$m)
37
Net Acquisitions
Transfers /Other
(277)
Depletion
2000
2001
Santos

[illegible]

Forward Hedging

	[redacted]			2005
Oil & Liquids				
Forwards (MMbbl)	1.73			
Avg price US$/bbl	24.36			
Total (MMboe)	1.73			
% of remaining 2002 oil & liquid sales	13			
Currency				
Forwards (US$m)	18			
Avg exchange rate	0.5206			
collars (US$m)	38	12		
Avg exchange rate	0.5061/	0.4923/		
-floor/cap	0.5400	0.5330		
Debt (US$m)	34	31	15	39
Avg exchange rate	0.7070	0.7678	0.6127	0.6604
Total (US$m)	66	43	55	38
Avg exchange rate	0.6080	0.6646	0.6127	0.5804
% remaining 2002 US$ revenue	25	20	15	15

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[illegible]

Sensitivities

US$1 change in oil [redacted] AU$23.0 million in profit after tax

One cent movement in [redacted] AU$7.0 million change in profit [redacted]

A 1% change in interest [redacted] tax movement of AU$7.0 milli[redacted]

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[illegible]

Reserves

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Reserves Review

Reserves Category	Reserves (mmboe Santos Share)				
	YE 2000	Production	Revisions	Expl/Appr/Acq Adds	YE 2001
Proved (1P)	N/A	-56	355	17	316
Proved & Probable (2P)	921	-56	-169	28	724
Proved & Probable & Possible (3P)	1260	-55	169	105	1478
Contingent Resource (best estimate)	687	-	29	474	1190

Notes

- 1P: Estimate of 316 mmboe (not previously estimated)
- 2P: Revised down by 169 mmboe (-18%)
- 3P: Increased by 218 mmboe (+17%)
- Contingent: Increased by 503 mmboe (+73%)

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Proved and Probable Hydrocarbon Reserves

	Sales Gas (Incl. Ethane) PJ	Crude Oil million barrels	Condensate million barrels	LPG '000 tonnes	Total mmboe
Estimated Reserves at 31/12/00	[illegible]	27	[illegible]	[illegible]	[illegible]
2001 Production	-210	-13	-7	[illegible]	[illegible]
2001 Revisions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2001 Exploration Additions	[illegible]	2	[illegible]	32	[illegible]
[illegible]	[illegible]	0	1	[illegible]	7
Acquisitions/Divestments	[illegible]	0	0	3	[illegible]
Estimated Reserves at 31/12/01	[illegible]	[illegible]	[illegible]	[illegible]	724

Notes

- Major negative revisions in gas fields (gas & gas/liquids)
- Positive revisions in oil fields

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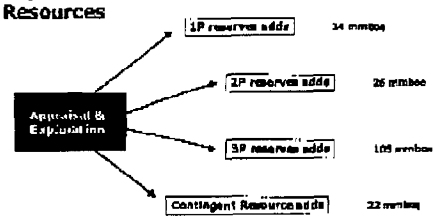
Impact of Santos' 2001 Appraisal & Exploration Activities on Reserves & Resources



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Key Outcomes from Reserves Review

- Santos' reserves reporting consistent with international standards and top quartile E&P companies
- Contingent Resources
- Established the basis for improved field management so that capital and human resources can be allocated more effectively
- Provides a better handle on asset base for portfolio optimisation

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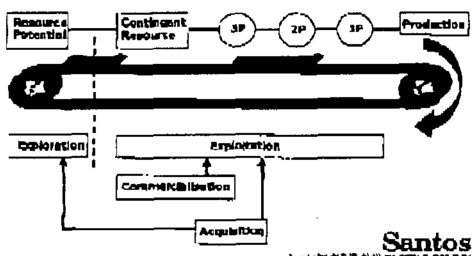
The Future
Resource - Reserve Conveyor Belt



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Current Projects

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Production by Field

	Santos Interest (avg %)	2000	2001
Cooper Basin	60.00	36.3	35.5
Surat/Denison	various	2.0	1.9
Amadeus	65.00	2.2	2.2
Otway	64.00	0.8	1.2
East Spar	45.00	4.4	4.4
SUSAC	40.00	0.7	1.0
Elang/Kakatua	21.40	1.4	0.9
Legendre	22.60	0.0	1.5
Barrow/Thevenard	28.60	2.9	2.1
Jabiru/Challis	10.30	0.3	0.3
Stag	54.20	4.6	3.7
SE Gobe	9.40	0.4	0.5
		58.0	55.7

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Corporate

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Shareholder Focus

Share Buy-B[illegible]

- Distributed $250m of cash to shareholders
- Three times over-subscribed

Convertible Pr[illegible]es

- $250m plus over-subscription of $100m
- More than twice over-subscribed, 78% allocated to existing shareholders

TSR 10% capital and dividends, 14% including Buy-back

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[illegible]

15% Shareholding Limit

- July 12 South Australia [illegible] of limit
- Santos remains comm[illegible]
- Retention is not long [illegible]

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