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Date: Wed 14 Jan 2004 11:57:08 PM EST

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14 January 2004

Bayu-Undan project achieves key milestones

Santos Limited is pleased to announce the achievement of two significant milestones at the Bayu-Undan project with the flowing of first gas from the Bayu-Undan gas and liquids field.

The project has successfully opened two wells for production as part of the commissioning and start-up procedures for the Wellhead Platform Number 1. In addition, 1000 metric tonnes each of propane and butane have also been loaded onto the Liberdade Floating Storage Offtake vessel to pre-cool the LPG storage tanks in advance of LPG production from the field.

"The completion of these major events over the holiday period represent important milestones in the offshore completion program," Santos' Managing Director, Mr. John Ellice-Flint, said today.

"Bayu-Undan remains on schedule for first liquids production in April 2004 and this latest achievement gives us increased confidence we will successfully deliver commercial liquids production in coming weeks."

Santos, with a 10.6 per cent interest, is the only Australian-owned company involved in the world class project which is located in the Timor Sea. ConocoPhillips with a 56.7% interest operates the Bayu-Undan project.

The project's first stage - due to come on stream in April 2004 at an estimated cost of US\$1.8 billion - is the Gas Recycle (Liquids) Project which involves the stripping of Natural Gas Liquids (condensate and LPG) from the Bayu-Undan field's gas stream and re-injecting the residual gas.

The second stage Liquefied Natural Gas (LNG) development involves transporting the residual gas to Wickham Point, Darwin in the Northern Territory and processing into LNG for export to Japan. The LNG project is estimated to cost around US\$1.5 billion with production to commence in the first half of 2006.

Santos Limited is a major Australian oil and gas exploration and production company with interests in all Australian hydrocarbon provinces. The Santos Group also operates in the USA, Indonesia and PNG.

Interests in the total Bayu-Undan project are:

| | |
|---------------------------|--------|
| ConocoPhillips (Operator) | 56.72% |
|---------------------------|--------|

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newsrelease

| | |
|--|--------|
| ENI | 12.04% |
| Santos Group | 10.64% |
| INPEX | 10.52% |
| Tokyo Electric Power Company, Incorporated/ Tokyo Gas Co., Ltd. | 10.08% |

FOR FURTHER INFORMATION PLEASE CONTACT:

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Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR)

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Santos

Date: Thu 15 Jan 2004 12:00:02 AM EST

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. SECURITIES EXCHANGE COMMISSION
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. From: SANTOS LTD
. SANTOS HOUSE
. 91 KING WILLIAM STREET
. ADELAIDE SA 5000
Subject: Santos weekly drilling summary w/e
. 15/01/04
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Week Ending 15th January 2004

Wildcat Exploration Wells

Jeruk 1

| | | |
|--|--|-----|
| Type | Exploration | |
| Location | Offshore Indonesia Sampang PSC, East Java Basin. 35km WSW of the Oyong Field and some 40km SE of Surabaya. | |
| Status at 1500hrs 14/01/04 (Jakarta Time) | Run in hole prior to drilling out cement. The current depth is 4083m with no progress for the week. | |
| Planned Total Depth | 5172m | |
| Interest | Santos Group | 50% |
| | PT Medco Sampang | 50% |
| Operator | Santos Group | |

Torres 1

| | | |
|--|--|----------|
| Type | Gas Exploration | |
| Location | Texas, USA West Mercedes Prospect, Hidalgo County. | |
| Status at 0600hrs 14/01/04 (Houston Time) | Preparing to run intermediate casing. The current depth is 3103m with 18m progress for the week. | |
| Planned Total Depth | 4176m | |
| Interest | Santos Group | 25.0% WI |
| Operator | Suemaur Group | |

Hebe 1

| | | |
|-------------------------------|--|----------|
| Type | Gas Exploration | |
| Location | QLD, Cooper Basin ATP 259P (Former Aquitaine A Block), 7.3km ESE of Vega 1, 8.8km E of Baryulah East 1 and some 42km S of the Ballera Gas Centre. | |
| Status at 0600hrs 15/01/04 | Pulling out of hole to change the bit. The current depth is 2170m with 1312m progress for the week. | |
| Planned Total Depth | 2521m | |
| Interest | Santos Group | 83.2625% |
| | Delhi | 0%* |
| | Origin Energy Resources Ltd | 16.5000% |
| | Oil Company of Australia | 0.2375% |
| | * - Delhi elected not to participate | |
| Operator | Santos Group | |

Corsair 1

| | | |
|-------------------------------|--|----------|
| Type | Gas Exploration | |
| Location | QLD, Cooper Basin ATP 259P (Former Naccowlah Block), 1.2km ENE of Roti West 1, 3.0km NNW of Roti 1 and some 40km E of the Ballera Gas Centre. | |
| Status at 0600hrs 15/01/04 | Drilling ahead. The current depth and progress for the week 1295m. Corsair 1 spudded on 10/01/04. | |
| Planned Total Depth | 2675m | |
| Interest | Santos Group | 83.2625% |
| | Delhi | 0%* |
| | Origin Energy Resources Ltd | 16.5000% |
| | Oil Company of Australia | 0.2375% |
| | * - Delhi elected not to participate | |
| Operator | Santos Group | |