

20 January 2005

Jeruk 2/ST3 well results

Santos Limited (Santos) advises that testing operations conducted by its wholly owned subsidiary, Santos (Sampang) Pty Ltd, have been completed on the Jeruk 2 wellbore and the well will now be suspended for re-entry at a later date.

This decision follows analysis of data from the open-hole Drill Stem Test (DST) 3 conducted during the past week and mechanical well bore difficulties.

The rig will now move to drill the Agung 1 well in the North Bali 1 Production Sharing Contract (PSC).

Examination of data obtained during the test confirmed that a mixture of fluids containing oil flowed to the surface during the initial flow from DST 3. The fluid mixture flowed at an unstabilised rate as part of the initial "clean-up" flow. The oil has an estimated gravity of 33° API, the same as oil recovered from earlier DSTs in the Jeruk field.

The open-hole DST 3 commenced on 9 January 2005 and was performed over a 30 metre interval from 5,430m to 5,460m measured depth. During the initial part of the DST the test tools became plugged with well debris preventing further flow.

A stable flow rate could not be established. Several attempts were made to clear the plugged test string. However, it became impractical to continue testing operations and the well will now be suspended.

The results from DST 3 indicate that oil is present in the Jeruk field down to at least 5,460m measured depth. Analysis of data following completion of the test indicates that the oil tested in Jeruk 2 DST 3 is part of the same hydrocarbon column as that tested in Jeruk 2 DST 1 over the interval 5,134m to 5,152m in the Jeruk 2/ST2 (Side Track) well bore.

A hydrocarbon column of at least 379m has therefore been encountered in the Jeruk field indicating likely recoverable reserves in excess of the pre-drill estimate of 170 million barrels.

"The results of Jeruk 2 are very encouraging. We are currently integrating all data into a final evaluation of the well which will help us narrow a likely reserve range for the field," Santos' Managing Director, Mr. John Ellice-Flint, said today.

Jeruk 2 was drilled to follow up the Jeruk 1 well, which finished drilling in early April 2004 about 1.6 kilometres west of Jeruk 2. The well is in the Sampang PSC area in water depth of 44 metres and it is located approximately 42 kilometres from the Indonesian city of Surabaya.

A 3D seismic survey is currently being conducted in the Sampang PSC which will extend over the Jeruk field area. Following the 3D seismic survey the program to appraise the field more fully will be developed.

Interests in the Jeruk field are:

Santos (Sampang) Pty Ltd (operator)	50%
PT Medco Sampang	50%

FOR FURTHER INFORMATION PLEASE CONTACT:

Media enquiries:	Investor enquiries:
Kathryn Mitchell	Mike Hanzalik
(08) 8218 5260 / 0407 979 982	(08) 8224 7725 / 0439 892 143

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