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Santos delivers Scotia Project ahead of schedule and under budget, sells non-core Denison assets

Santos has successfully completed commissioning and start-up of the Scotia CF1 project in Queensland, ahead of schedule and under budget with initial full field production exceeding 40 TJ/day, in line with expectations.

The project, situated in the Bowen Basin, 340km northwest of Brisbane, will supply about 70 TJ/day at peak production in late 2019, significantly boosting gas supply to the Santos GLNG project and benefiting both the east coast domestic gas and export LNG markets.

More than 400 people worked on the project which involved expanding the Scotia compression plant and field from 23 to more than 100 wells, building 85km of linear infrastructure, two 4G communications towers and an irrigation system for water treatment.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said the execution of the project was outstanding, coming in well ahead of schedule and well under budget.

"The project was estimated to cost A\$493 million, but the team has delivered it for A\$416 million, sixteen per cent under budget," Mr Gallagher said.

"Site infrastructure is also running three months ahead of schedule and some of the well completions are a year ahead of time."

"This is a testament to the Santos team and reflects our laser focus on cost of supply, innovation and efficiency over the last two and a half years. No other operator can match Santos' position as Australia's lowest cost onshore developer."

"The project is entirely on private land and I thank our landholders for their cooperation and support which has made this achievement possible."

Denison sale

Santos today also announced the sale of its non-core Denison Trough assets in Queensland to Orient (Denison Trough) Pty Ltd, owned by a consortium of Shandong Order Gas Company and Orient Energy, for up to A\$43 million.

The assets sold comprise Santos' 50% non-operated interests in the Denison conventional assets¹ as well as ATP 1177. Santos has received A\$22 million in cash at completion and is entitled to further contingent payments of up to A\$21 million if certain milestones are achieved by the purchaser. Santos expects to record a profit on sale at completion of approximately A\$70 million.

Mr Gallagher said the sale of the Denison assets is consistent with Santos' ongoing strategy to realise value from its non-core assets.

¹ Comprising Santos' 50% non-operated interests in PL 41, 42, 43, 44, 45, 54, 67, 173, 183 & 218 and PPL 10 & 11.

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