

15 June 2003

Final Bayu-Undan gas development approval clears way for Australia's second LNG development. Puts Santos into world LNG market.

Santos Limited is set to formally join the world Liquefied Natural Gas (LNG) market and add more than three million barrels of oil equivalent to its annual production following signing of final approvals for the giant Bayu-Undan gas development by the Timor Sea Designated Authority.

"This project, involving Timor-Leste and Australia, will be the first cross-border LNG project in the region and the second LNG project in which Australia is involved," Managing Director, Mr John Ellice-Flint, said today.

"It increases total revenue from the Bayu-Undan project (liquids and LNG) to over A\$30 billion".

"Santos is the only Australian company involved in this world-class project and the final approvals clear the way for the Company to make its first entry into the global LNG market,"

"This is a significant milestone for Santos and establishes LNG as a new cornerstone contributor to group revenue and earnings," Mr Ellice-Flint said.

"Bayu-Undan is the 'first of the new breed of company builders' for Santos".

"It is testimony to the Company's increasing success at diversifying our business to maximise shareholder value".

"The approval also signals the start of an additional gas business for Santos in the Northern Territory and South East Asia".

The LNG development is the second stage of the Bayu-Undan project and is estimated to cost around US\$1.5 billion.

The LNG stage is underpinned by a binding Heads of Agreement with The Tokyo Electric Power Company, Incorporated (TEPCO) and Tokyo Gas Co., Ltd. (TG) for three million tonnes per annum of LNG for 17 years, commencing in early 2006.

"The passage of the fiscal stability legislation by Timor-Leste and the approval of the gas development plan by the Designated Authority represents an unconditional approval and final investment decision for the project on terms that maintain an appropriate rate of return," Mr Ellice-Flint said.

"These were the final regulatory hurdles to overcome so that the participants can now deliver a significant project for Timor-Leste, Australia and Santos".

The project's first stage, the Gas Recycle (Liquids) Project, is due to come on stream in the first half of next year.

"For Santos, the combined Liquids and LNG projects will add over 6 million barrels of oil equivalent (mmboe) per annum at peak production. This is equivalent to approximately 10% of Santos' 2002 production. It will also result in a 46 mmboe increase in proven reserves based on the new interests."

ConocoPhillips will sell a participating interest in the Bayu Undan upstream development currently equivalent to a 10.08% unitised interest to TEPCO and TG. Under an equity realignment agreement Santos will sell a 1.19% interest, resulting in an ongoing holding of 10.64%.

Current interests in the total Bayu-Undan project are:

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|---------------------------|--------|
| ConocoPhillips (Operator) | 64.14% |
| AGIP | 12.32% |
| Santos Group | 11.83% |
| INPEX | 11.71% |

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.

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

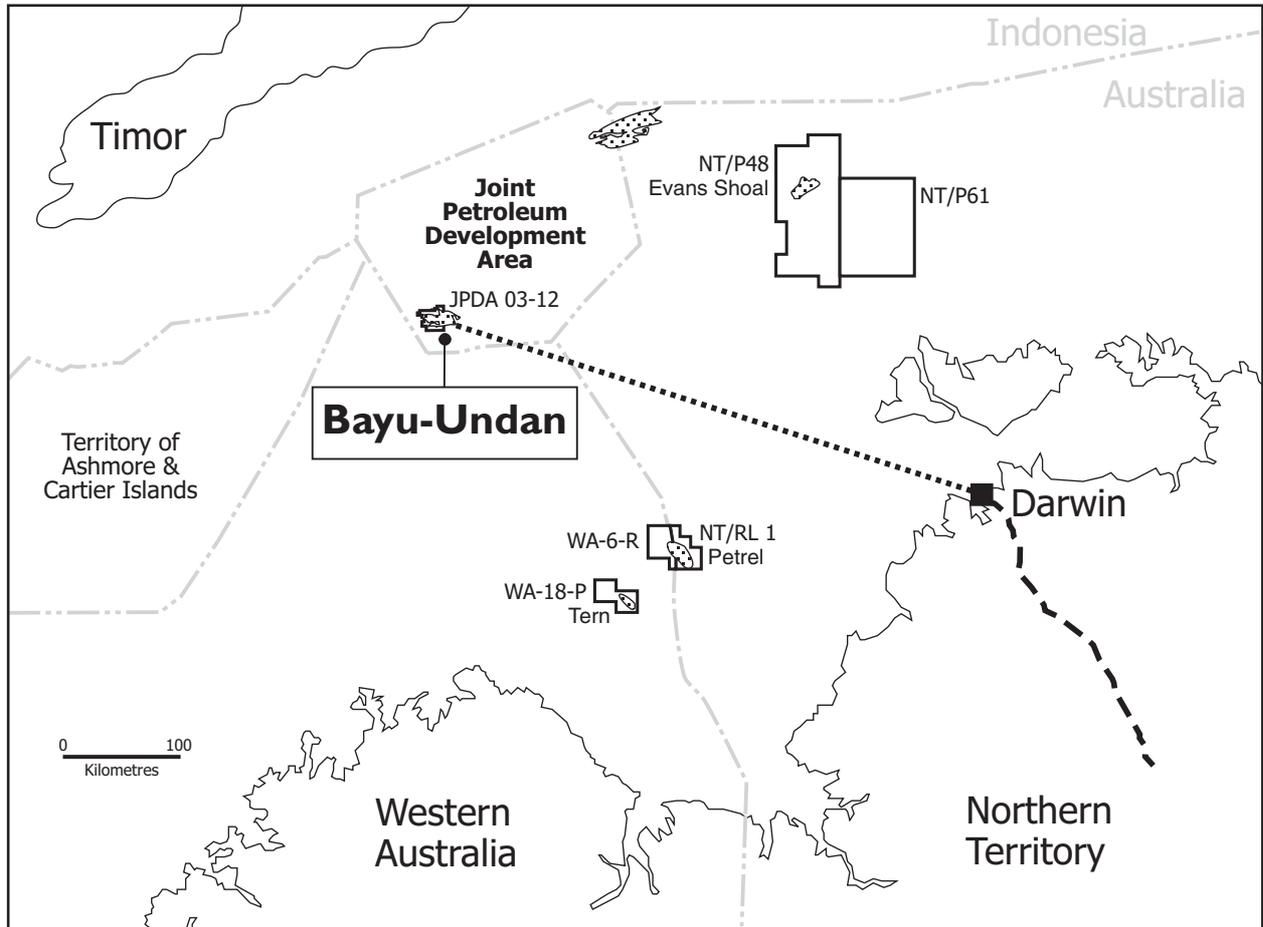
Map attached

Fact sheet attached

ConocoPhillips release attached

Photos available

Bayu-Undan Liquids & LNG Project



Legend

-  Santos acreage
-  Gas field
-  Gas pipeline
-  Proposed gas pipeline



Fact Sheet

Bayu-Undan

- The Bayu-Undan gas and liquids field is located in 80 metres of water approximately 500 kilometres north west of Darwin, Australia and 250 kilometres south of Suai, East Timor in the Joint Petroleum Development Area (JPDA). Production revenue from the JPDA is shared between Timor-Leste (90% revenue share) and Australia (10% revenue share).
- Bayu-Undan is a world-class resource discovered in 1995. Total recoverable hydrocarbons are estimated by the Operator to be 3.4 trillion cubic feet of natural gas and 400 million barrels of condensate and liquefied petroleum gas.
- Development is occurring in two phases, first a US\$1.8 billion Gas Recycle (Liquids) project and second, the US\$1.5 LNG project and pipeline. Total revenue from the two phases is expected to exceed A\$30 billion.
- The entire project is operated by US company, ConocoPhillips. The other interest holders are Santos, AGIP, INPEX, The Tokyo Electric Power Company, Incorporated (TEPCO) and Tokyo Gas Co., Ltd. (TG)

Gas Recycle (Liquids) Project

- The Liquids Project was approved by regulatory authorities in February 2000. It involves offshore production of gas and separation of condensate and LPG from the gas for sale. The gas not transferred to Darwin for LNG production will be reinjected back into the underground reservoir.
- The field development involves 16 development wells (currently being drilled), three fixed platforms (currently being installed) and a floating, storage and offloading (FSO) unit. Liquids will be loaded into shuttle tankers from the FSO for export.
- First production is expected in early 2004 with a ramp-up to full production by mid-year.

LNG Project

- In March 2002 an affiliate of ConocoPhillips announced that it had signed Heads of Agreement with TEPCO and TG detailing terms for the sale of three million tons per year of LNG. The agreement covers a 17 year period,

with the first cargo scheduled for early 2006. The agreement commits nearly 100 per cent of Bayu-Undan proven reserves.

- The LNG phase will involve construction of a 500 km pipeline and a gas liquefaction plant at Wickham Point near Darwin.

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NEWS RELEASE

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Bayu-Undan Gas Development Plan Approved

PERTH, June 15, 2003 --- ConocoPhillips [NYSE: COP], through various affiliates, and its co-venturers are pleased to announce that the gas development plan for the Bayu-Undan project has been approved by the Timor Sea Designated Authority. The project participants have unanimously approved the gas development phase of the project and, with receipt of this final approval, will proceed immediately with engineering, procurement and construction (EPC) for the three million tonne per annum Darwin LNG Project.

“This landmark approval by the Timor Sea Designated Authority marks a significant event for the further development of reserves in the Timor Sea area,” said Stephen Brand, president of ConocoPhillips 91-12 Pty Ltd. “This project will have positive impacts for all the stakeholders in the region and specifically for Timor-Leste, Australia and the Northern Territory. ConocoPhillips appreciates the support that all of the stakeholders have provided during this approval process.”

Bayu-Undan is a world-class gas condensate field that has been fully appraised and contains estimated recoverable hydrocarbons of 400 million barrels of condensate and liquefied petroleum gas (LPG) and 3.4 trillion cubic feet of natural gas. The field straddles production sharing contract areas 03-12 and 03-13 in the Joint Petroleum Development Area between Timor-Leste and Australia. It is located in 80 meters of water about 250 kilometers south of Suai, Timor-Leste, and 500 kilometers northwest of Darwin, Australia.

The US\$1.5 billion gas development project will involve a gas pipeline from Bayu-Undan to Darwin and a liquefied natural gas (LNG) facility located at Wickham Point, Darwin.

The LNG plant will utilize ConocoPhillips' proprietary Optimized Cascade LNG Process, which is also used at a company-operated LNG plant in Kenai, Alaska, and in other projects around the world. The first LNG cargo is scheduled for delivery in early 2006.

Darwin LNG Pty Ltd, currently a ConocoPhillips affiliate but soon to be owned by all project participants, signed a Heads of Agreement (HOA) in early 2002 with The Tokyo Electric Power Company, Incorporated (TEPCO) and Tokyo Gas Co., Ltd. (TG) detailing terms for the sale of three million tons per year of LNG. The agreement covers a 17-year period and commits nearly 100 percent of the proven reserves of this field. The approval of the development plan by the Timor Sea Designated Authority satisfies the remaining condition precedent necessary for the HOA to have binding effect and for the project to proceed.

As previously announced in early 2002, ConocoPhillips will sell Phillips Petroleum Timor Sea Inc. to TEPCO and TG, which will result in the Japanese companies owning 22.5 percent in PSC 03-13 which currently equates to a 10.08 percent interest in the unitised Bayu-Undan field, pipeline and the LNG facility.

The project participants previously approved the gas recycle phase of the development in late 1999 and received approval of the original gas recycle project development plan in early 2000. The Bayu-Undan gas recycle project is expected to begin production of condensate and LPG in 2004.

ConocoPhillips is operator of the Bayu-Undan project, with a current controlling interest of 64.2 percent. Co-venturers' current participating interests include: Santos [STO (ASX) and STOSY (NASDAQ ADR)], 11.8 percent; INPEX, 11.7 percent; and Eni Australia, 12.3 percent.

ConocoPhillips is an integrated petroleum company with interests around the world. Headquartered in Houston, the company had approximately 56,600 employees and US\$80 billion of assets as of March 31, 2003. For more information, go to www.conocophillips.com.

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CAUTIONARY STATEMENT FOR THE PURPOSES OF THE "SAFE HARBOR"
PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain statements contained in this press release are "forward-looking statements" within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risk and uncertainty. The factors identified in this cautionary statement are important factors (but not necessarily all important factors) that could cause actual results to differ materially from those expressed in any forward-looking statement. Factors which could cause the result to differ from those expected or believed to be achieved or accomplished are: availability of drilling and production equipment and skilled workers; and securing of transportation to gas customers. In any forward-looking statement in which the company expresses an expectation or belief as to future results, such expectations or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement or expectation or belief will result or be achieved or accomplished. Additional information concerning factors that could cause actual results to differ materially are contained in the company's reports filed with the Securities and Exchange Commission (SEC). Copies of the company's filings with the SEC are available at <http://www.conocophillips.com>.