

# Third Quarter Activities Report

For period ending 30 September 2019

ASX: STO | ADR: SSLZY

# Santos

17 October 2019

## Record quarterly production and sales volumes

- Third quarter production of 19.8 mmboe was a record for Santos and 32% up on the corresponding quarter
- Production was 7% higher than the second quarter with higher production from all Australian assets
- Record sales volumes of 25.2 mmboe were 25% higher than the corresponding quarter
- Sales revenue of \$1,030 million was the second highest quarterly revenue on record

## Dorado appraisal success

- Well tests confirmed the field is capable of producing flow rates at the higher end of pre-drill expectations
- The oil test rate of 11,100 barrels per day (facilities constrained) was one of the highest ever from a North West Shelf appraisal well test
- Well test results supportive of FEED-entry in early 2020

## Strong free cash flow

- Santos generated \$214 million in free cash flow in the quarter, bringing total free cash flow for the nine months to \$852 million

## Acquisition of ConocoPhillips' northern Australian interests announced

- On 14 October, Santos announced the acquisition of ConocoPhillips' interests in Northern Australia for US\$1.39 billion plus a contingent \$75 million on Barossa FID<sup>1</sup>
- Value accretive acquisition of operating interests in long-life, low cost natural gas assets and strategic LNG infrastructure consistent with Santos' core asset growth strategy
- Fully-funded from existing cash resources and new committed debt

Santos Managing Director and Chief Executive Officer Kevin Gallagher said it was another strong quarter for Santos, highlighted by record production and sales volumes, and the second highest quarterly sales revenue on record.

"Santos continues to generate strong free cash flows from the consistent application of our disciplined operating model."

"Another highlight of the quarter was the successful appraisal of the Dorado field which is one of the most exciting growth projects in our portfolio. Following the strong well test results, we are targeting FEED-entry in early 2020."

"The acquisition of ConocoPhillips' northern Australia interests announced earlier this week delivers shareholders operatorship and control of long-life, low cost natural gas assets and strategic LNG infrastructure aligned to our brownfield growth strategy. Santos is keen to work with our joint venture partners to achieve alignment to support our Barossa development and to facilitate the future development of the vast discovered resources offshore and onshore Northern Territory."

"This value accretive acquisition will also further reduce our free cash flow breakeven oil price and strengthen our offshore operating and development expertise to drive growth across northern and Western Australia where we have a significant existing resource position," Mr Gallagher said.

<sup>1</sup> The acquisition is subject to third-party consents and regulatory approvals.

## Comparative performance

Santos share	Units	Q3 2019	Q2 2019	Change	2019 YTD	2018 YTD	Change
Production	mmboe	19.8	18.6	7%	56.8	43.0	32%
Sales volume	mmboe	25.2	22.4	13%	70.4	58.3	21%
Ave. realised oil price	\$/bbl	70.20	79.22	-11%	71.37	77.10	-7%
Sales revenue	\$million	1,030	959	8%	3,004	2,653	13%
Capital expenditure <sup>1</sup>	\$million	268	270	-1%	715	487	47%

<sup>1</sup> Capital expenditure including restoration expenditure and acquisition of exploration assets but excluding capitalised interest.

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## Sales volumes (Santos share)

Product	Unit	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
LNG	000 t	731.9	714.6	738.6	2,214.5	2,011.8
Domestic sales gas & ethane	PJ	77.5	64.3	55.7	207.3	161.9
Crude oil	000 bbls	3,553.4	2,666.2	2,296.7	9,117.2	7,594.5
Condensate	000 bbls	1,127.2	1,261.7	1,063.3	3,687.6	2,952.9
LPG	000 t	37.8	77.5	41.3	132.6	106.6
<b>Sales</b>						
Own product	mmboe	19.8	17.9	15.0	55.1	42.4
Third-party	mmboe	5.4	4.5	5.2	15.3	15.9
<b>Total sales volume</b>	<b>mmboe</b>	<b>25.2</b>	<b>22.4</b>	<b>20.2</b>	<b>70.4</b>	<b>58.3</b>

Third quarter sales volumes were higher than the prior quarter primarily due to higher domestic gas volumes and the timing of LNG and liquids shipments. LPG sales volumes were lower due to the timing of liftings.

## Sales revenues (Santos share)

Product	Unit	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
LNG	\$m	387	341	405	1,163	1,004
Domestic sales gas & ethane	\$m	314	285	272	902	787
Crude oil	\$m	250	211	1872	651	587
Condensate	\$m	64	83	84	226	216
LPG	\$m	15	39	25	62	59
<b>Sales</b>						
Own product	\$m	792	712	724	2,291	1,881
Third-party	\$m	238	247	249	713	772
<b>Total sales revenue</b>	<b>\$m</b>	<b>1,030</b>	<b>959</b>	<b>973</b>	<b>3,004</b>	<b>2,653</b>
Third-party purchase costs	\$m	218	196	197	621	605

Third quarter sales revenues were higher than the prior quarter primarily due to higher average oil-linked LNG prices, higher domestic gas sales, and the timing of LNG and liquids shipments.

## Average realised prices

Product	Unit	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
LNG price	US\$/mmBtu	10.04	9.09	10.43	10.00	9.50
Domestic gas price	US\$/GJ	4.07	4.44	4.89	4.35	4.86
Oil price	US\$/bbl	70.20	79.22	81.09	71.37	77.10
Condensate price	US\$/bbl	57.27	66.17	78.78	61.27	73.02
LPG price	US\$/t	386.92	505.92	616.89	467.06	561.57

The average realised LNG price was higher than the prior quarter reflecting the linkage of sales contracts to a lagged Japan Customs-cleared Crude (JCC) price. The average domestic gas price was lower than the prior quarter due the sales mix and FX movements on AUD-denominated domestic gas contracts.

## Production by asset (Santos share)

Asset	Unit	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
Western Australia	mmboe	8.6	7.7	2.5	23.5	8.1
Cooper Basin	mmboe	4.0	3.9	4.0	11.7	11.5
Queensland & NSW	mmboe	3.3	3.2	3.1	9.6	9.0
PNG	mmboe	3.1	3.2	3.4	9.5	8.0
Northern Australia	mmboe	0.8	0.6	1.0	2.4	2.7
Asia <sup>1</sup>	mmboe	-	-	1.0	-	3.7
<b>Total production</b>	<b>mmboe</b>	<b>19.8</b>	<b>18.6</b>	<b>15.0</b>	<b>56.8</b>	<b>43.0</b>

<sup>1</sup> Asian assets sold effective September 2018.

## Production by product (Santos share)

Product	Unit	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
Sales gas to LNG plant	PJ	32.3	31.6	32.4	96.9	86.0
Domestic sales gas & ethane	PJ	64.0	56.5	40.2	175.5	119.4
Crude oil	000 bbls	1,857.2	2,071.2	1,457.8	5,975.7	4,648.2
Condensate	000 bbls	1,069.1	1,088.6	865.9	3,202.2	2,279.1
LPG	000 t	39.0	36.6	34.5	110.9	106.8
<b>Total production</b>	<b>mmboe</b>	<b>19.8</b>	<b>18.6</b>	<b>15.0</b>	<b>56.8</b>	<b>43.0</b>

Third quarter production was higher than the prior quarter primarily due to higher domestic gas production volumes in Western Australia and higher volumes across the onshore assets and Northern Australia.

## 2019 Guidance

All 2019 guidance is maintained as shown in the table below.

2019 guidance item	Guidance
Sales volumes	90-97 mmboe
Production	73-77 mmboe
Upstream production costs <sup>1</sup>	\$7.25-7.75/boe
Capital expenditure	\$950-1,050 million

<sup>1</sup> Production cost guidance includes all planned shutdown activity and PNG LNG earthquake recovery costs.

Further detail of 2019 year-to-date capital expenditure, including exploration and evaluation expenditure, is reported in the table on page 10 of this report.

## Oil price hedging

2.7 million barrels of oil hedging expired in the third quarter.

The following oil price portfolio hedging positions were in place as at 30 September 2019.

Open oil price positions	2019	2020
Swaps (barrels)	225,000	
Brent fixed swap price (\$/bbl)	US\$63.23	
Re-participating swaps (barrels) <sup>1</sup>	120,000	
Brent fixed swap price (\$/bbl)	US\$67.39	
Brent long call price (\$/bbl)	US\$76.00	
Zero-cost collars (barrels) <sup>2</sup>	2,366,000	
Ceiling (\$/bbl)	US\$79.83	
Floor (\$/bbl)	US\$51.35	
Re-participating 3-Ways (barrels) <sup>3</sup>		4,180,000
Brent long call price (\$/bbl)		US\$77.64
Brent short call price (\$/bbl)		US\$70.00
Brent long put price (\$/bbl)		US\$55.00

<sup>1</sup> When Brent price is below the weighted average long call price, Santos realises fixed swap price. When Brent price is above the call strike price, Santos realises Brent price less the difference between the long call price and the fixed swap price.

<sup>2</sup> When Brent price is above the weighted average ceiling price, Santos realises ceiling price. When Brent price is between the floor and ceiling price, Santos realises Brent price. When Brent price is below the floor price, Santos realises floor price.

<sup>3</sup> When Brent price is above the weighted average long call price, Santos realises Brent price less the difference between the long call price and the short call price. When Brent price is between the short call price and long call price, Santos realises short call price. When Brent price is below the long put price, Santos realises long put price.

## Western Australia

Santos share	Units	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
<b>Sales volume</b>						
Sales gas	PJ	40.3	34.4	13.5	107.3	42.3
Condensate	000 bbls	333.6	290.9	193.8	799.9	517.6
Crude oil	000 bbls	1,564.8	897.2	110.0	3,417.5	549.8
<b>Total sales volume</b>	<b>mmboe</b>	<b>9.1</b>	<b>7.1</b>	<b>2.6</b>	<b>22.9</b>	<b>8.3</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>262</b>	<b>219</b>	<b>82</b>	<b>679</b>	<b>250</b>
<b>Production</b>						
Sales gas	PJ	41.3	35.5	12.9	110.1	40.9
Condensate	000 bbls	399.9	421.2	165.8	1,173.0	473.4
Crude oil	000 bbls	1,073.7	1,208.9	118.3	3,469.6	594.0
<b>Total production</b>	<b>mmboe</b>	<b>8.6</b>	<b>7.7</b>	<b>2.5</b>	<b>23.5</b>	<b>8.1</b>
Capital expenditure	\$million	84	79	11	206	29

Third quarter sales gas production rose to a record 41.3 PJ, up 16% driven by new sales to domestic customers.

Condensate sales volumes were higher than the prior quarter due to higher volumes lifted from the liquids-rich Varanus Island gas fields.

Crude sales volumes were higher than the prior quarter due primarily to the timing of liftings. Production was lower due to natural field decline.

The successful Dorado-3 appraisal campaign concluded in early October with flow tests from the Caley and Baxter reservoirs indicating potential for field production flow rates to be at the higher end of expectations and strongly supportive of progress towards FEED-entry in early 2020.

The test of the Caley oil reservoir was conducted over a 12-hour period and achieved a maximum measured rate of approximately 11,100 barrels of oil per day and 21 million standard cubic feet of associated gas through a 68/64" choke. Production was limited by surface equipment restraints indicating the reservoir has the capacity to flow at significantly higher rates. The oil rate was one of the highest ever from a North West Shelf appraisal well test. The results are very encouraging for development of the shallow-water Dorado field, with the test indicating very high potential flow rates of around 30,000 barrels per day from each single production well in the Caley reservoir. For further information, refer to Santos' ASX release of 8 October 2019.

The test conducted over the Baxter gas and condensate reservoir confirmed excellent productivity and fluid quality. A maximum rate of approximately 48 million standard cubic feet per day of gas and 4,500 barrels per day of associated condensate was achieved through a 60/64" choke, which surpassed initial expectations. As with the Caley test, production was limited by surface equipment restraints indicating the reservoir has the capacity to flow at significantly higher rates. For further information, refer to Santos' ASX release of 23 September 2019.

During the quarter, Santos (50% and operator, BP 50%) was awarded gazettal licence W18-4 (designated WA-541-P) located directly to the west of its existing acreage position in the Bedout Basin.

## Cooper Basin

Santos share	Units	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
<b>Sales volume</b>						
Sales gas and ethane						
Own product	PJ	17.4	15.0	18.0	48.2	47.7
Third-party	PJ	1.3	1.0	1.0	3.1	2.5
Total	PJ	18.7	16.0	19.1	51.3	50.2
Condensate						
Own product	000 bbls	352.0	549.0	429.3	1,391.5	1,184.8
Third-party	000 bbls	36.6	33.0	58.0	153.8	209.9
Total	000 bbls	388.6	582.0	487.3	1,545.3	1,394.7
LPG						
Own product	000 t	27.3	69.5	33.8	103.8	81.7
Third-party	000 t	7.3	1.6	4.2	11.8	13.1
Total	000 t	34.6	71.1	38.0	115.6	94.8
Crude oil						
Own product	000 bbls	853.7	972.5	558.2	2,377.2	1,634.9
Third-party	000 bbls	1,131.8	792.9	1,205.2	3,312.5	3,750.7
Total	000 bbls	1,985.5	1,765.4	1,763.4	5,689.7	5,385.6
<b>Total sales volume</b>	<b>mmboe</b>	<b>5.8</b>	<b>5.7</b>	<b>5.8</b>	<b>16.9</b>	<b>16.1</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>251</b>	<b>289</b>	<b>306</b>	<b>785</b>	<b>808</b>
<b>Production</b>						
Sales gas and ethane	PJ	15.7	15.0	15.3	45.3	45.0
Condensate	000 bbls	236.7	244.9	253.1	704.0	701.8
LPG	000 t	33.0	30.3	30.2	92.0	93.1
Crude oil	000 bbls	791.2	859.1	901.9	2,497.2	2,329.8
<b>Total production</b>	<b>mmboe</b>	<b>4.0</b>	<b>3.9</b>	<b>4.0</b>	<b>11.7</b>	<b>11.5</b>
Capital expenditure	\$million	78	71	57	208	165

Third quarter gas production in the Cooper Basin was 5% higher than the prior quarter due to a strong operating performance and new gas wells being brought online.

Crude oil production in the third quarter was lower than the prior quarter due to the expected decline from the Watkins field development and fewer oil wells being brought online as a result of planned program phasing.

Thirty-two wells were spudded during the quarter: 16 gas development wells and 16 appraisal wells (12 gas, three oil and one water injector). Of the appraisal wells, eight gas wells and two oil wells were cased and suspended as future producers.

A total of 78 wells were drilled to the end of the third quarter and the Cooper Basin remains on track to drill ~105 wells in 2019.

Studies on horizontal well opportunities were held during the quarter and are ongoing. Execution-ready projects have already been identified, adding to the well inventory list for execution in 2020.

The Moomba South project Phase 1 was successfully completed and is expected to provide a reserve booking at the end of 2019. The final investment decision for Phase 2 is on track, with plans to commence an eight-well development program by year-end.

## Queensland & NSW

Santos share	Units	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
<b>Sales volume</b>						
GLNG Joint Venture						
LNG	000 t	380.1	377.5	343.5	1,168.5	1,074.1
Domestic contracts	PJ	7.5	4.7	7.0	16.8	20.0
Eastern Qld (non-GLNG) <sup>1</sup>	PJ	5.2	4.6	6.1	14.7	17.6
<b>Total sales volume<sup>2</sup></b>	<b>mmboe</b>	<b>5.8</b>	<b>5.1</b>	<b>5.5</b>	<b>16.4</b>	<b>16.5</b>
<b>Total sales revenue<sup>2</sup></b>	<b>\$million</b>	<b>267</b>	<b>227</b>	<b>259</b>	<b>783</b>	<b>722</b>
<b>Production</b>						
GLNG Joint Venture						
Sales gas to LNG	PJ	12.1	12.5	9.6	35.6	30.7
Domestic contracts	PJ	0.9	0.4	2.6	2.7	4.5
Eastern Qld (non-GLNG) <sup>1</sup>	PJ	5.8	5.4	5.8	16.7	16.9
NSW	PJ	0.3	0.2	0.2	0.7	0.6
<b>Total production<sup>2</sup></b>	<b>mmboe</b>	<b>3.3</b>	<b>3.2</b>	<b>3.1</b>	<b>9.6</b>	<b>9.1</b>
Capital expenditure	\$million	64	76	64	197	174

<sup>1</sup> Combabula, Scotia (Santos legacy domestic volumes), Spring Gully and Denison.

<sup>2</sup> Total sales volume, sales revenue and production include sales gas from NSW assets.

GLNG operational data (gross)	Units	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
Sales gas to domestic market	PJ	30	22	29	70	77
LNG produced <sup>1</sup>	000 t	1,196	1,270	1,171	3,772	3,627
Sales gas to LNG plant						
GLNG equity gas	PJ	40.5	40.5	37.0	118.5	107.2
Santos portfolio gas	PJ	15.0	14.4	15.4	43.5	44.9
Third-party	PJ	19.1	22.3	18.4	69.1	67.7
<b>Total sales gas to LNG plant</b>	<b>PJ</b>	<b>74.6</b>	<b>77.2</b>	<b>70.8</b>	<b>231.0</b>	<b>219.9</b>
LNG cargoes shipped		21	21	20	65	60

<sup>1</sup> Includes LNG produced from GLNG equity gas, Santos portfolio gas and third-party quantities.

LNG production was slightly lower than the prior quarter primarily due to the planned one-month statutory shutdown of LNG train 1 conducted during the third quarter.

Gross GLNG-operated upstream sales gas production increased to 616 TJ/d at the end of the quarter and daily LNG-equivalent run-rates of 6 mtpa continued to be achieved. GLNG remains on track to meet ~6 mtpa annualised sales run-rate including volumes redirected to the domestic market by the end of 2019.

Gross daily production from Fairview was stable at 410 TJ/day at the end of the quarter. Production continues to be supported by a focussed program of development and well optimisation projects.

Continued steady production growth from Roma resulted in gross daily production increasing to 122 TJ/day at the end of the quarter. Production continues to build, supported by growth in both legacy and new development areas of the field. Drilling continues in the Roma East project with 274 wells drilled and 223 wells online.

Gross daily production from the Scotia field was 74 TJ/d at the end of the quarter. Production from the field is projected to remain stable.

Production from the Arcadia field grew to 10 TJ/d by the end of the quarter. First gas from the new Arcadia compression facility commenced during the quarter, with completion of the facility ahead of schedule. Production is now building, with

growing contribution from the new Arcadia Valley wells. Drilling continues in the Arcadia Valley project with 104 wells drilled and 58 wells online to date.

Santos' share of production from the non-operated Combabula and Spring Gully fields was 44 TJ/day.

Ninety-seven wells were drilled across the GLNG acreage in the third quarter. A total of 286 wells have been drilled to the end of Q3 and the drilling pace remains on track to deliver 350-400 wells by year end. Fifty-one development wells were drilled across Santos' non-operated Eastern Queensland acreage in the quarter.

In Eastern Queensland, two exploration coreholes in ATP 685 (Yoorooga East 1 and Tardrum 5) were cased and suspended for further evaluation. Two further appraisal wells, Wodonga 1 in ATP 868 and Warrinilla 9 in PL 451 were cased and suspended for further testing.

## PNG

Santos share	Units	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
<b>Sales volume</b>						
PNG LNG						
LNG <sup>1</sup>	000 t	287.6	284.0	303.5	837.4	687.8
Condensate	000 bbls	325.3	297.2	327.3	1,011.9	829.4
Crude oil	000 bbls	3.0	3.6	2.7	9.9	8.0
<b>Total sales volume</b>	<b>mmboe</b>	<b>3.0</b>	<b>3.0</b>	<b>3.2</b>	<b>8.9</b>	<b>7.3</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>159</b>	<b>150</b>	<b>191</b>	<b>484</b>	<b>406</b>
<b>Production</b>						
PNG LNG						
Sales gas to LNG <sup>1</sup>	PJ	16.5	16.5	17.8	50.0	41.5
Condensate	000 bbls	327.3	330.1	378.9	999.9	887.0
Crude oil	000 bbls	2.6	3.1	3.7	9.0	8.7
<b>Total production</b>	<b>mmboe</b>	<b>3.1</b>	<b>3.2</b>	<b>3.4</b>	<b>9.5</b>	<b>8.0</b>
Capital expenditure	\$million	8	13	16	28	31

<sup>1</sup> Includes SE Gobe

PNG LNG operational data (gross)	Units	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
<b>Production</b>						
LNG	mt	2.1	2.1	2.2	6.3	5.2
Sales gas to LNG plant	PJ	123	124	133	375	310
Condensate <sup>1</sup>	000 bbls	2,429	2,428	2,819	7,396	6,579
Sales gas (SE Gobe) <sup>2</sup>	PJ	1	2	2	6	5
LNG cargoes shipped		27	27	30	83	68

<sup>1</sup> Measured at the Kutubu entry point.

<sup>2</sup> Purchased by PNG LNG.

Third quarter production was lower than the corresponding period primarily due to damage of the loading buoy at the Kumul Marine Terminal in late August. As a result, PNG LNG production was managed at reduced rates to prevent a potential shut-down should liquids storage capacity be reached. A return to near full production rates was achieved in mid-September due to modified liquid lifting procedures and repairs to the loading buoy were completed mid-October.

Notwithstanding the reduced production rates, the PNG LNG plant still operated at an annualised rate of 8.3 mtpa during the third quarter.

Long term pressure build-up monitoring continues at the Muruk-2 appraisal well. As previously reported, results from the drill stem test confirmed the presence of gas in the Toro A reservoir with pressure data and gas composition informing volumetric estimates and establishing a likely connection to the Muruk-1 discovery.



## Northern Australia

Santos share	Units	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
<b>Sales volume</b>						
Darwin LNG						
LNG	000 t	64.2	53.1	91.6	208.6	249.9
Bayu Undan						
Condensate	000 bbls	95.8	77.1	54.3	333.1	207.1
LPG	000 t	3.4	6.6	3.6	17.4	12.0
<b>Total sales volume</b>	<b>mmboe</b>	<b>0.7</b>	<b>0.6</b>	<b>1.0</b>	<b>2.4</b>	<b>2.7</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>42</b>	<b>33</b>	<b>51</b>	<b>127</b>	<b>126</b>
<b>Production</b>						
Darwin LNG						
Sales gas to LNG	PJ	3.5	2.7	5.1	11.3	13.8
Bayu Undan						
Condensate	000 bbls	105.2	92.5	66.3	325.3	210.0
LPG	000 t	6.0	6.3	4.4	18.9	13.7
<b>Total production</b>	<b>mmboe</b>	<b>0.8</b>	<b>0.6</b>	<b>1.0</b>	<b>2.4</b>	<b>2.7</b>
Capital expenditure	\$million	11	12	24	29	53

Darwin LNG / Bayu-Undan operational data (gross)	Units	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
<b>Production</b>						
LNG	000 t	727	620	934	2,287	2,422
Sales gas to LNG plant	PJ	44	38	57	138	148
Condensate	000 bbls	1,492	1,652	808	4,673	2,347
LPG	000 t	76	81	52	235	147
LNG cargoes shipped		12	9	14	35	38

Sales and production volumes were higher than the prior quarter due to timing of the LNG shipping schedule and the completion of planned maintenance activities at Darwin LNG in the second quarter.

On 14 October, Santos announced the acquisition of ConocoPhillips' interests in Northern Australia for US\$1.39 billion plus a contingent \$75 million on Barossa FID. This is a value accretive acquisition of operating interests in long-life, low cost natural gas assets and strategic LNG infrastructure consistent with Santos' core asset growth strategy. The acquisition is fully-funded from existing cash resources and new committed debt. Completion is subject to third-party consents and regulatory approvals. For more information on the acquisition, refer to Santos' ASX release of 14 October 2019.

The Barossa project continues to make excellent progress towards a final investment decision in early 2020. On 26 September, Santos announced the award of the Barossa gas export pipeline contract to Allseas Group. This follows the award of the Subsea Production System (SPS) contract earlier in the year to Technip Oceania Pty Ltd. Evaluation of tenders for the FPSO, SURF (subsea umbilical riser and flowline package) and drilling rig are progressing well.

In the onshore Amadeus Basin in the Northern Territory, the Dukas-1ST1 wildcat was plugged and suspended in August. The well was targeting a conventional sub-salt play and was suspended at a depth of 3,704 metres after encountering higher than expected pressures.

Approvals from Northern Territory regulatory authorities for the planned McArthur Basin 2020 drilling campaign are progressing. The 2019 program is likely to comprise the hydraulic fracture stimulation and testing of the Tanumbirini 1 well, which was cased and suspended in 2014. Subject to regulatory approvals, this activity is scheduled for the fourth quarter.

## Corporate, exploration and eliminations

Santos share	Units	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
<b>Total sales volume</b>	<b>mmboe</b>	<b>1.0</b>	<b>0.9</b>	<b>1.2</b>	<b>3.1</b>	<b>3.7</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>49</b>	<b>42</b>	<b>37</b>	<b>146</b>	<b>160</b>
Capital expenditure	\$million	24	19	6	47	29

Sales volumes and revenues in the corporate segment primarily represent gas trading activities.

Capital expenditure was higher than the prior quarter primarily due to the drilling of the Dukas-1 exploration well in the Amadeus Basin, onshore Northern Territory and progressing approvals for the planned McArthur Basin drilling campaign.

## Capital expenditure

Total exploration, evaluation and development expenditure is summarised in the table below.

\$million	Q3 2019	Q2 2019	Q3 2018	2019 YTD	2018 YTD
<b>Capital expenditure</b>					
Exploration <sup>1</sup>	59	13	14	90	52
Evaluation	46	86	34	147	57
Development and other capex (inc restoration)	163	172	132	478	378
<b>Capital expenditure excl capitalised interest</b>	<b>267</b>	<b>271</b>	<b>180</b>	<b>715</b>	<b>487</b>
Capitalised interest	1	3	1	6	3
<b>Total capital expenditure<sup>1</sup></b>	<b>268</b>	<b>274</b>	<b>180</b>	<b>721</b>	<b>490</b>
<b>Exploration and evaluation expensed</b>					
Exploration	54	17	13	78	49
Evaluation	3	0	4	6	13
<b>Total current year expenditure</b>	<b>57</b>	<b>17</b>	<b>17</b>	<b>84</b>	<b>62</b>
Write-off of amounts capitalised in prior years	-	-	-	-	-
<b>Total expensed</b>	<b>57</b>	<b>17</b>	<b>17</b>	<b>84</b>	<b>62</b>

<sup>1</sup> Includes acquisition of exploration assets

## Seismic activity

The table below details seismic activity during the quarter and status.

Permit	Basin/area	Survey	Type	km/km <sup>2</sup>	Status
WA437P, WA438P	Bedout, WA	Keraudren	3D	2,140 km <sup>2</sup>	100% complete
ATP2017	Bowen, Qld	Tinowon	2D	30 km	100% complete
EP161	McArthur, NT	McArthur	2D	10 km	100% complete

## Drilling summary

### Exploration activity

#### Eastern Queensland gas

Well name	Basin/area	Santos	Well status
Yoorooga East 1	Scotia	100%	C&S, successful

#### Northern Australia gas

Well name	Basin/area	Santos	Well status
Dukus 1ST1*	Amadeus	40%	P&S

### Near-field exploration (NFE) / Appraisal wells

#### Cooper Basin oil

Well name	Basin/area	Santos	Well status
Tennaperra 7	QLD	70%	C&S, successful
Tennaperra 8	QLD	70%	C&S, water injector
Tennaperra 9	QLD	70%	C&S, successful
Tennaperra 10	QLD	70%	P&A

#### Cooper Basin gas

Well name	Basin/area	Santos	Well status
Coolah 5	QLD	60.06%	C&S, successful
Coolah 6	QLD	60.06%	C&S, successful
Coolah 7	QLD	60.06%	C&S, successful
Coolah 12	QLD	60.06%	Drilling
Roti North 1	QLD	60.06%	C&S, successful
Roti North 2	QLD	60.06%	C&S, successful
Wackett East 1	QLD	60.06%	Drilling
Wackett South 1	QLD	60.06%	C&S, successful
Cascade 1	SA	66.6%	Drilling
Napowie 4	SA	66.6%	C&S, successful
Napowie 5	SA	66.6%	P&A
Napowie 6	SA	66.6%	C&S, successful

#### Eastern Queensland gas

Well name	Basin/area	Santos	Well status
Brumby Plains 1	Arcadia	22.85%	C&S, successful
Tardrum 5	Scotia	100%	C&S, successful
Warrinilla 9	Denison	50%	C&S, successful
Wodonga 1	Scotia	30%	C&S, successful

#### Western Australia gas

Well name	Basin/area	Santos	Well status
Dorado 3	Bedout	80%	Drilling/Testing
Roc South 1*	Bedout	80%	P&A

\* Spud in Q2, completed in Q3.

### Development wells

#### Cooper Basin gas

Well name	Basin/area	Santos	Well status
Barrolka North East 3	QLD	60.06%	C&S, successful
Coolah 8	QLD	60.06%	C&S, successful
Juno 7	QLD	60.06%	C&S, successful
Juno 8	QLD	60.06%	C&S, successful
Vega 6	QLD	60.06%	Drilling
Vega North 2ST1	QLD	60.06%	C&S, successful
Gooranie 12	SA	66.6%	C&S, successful
Gooranie 13	SA	66.6%	Drilling
Marana 2	SA	66.6%	C&S, successful
Mudera 23	SA	66.6%	C&S, successful
Mudera 24	SA	66.6%	C&C, successful
Mudera 25	SA	66.6%	C&C, successful
Mudera 26	SA	66.6%	C&C, successful
Mudera 27	SA	66.6%	C&C, successful
Napowie 7	SA	66.6%	C&S, successful
Napowie 8	SA	66.6%	C&S, successful

#### Queensland - GLNG gas

Well name	Basin/area	Santos	Well status
Castle Hill 7	Arcadia	30%	C&S, successful
Castle Hill 8	Arcadia	30%	C&S, successful
Castle Hill 12	Arcadia	30%	C&S, successful
Castle Hill 13	Arcadia	30%	C&S, successful
Castle Hill 14	Arcadia	30%	C&S, successful
Castle Hill 18	Arcadia	30%	C&S, successful
Castle Hill 19	Arcadia	30%	C&S, successful
Castle Hill 22	Arcadia	30%	C&S, successful
Castle Hill 23	Arcadia	30%	C&S, successful
FV07-06-4	Fairview	23.85%	C&S successful

FV07-33-1	Fairview	23.85%	C&S, successful	RM49-134-1	Roma	30%	C&S, successful
FV07-34-1	Fairview	23.85%	C&S, successful	RM49-135-1	Roma	30%	C&S, successful
FV12-73-1	Fairview	23.85%	C&S, successful	RM50-63-1	Roma	30%	C&C, successful
FV12-75-1	Fairview	23.85%	C&S, successful	RM50-73-1	Roma	30%	C&C, successful
FV12-88-1	Fairview	23.85%	C&S, successful	RM50-74-1	Roma	30%	C&C, successful
FV17-07-4	Fairview	23.85%	C&S, successful	RM50-83-1	Roma	30%	C&C, successful
FV17-43-1	Fairview	23.85%	C&S, successful	RM50-84-1	Roma	30%	C&C, successful
FV17-44-1	Fairview	23.85%	C&S, successful	RM50-92-1	Roma	30%	C&S, successful
FV17-47-1	Fairview	23.85%	C&S, successful	RM50-93-1	Roma	30%	C&C, successful
FV17-49-1	Fairview	23.85%	C&S, successful	RM50-94-1	Roma	30%	C&C, successful
FV17-51-1	Fairview	23.85%	C&S, successful	RM50-103-1	Roma	30%	C&S, successful
FV17-52-1	Fairview	23.85%	C&S, successful	RM50-104-1	Roma	30%	C&S, successful
FV17-53-1	Fairview	23.85%	C&S, successful	RM50-106-1	Roma	30%	C&C, successful
RM02-62-1	Roma	30%	C&S, successful	RM50-107-1	Roma	30%	C&C, successful
RM02-63-1	Roma	30%	C&C, successful	RM50-113-1	Roma	30%	C&S, successful
RM02-64-1	Roma	30%	C&C, successful	RM50-114-1	Roma	30%	C&S, successful
RM07-96-1	Roma	30%	C&C, successful	RM50-116-1	Roma	30%	C&S, successful
RM07-104-1	Roma	30%	C&C, successful	RM50-117-1	Roma	30%	C&S, successful
RM07-105-1	Roma	30%	C&C, successful	RM50-118-1	Roma	30%	C&C, successful
RM07-106-1	Roma	30%	C&S, successful	RM68-09-1	Roma	30%	C&C, successful
RM08-83-1	Roma	30%	C&S, successful	RM68-09-2	Roma	30%	C&S, successful
RM08-87-1	Roma	30%	C&S, successful	RM68-10-1	Roma	30%	C&C, successful
RM08-97-1	Roma	30%	C&S, successful	RM68-11-1	Roma	30%	C&C, successful
RM08-100-1	Roma	30%	C&S, successful	RM68-12-1	Roma	30%	C&C, successful
RM08-101-1	Roma	30%	C&S, successful	RM68-12-2	Roma	30%	C&S, successful
RM09-05-5	Roma	30%	C&S, successful	RM68-15-1	Roma	30%	C&C, successful
RM09-10-5	Roma	30%	C&S, successful	RM68-16-1	Roma	30%	C&S, successful
RM09-12-2	Roma	30%	C&C, successful	RM68-17-1	Roma	30%	C&S, successful
RM49-78-1	Roma	30%	C&C, successful	RM68-20-1	Roma	30%	C&S, successful
RM49-79-1	Roma	30%	C&C, successful	RM68-21-1	Roma	30%	C&C, successful
RM49-90-1	Roma	30%	C&C, successful	RM68-22-1	Roma	30%	C&C, successful
RM49-97-1	Roma	30%	C&S, successful	RM68-27-1	Roma	30%	C&C, successful
RM49-100-1	Roma	30%	C&C, successful	RM68-28-1	Roma	30%	C&C, successful
RM49-101-1	Roma	30%	C&C, successful	RM68-31-1	Roma	30%	C&C, successful
RM49-109-1	Roma	30%	C&S, successful	RM68-32-1	Roma	30%	C&C, successful
RM49-112-1	Roma	30%	C&S successful	RM68-42-1	Roma	30%	C&C, successful
RM49-121-1	Roma	30%	C&S, successful	RM68-43-1	Roma	30%	C&C, successful
RM49-123-1	Roma	30%	C&S, successful	RM68-152-1	Roma	30%	C&S, successful
RM49-124-1	Roma	30%	C&S, successful	RM68-152-2	Roma	30%	C&S, successful
RM49-133-1	Roma	30%	C&S, successful	RM90-110-1	Roma	30%	C&S, successful

RM90-113-1	Roma	30%	C&S, successful
RM90-114-1	Roma	30%	Drilling
RM90-115-1	Roma	30%	C&S, successful

### Queensland - Eastern Queensland gas (EQ)

Well name	Basin/area	Santos	Well status
Combabula 434 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully 14 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully 15 <sup>#</sup>	Combabula	7.28%	C&S, successful
Lucky Gully 29 <sup>#</sup>	Combabula	7.28%	Drilling
Lucky Gully 30 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 78 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 79 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 80 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 81 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 82 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 83 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 84 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 85 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 109 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 110 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 112 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 113 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 114 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 144 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 168 <sup>#*</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 170 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 171 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 172 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 173 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 195 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 198 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 199 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 200 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 202 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 203 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 225 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 228 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 230 <sup>#</sup>	Combabula	7.28%	Drilling
Reedy Creek 233 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 234 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 235 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 236 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 255 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 257 <sup>#</sup>	Combabula	7.28%	C&S, successful

Reedy Creek 259 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 260 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 265 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 290 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 291 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 292 <sup>#</sup>	Combabula	7.28%	C&S, successful
Durham Ranch 769 <sup>#</sup>	Spring Gully	4%	C&S, successful
Durham Ranch 773 <sup>#</sup>	Spring Gully	4%	C&S, successful
Durham Ranch 776 <sup>#</sup>	Spring Gully	4%	Drilling
Durham Ranch 869 <sup>#</sup>	Spring Gully	4%	Drilling
Durham Ranch 901 <sup>#*</sup>	Spring Gully	4%	C&S, successful
Durham Ranch 903 <sup>#</sup>	Spring Gully	4%	C&S, successful
Durham Ranch 909 <sup>#</sup>	Spring Gully	4%	C&S, successful
Durham Ranch 940 <sup>#</sup>	Spring Gully	4%	C&S, successful

<sup>#</sup> Not operated by Santos

\* Spud in Q2, completed in Q3

## Abbreviations and conversion factors

Abbreviations		Conversion factors	
C&C	cased and completed	Sales gas and ethane, 1 PJ	171.937 boe x 10 <sup>3</sup>
C&S	cased and suspended	Crude oil, 1 barrel	1 boe
gas	coal seam gas	Condensate, 1 barrel	0.935 boe
DES	delivered ex ship	LPG, 1 tonne	8.458 boe
FPSO	floating production, storage and offloading	LNG, 1 PJ	18,040 tonnes
GJ	Gigajoules	LNG, 1 tonne	52.54 mmBtu
kbbls	thousand barrels		
kt	thousand tonnes		
LNG	liquefied natural gas		
LPG	liquefied petroleum gas		
m	Million		
mmbbl	million barrels		
mmboe	million barrels of oil equivalent		
mmBtu	million British thermal units		
mmscf	million standard cubic feet		
mt	million tonnes		
mtpa	million tonnes per annum		
NFE	near-field exploration		
P&A	plugged and abandoned		
pa	per annum		
PJ	petajoules		
PSC	production sharing contract		
t	tonnes		
TJ	terajoules		

## Disclaimer

This report 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 range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, 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 United States currency, unless otherwise stated.