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Wortel project in Indonesia approved for development

Santos today announced the final investment decision approving development of the Wortel gas project, located offshore Madura Island in the Sampang PSC, East Java, Indonesia.

Wortel is the next project in Santos' East Java near-field development strategy and adds to the company's existing producing assets in the region, Maleo and Oyong.

Wortel is located seven kilometres west of the Santos-operated Oyong oil and gas field, which has been on production since 2007. Wortel will be developed as a tie-back to Oyong, thereby maximising the value of both assets.

The scope of the Wortel development includes two gas wells, a minimum facility wellhead platform and a 10-kilometre gas pipeline to the existing Oyong well-head platform. Wortel gas production will then flow through the existing 60-kilometre pipeline to the onshore gas processing facility at Grati for processing and onward sale. Wortel gas will be sold to PT Indonesia Power under an agreement signed today. Negotiations with other potential buyers are ongoing.

Wortel development costs are estimated at US\$100 million gross. First gas is expected by the end of 2011. Gross gas production rates from the combined Oyong and Wortel fields are expected to be about 90 mmscf/d at plateau. Oyong currently produces about 60 mmscf/d gross of gas and 3,500 barrels per day gross of oil.

President Santos Indonesia, Marjolijn Wajong, said the Wortel project was a significant addition to the company's core East Java asset position.

"Wortel is an important milestone for Santos Indonesia, adding another operated project to our portfolio. Combined with our existing production from Maleo and Oyong, the approval of Wortel demonstrates Santos' firm commitment to supplying gas for the growing domestic market in Indonesia," she said.

Santos' share of Wortel proved and probable reserves is approximately eight mmboe.

Santos has a 45% interest in the Sampang PSC and is the operator. Other participants are Singapore Petroleum Company (40%) and Cue Energy Resources (15%).

A map of Santos' East Java assets is attached.

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