

Santos To Increase Gulf Of Mexico Position



Santos USA Corporation recently announced that it was the high bidder on six blocks in the Central Gulf of Mexico following bidding in the US Offshore Continental Shelf Lease Sale No.169 which was conducted by the US Federal Government on 18 March 1998. The award is subject to the US Minerals Management Service determining that the bids are acceptable.

Santos USA Corporation (20% interest) is part of a joint venture with Murphy Exploration and Production Company (which holds a 60% interest and is operator) and Callon Petroleum Company (20%).

The addition of these six blocks will bring Santos USA's Gulf of Mexico portfolio to a total of 21 blocks. This includes the nine blocks gained in the 1997 Lease Sale No. 166.

Commenting on the announcement, Mr. Michael Frost, President - Santos USA Corporation said, " The acquisition of these blocks will be a significant addition to the Santos portfolio of acreage in the Gulf of Mexico. The prospects are low to medium risk, primarily gas. The cycle time from exploration through to production in these areas is relatively short."

The Gulf of Mexico is currently an area of renewed focus for the oil and gas industry. The basin continues to deliver exploration success, driven by use of 3D seismic.

Santos currently plans five or six wildcat wells on these 1997 and 1998 Lease Sale acquired blocks in 1998. The first well in the program on blocks acquired in 1997 was the previously announced E1335 discovery. Development plans are well advanced and first production is expected in early 1999.