

**OIL & GAS**

# Santos eyes growth projects, readies Barossa LNG

Australia's Santos today confirmed its Barossa liquefied natural gas (LNG) export project is on track for final investment approval during first half 2021 after reporting a net loss of \$357 million for 2020.

by **Damon Evans**

18/02/2021, 3:41 am



Santos Energy news

Australia's Santos today confirmed its Barossa liquefied natural gas (LNG) export project is on track for final investment approval during first half 2021 after reporting a net loss of \$357 million for 2020.

---

The Adelaide-based company posted record yearly production of 107 million barrels of oil equivalent (boe), free cash flow of \$740 million and underlying profit of \$287 million. The results reflect significantly lower oil and LNG prices compared to the previous year due to the impact of the COVID-19 pandemic on global energy demand.

Santos said the results show the resilience of its cash-generating business in a lower oil price environment. Indeed, its business performance has improved in recent years. In 2020, Santos realised an average oil price of \$47 per barrel generating more than three times the free cash flow as generated in 2016 at a similar average oil price.

"As prices and demand recover, our projects are much better placed than those of our competitor countries. Living by our disciplined approach to cost and capital allocation, and remaining cash flow positive through 2020 means we are well positioned for further efficiency gains and growth initiatives in 2021," said the company.

Significantly, Santos has a strong growth pipeline largely in its own hands. The company also has a high beta to the ongoing recovery in commodity prices, said analysts at investment house Bernstein.

"The Barossa LNG project remains on-track for a final investment decision in the first half of 2021. In December, we signed a long-term LNG offtake agreement with Mitsubishi for 1.5 million tonnes per annum of Santos equity LNG and executed agreements to transport and process Barossa gas through the Darwin LNG facilities. All required consents and approvals are now in place for our sell-down of 25% interests in Bayu-Undan and Darwin LNG to SK E&S, which is now binding and subject only to FID. We also continue to progress the binding sale and purchase agreement with JERA for the sale of a 12.5% interest in Barossa," said Santos.

"We have made significant progress on our exciting Dorado project and aim to take a FEED entry decision in the first half of 2021, while also advancing plans to drill the Apus and Pavo prospects in 2021-22," added the company.

“The Narrabri gas project received environmental approvals from the state and federal governments in 2020, and planning is now well underway for the two-year appraisal program commencing later this year. Narrabri has the potential to supply up to half of NSW’s natural gas demand,” reported Santos.

Santos has committed to 2026 production target of 120 million boe, up 35% from 89 million boe in 2020.