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Santos' interest in Bayu-Undan development increased to 11.4%

Santos advises that its interest in the Bayu-Undan LNG, LPG and condensate development has increased from 10.6% to 11.4% as a result of a formal redetermination process.

This is a positive outcome for Santos, with the increase effective immediately and backdated to the commencement of field development activities.

Santos will receive a cash adjustment amount reflecting its increased share of historical revenue net of past expenditure, and will benefit from the increased working interest moving forward.

Background

The Bayu-Undan field straddles permits PSC 03-12 and PSC 03-13 located in the Joint Petroleum Development Area (JPDA), approximately 500 km northwest of Darwin and 250km southeast of Suai, Timor-Leste in the Timor Sea.

Production of LPG and condensate from the Bayu-Undan Field commenced in 2004, and LNG production from the Darwin LNG plant commenced in early 2006.

Activities in the Bayu-Undan field are governed by a Unit Operating Agreement ("UOA") which was entered into in 1999 before the field was developed and before the quantities of gas and associated liquids in the two PSCs was known.

The UOA contained a mechanism whereby the amount of gas and each party's participating interest in the field would be re-calculated once the field was fully developed.

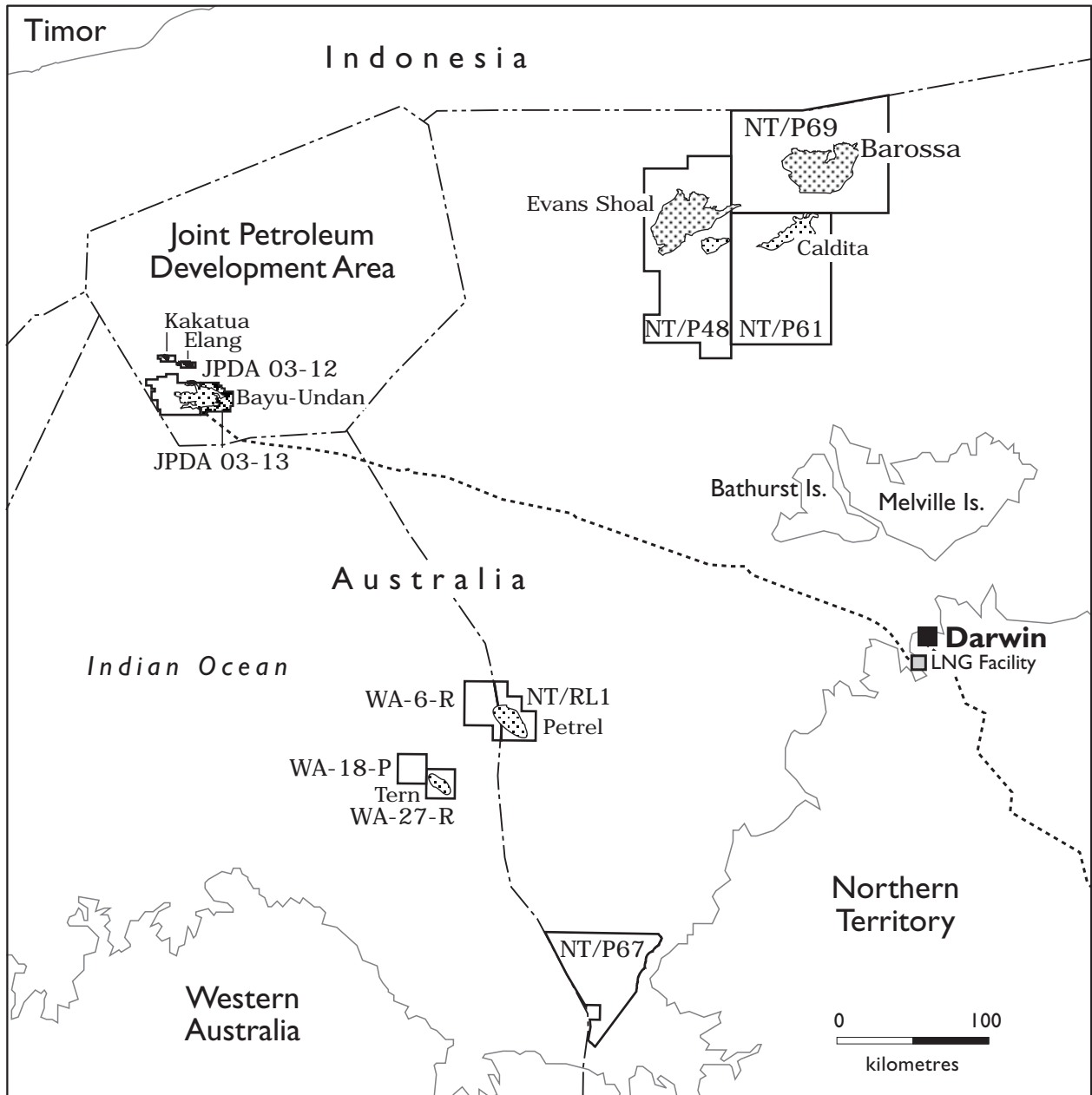
This redetermination commenced in June 2005 and the final outcome was achieved in June 2007, which has subsequently been approved by the Timor Sea Designated Authority.

Map attached.

Ends

Santos stock symbols: STO (Australian Securities Exchange), STOSY (NASDAQ ADR), Ref #82-34 (Securities Exchange Commission)

Timor/Bonaparte



Legend

- Santos acreage
- Oil Field
- Gas Field
- Gas Pipeline
- Non Santos acreage

