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1 October 2004

Initial FUELS Dividend Rate Announced

Santos Limited today announced that the Dividend Rate for its Franked Unsecured Equity Listed Securities (FUELS) will be 4.9128% per annum, for the Dividend Period from 1 October 2004 until 31 March 2005.

After incorporating the value of expected franking credits, the grossed-up Dividend Rate equates to 7.0183%% per annum for the Dividend Period.

According to the FUELS terms of issue, the non-cumulative floating rate dividend on the FUELS, incorporating, on a grossed-up basis, the value of franking credits, would be set at a 1.55% gross margin above the 180 day bank bill swap rate for the applicable Dividend Period.

This bank bill swap rate on the first day of the Dividend Period today (1 October 2004) was 5.4683%.

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Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR)