ASX/Media Release

Santos

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John Ellice-Flint – retirement benefits and entitlements

Santos today confirmed it has finalised the benefits and entitlements to be paid to Mr John Ellice-Flint in connection with his retirement as CEO and Managing Director of Santos.

As previously announced, Mr Ellice-Flint retired as Managing Director of Santos on 25 March 2008.

In accordance with his contractual arrangements, Mr Ellice-Flint will receive a payment equal to 12 months' base salary, together with all accrued entitlements.

In addition, 2,312,500 options previously granted to Mr Ellice-Flint will vest upon his retirement. In 2006, shareholders approved a grant to Mr Ellice-Flint of 2,500,000 options under the Santos Executive Share Option Plan. As previously disclosed, 187,500 of these options have already vested. In accordance with Mr Ellice-Flint's contract, the remainder will vest upon his departure. The exercise price for each of these options is $11.36*.

In recognition of Mr Ellice-Flint's contribution to the company prior to his retirement on 25 March, the Board has exercised its discretion to provide Mr Ellice-Flint with a pro-rata payment in lieu of his short-term incentive for the first quarter of 2008 of $520,312.

Santos' Chairman, Stephen Gerlach, reiterated his thanks for Mr Ellice-Flint's contribution after more than seven years as Chief Executive. "John has led Santos through a significant period of growth and development, including the expansion of our LNG and coal seam gas interests, growth of our business in Indonesia and Vietnam, and the removal of the shareholder cap."

"On behalf of the Board and shareholders I wish to again thank him for his contribution to the transformation of Santos."

Mr Ellice-Flint remains a consultant to the company until 30 June 2008. Mr Ellice-Flint is also subject to a restraint on competitive activities until the end of 2008.

** The exercise price is the weighted average price of the company's shares at the time the extension of Mr Ellice-Flint's contractual arrangements were renegotiated and announced in March 2006. The remaining options will be exercisable up until 3 May 2016, the expiry date specified in the original terms of issue.*

Ends

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