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Gas discovery at Zola in the Carnarvon Basin

Santos today announced that the Zola-1 exploration well in WA-290-P, located in the Carnarvon Basin offshore Western Australia, has intersected over 100 metres of net gas pay sands over a 400 metre gross interval in the primary target, the Mungaroo formation.

Wireline logging and pressure testing completed over the weekend has confirmed the net gas pay and the high quality of the reservoir sands.

The Zola-1 well is located 27 kilometres southwest of Gorgon-1, with a water depth at location of 280 metres. The discovery is on trend with the Gorgon gas field and is situated near existing and developing gas infrastructure.

Santos Vice President Exploration and Subsurface, Trevor Brown said Santos will be working with partners to quickly appraise this discovery.

"Zola is in a terrific location and is a significant gas discovery for Santos and Western Australia," Mr Brown said.

Santos Vice President WA & NT, John Anderson added the company would commence discussions with partners on development options for this resource.

"The Zola discovery adds to the company's strong asset base in Western Australia. This is the first well in an exciting drilling program this year for Santos in Western Australia," Mr Anderson said.

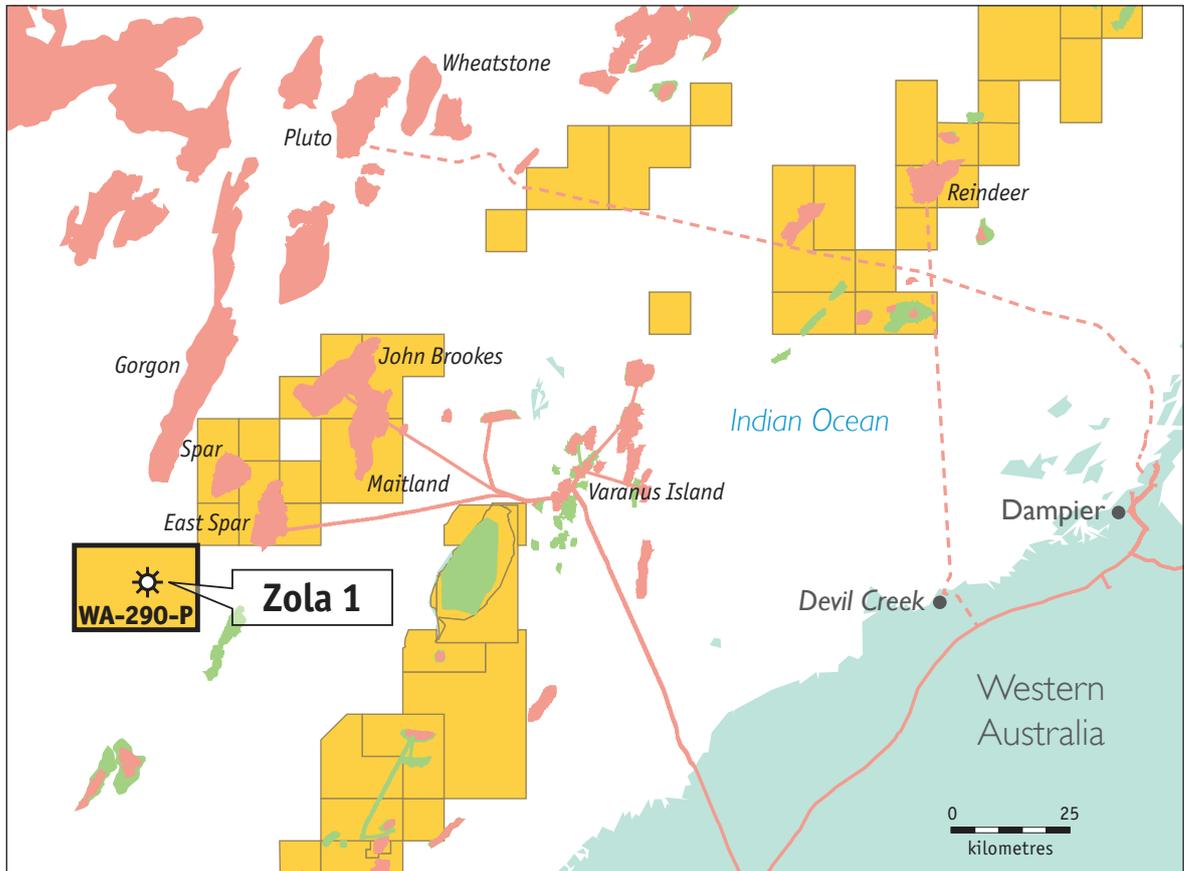
Following completion of operations at Zola, the Stena Clyde drilling rig will move to Finucane South, Santos' next exploration well in the Carnarvon Basin.

Santos holds 24.75% of WA-290-P. Apache (operator) holds 30.25%, OMV Australia 20%, Nippon Oil Exploration 15% and Tap Oil 10%.

Map attached.

Ends.

Zola 1



LEGEND

- Santos acreage
- Oil field
- Gas field
- Oil pipeline
- Gas pipeline
- Gas pipeline proposed

