

**Media enquiries**

Matthew Doman  
+61 8 8116 5260 / +61 (0) 421 888 858  
[matthew.doman@santos.com](mailto:matthew.doman@santos.com)

**Investor enquiries**

Andrew Nairn  
+61 8 8116 5314 / +61 (0) 437 166 497  
[andrew.nairn@santos.com](mailto:andrew.nairn@santos.com)

**4 November 2009**

## **PNG LNG signs Heads of Agreement with Sinopec**

Santos today announced that the PNG LNG Project participants have entered into a Heads of Agreement with Unipec Asia Co Ltd, a subsidiary of China Petroleum & Chemical Corporation (Sinopec) for the long-term supply of 2 million tonnes per annum of LNG.

The Project is working with Sinopec to finalise a binding sale and purchase agreement for the LNG.

PNG LNG remains on track for a final investment decision later this year.

A copy of the PNG LNG Project Operator's release is attached to this release.

### **About PNG LNG**

The PNG LNG project proposes to commercialise the undeveloped petroleum resources in the Hides, Angore and Juha fields and the associated gas resources in the currently operating oil fields of Kutubu, Agogo, Gobe and Moran in the Southern Highlands and Western provinces of PNG. The gas will be transported by pipeline to an LNG facility 20 kilometres northwest of Port Moresby on the coast of the Gulf of Papua. The gas will be liquefied, enabling export by ship of approximately 6.6 million tonnes per annum of LNG.

Santos has a 17.7% interest in the front end engineering and design phase of the PNG LNG Project. The other participants are ExxonMobil, Oil Search, Nippon Oil Exploration, MRDC (a PNG company representing landowner interests) and Eda Oil. Santos expects to have a participating interest of approximately 13.7% after the PNG Government back-in to the project. Santos' participating interest is subject to an equity determination process which will take place before the final investment decision.

Ends.



# Media Release

**For Immediate Release:**

November 4, 2009

**PNG LNG PROJECT ENTERS INTO HEADS OF AGREEMENT WITH SINOPEC**  
*Project Will Provide Long-Term Supply to Unipecc*

Port Moresby, Papua New Guinea, November 4, 2009 – Esso Highlands Limited, a subsidiary of Exxon Mobil Corporation and operator of the PNG LNG project, today announced that the project participants entered into a Heads of Agreement with Unipecc Asia Co., Ltd., a subsidiary of China Petroleum & Chemical Corporation (Sinopec) for the long-term supply of 2 million tonnes per annum of liquefied natural gas (LNG).

The PNG LNG project participants are working with Sinopec to finalize a binding sale and purchase agreement. A final investment decision on the project is planned for later this year.

Documents commemorating the agreement were signed in Port Moresby.

“We are pleased to have reached this important milestone with Sinopec,” said Ron Billings vice president of ExxonMobil Gas and Power Marketing. “With this agreement in place, the PNG LNG project is now conducting exclusive discussions with major Asian LNG customers for binding sale and purchase agreements covering the full project capacity.”

“We are pleased to have signed this significant Heads of Agreement with the PNG LNG project, which is led by our partner ExxonMobil. This LNG resource will be supplied to a LNG receiving terminal that Sinopec will build in China,” said Wang Zhigang, senior vice president of Sinopec. “We hope that the working teams from both parties continue to work closely together to finalize the sale and purchase agreement as soon as possible.”

The PNG LNG project is an integrated development which includes gas production and processing facilities, onshore and offshore pipelines and LNG plant facilities. Participating interests are ExxonMobil (Esso Highlands Limited as Operator) 41.5%, Oil Search 34.0%, Santos 17.7%, Nippon Oil 5.4%, Minerals Resources Development Company 1.2%, and Eda Oil Limited 0.2%. (Participation will change when PNG State nominees join as equity participants at a later date.)

###

Media Contact: Miles Shaw  
Phone: (675) 322-2133  
Email: miles.j.shaw@exxonmobil.com

