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Santos acquires additional interests in Bangladesh

Santos today announced a further step in its focused Asian growth strategy with the execution of a sale and purchase agreement with Cairn Energy Plc for the acquisition of Cairn's interests in Bangladesh. The transaction comprises Cairn's interests in Block 16 (Sangu) and Block 16 (Exploration), located in the Bay of Bengal, offshore Bangladesh.

Santos is already a significant investor in Block 16 with a 37.5% interest in the producing Sangu field, acquired in 2007. Subject to certain conditions, Santos expects to complete the acquisition by the end of 2010 and will then become the operator of the field. The Sangu facilities have substantial spare capacity to process and deliver additional gas into the rapidly growing domestic market.

Santos Vice President Asia Pacific Martyn Eames said the acquisition was consistent with Santos' Asian strategy of building material and sustainable businesses to meet growing domestic energy needs.

"Santos has been in Bangladesh for three years and during that time we have had the opportunity to assess the operating and gas market dynamics. The joint venture has obtained free market gas rights for new volumes from producing and exploration areas in Block 16."

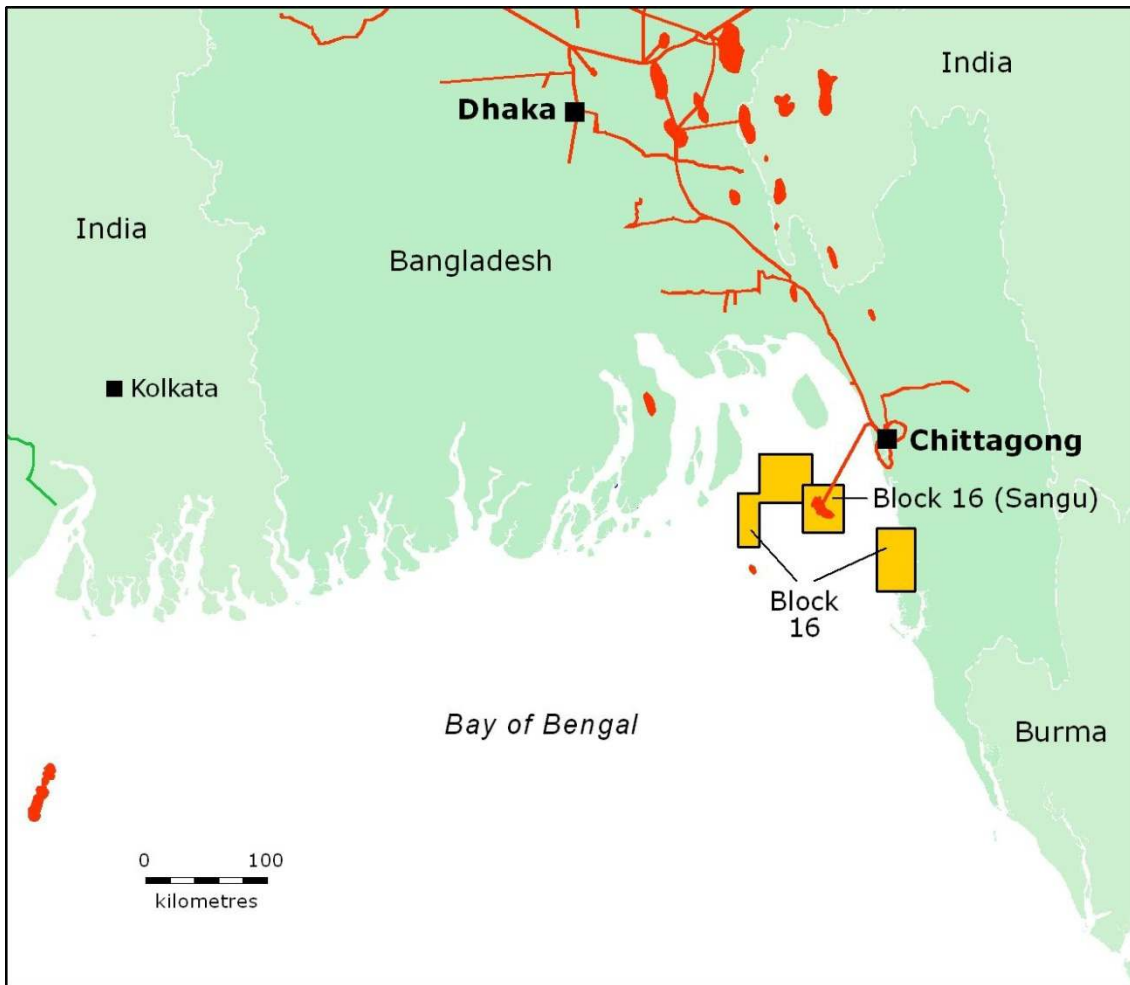
"In 2010, we acquired 3D seismic surveys in and around the Sangu field and on the Magnama exploration prospect, and have identified a number of exciting drilling opportunities that can be tied back to the existing Sangu facilities."

"We look forward to Cairn's Bangladesh team joining us and Santos assuming operatorship of the Sangu asset. We will work to help meet the country's growing energy demand," Mr Eames said.

Following completion, participants in Block 16 (Sangu) will be Santos (75%, operator) and Halliburton (25%). Santos will have a 100% interest in Block 16 (Exploration).

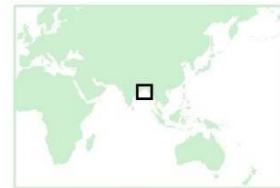
The terms and conditions of the transaction are confidential. All 2010 guidance issued with Santos' third quarter activities report, including capital expenditure guidance, is unchanged.

A map of Santos' interests in Bangladesh is attached.



LEGEND

- Santos Acreage
- Gas Field
- Gas Pipeline



About Santos

An Australian energy pioneer since 1954, Santos is one of the country's leading gas producers, supplying Australian and Asian customers. Santos has been providing Australia with natural gas for more than 40 years. The company today is the largest producer of natural gas to the Australian domestic market, supplying 17% of the nation's gas needs. Santos has also developed major oil and liquids businesses in Australia and operates in all mainland Australia states and the Northern Territory. Santos has built a strong and reliable production business in Indonesia and is further developing its Asian business through development projects and exploration investment. Santos also has interests in four LNG projects, led by the GLNG project in Queensland – a leading project in converting coal seam gas into LNG. Also in Santos' LNG portfolio are the PNG LNG project, which was formally approved in December 2009, Bonaparte LNG, a proposed floating LNG project in the Timor Sea, and Darwin LNG, Santos' first LNG venture, which began production in 2006. Santos has about 2,200 employees working across its operations in Australia and Asia and had 2009 production of 54 million barrels of oil equivalent.

Ends.