

Media enquiries

Kathryn Mitchell
+61 8 8218 5260 / +61 (0) 407 979 982
kathryn.mitchell@santos.com

Investor enquiries

Peter Wasow
+61 8 8218 5985
peterwasow@santos.com

27 June 2006

Banjar Panji-1 well incident

Santos has an 18% interest in the Banjar Panji-1 onshore exploration well located in the Brantas PSC near Surabaya on the Indonesia island Java.

Santos has been advised by the operator, Lapindo Brantas Inc, that on 29 May 2006 a well control incident occurred.

A flow of mud and water has been escaping to the surface from a series of nearby vents since the incident occurred. The flow has affected a significant area, including a number of nearby villages, businesses and roadways.

Lapindo and local authorities are implementing programs to mitigate affects of the flow on the local community and the environment.

Lapindo and well control specialists are implementing a plan to stop the flow from the vents. The cause of the incident is being jointly investigated by Lapindo and the Government of Indonesia's oil and gas regulator, BPMIGAS.

Santos maintains appropriate insurance coverage for these types of occurrences.

The PSC is operated by Lapindo, with a 50% interest; PT Medco E&P Brantas has a 32% interest and Santos (Brantas) Pty Ltd has an 18% interest.

Ends

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