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Delhi Transaction Update

Santos refers to its ASX/media release dated 17 July 2006 relating to its agreement on the terms of acquisition of Delhi Petroleum Pty Ltd (Delhi Transaction).

Further to this announcement, the following has occurred:

- a) Westpac Resources and Infrastructure Pty Ltd (WRIPL) informed Santos that it had received an unsolicited offer in relation to the Delhi Transaction from a third party and that it was evaluating that offer;
- b) Westpac Funds Management Limited (WFML) as responsible entity of the Australian Onshore Energy Fund informed Santos that it had received an unsolicited offer in relation to the Delhi Transaction and that it was evaluating that offer;

Subsequently, by letter on 25 July 2006, WRIPL informed Santos that:

- c) In WRIPL's reasonable opinion, the unsolicited offer referred to in the second paragraph above will be of greater value to the holders of Floated Interest Energy Linked Securities than \$83.25 per FIELDS; and
- d) WRIPL will commence discussion or negotiations in respect of the unsolicited offer.

No notification has been received by Santos from WFML in relation to the unsolicited offer referred to in paragraphs c) and d) above.

Santos is not aware of any further details in relation to the above, including the nature of the unsolicited offer, or the identity of the party making the unsolicited offer.

Ends

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