

Media enquiries

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

Investor enquiries

Andrew Seaton
+61 8 8218 5157 / +61 (0) 410 431 004
andrew.seaton@santos.com

22 August 2006

Drilling Report – Galloway-1

The Galloway-1 exploration well in the Gippsland Basin permit VIC P/39(V) has been drilled to a total depth of 2,315 metres.

The Latrobe Group was intersected, however logging indicates that the primary and secondary objectives were water bearing and that hydrocarbons are not present.

The well will now be plugged and abandoned and the Ensign 32 drilling rig will move to the PEP 160 exploration well, Glenaire-1, within the Otway Basin.

The participants in VIC P/39(V) are:

Santos Offshore Pty Ltd (operator)	37.5%
Nexus Energy (Aust) NL	37.5%
Tap (Shelfal) Pty Ltd	25.0%

Ends

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