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Further oil and gas discovered on Dua structure

Santos advises that the Dua-5X RE well has intersected multiple gas and oil reservoirs in the southern fault block of the Dua structure. The well was drilled on Block 12E, offshore Vietnam by the operator Premier Oil.

This discovery follows the drilling of the Dua-4X well which encountered oil and gas within the northern fault block of the Dua structure.

Wireline testing of the Dua-5X RE well recovered oil samples and pressure data. Preparations are now being made to Drill Stem Test the well.

Dua-5X RE is the first successful intersection of the primary reservoir in the southern fault block of the Dua structure. It was drilled after successful evaluation of the northern fault block where the down-dip extent of the hydrocarbon bearing reservoirs was confirmed by wells Dua-4X and Dua-4X ST1 drilled in May and June this year. These wells were drilled down-dip of the 1974 Dua-1X discovery well which flowed 1,500 barrels of oil per day.

Following completion of testing operations on Dua-5X RE the rig will move to drill 12E-CS-1X well on the Blackbird prospect to explore a large tilted fault block up-dip of a pre-existing well (12E-LK-1X) which previously encountered very good oil shows.

The interests in Block 12E are:

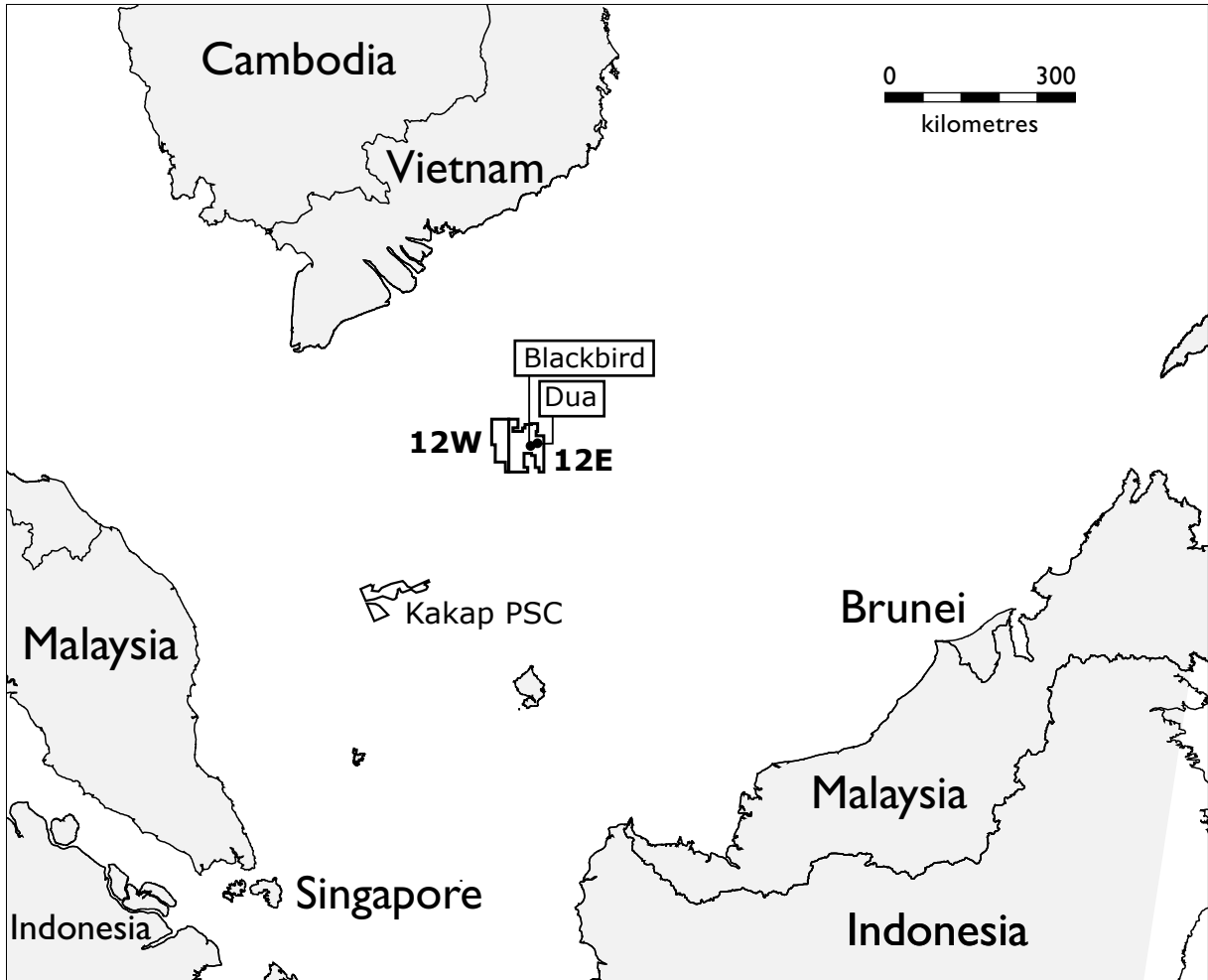
	Post farm-in*	Pre farm-in
Santos International Holdings Pty Ltd	37.5%	-
Premier Oil plc (operator)	37.5%	75%
Delek Energy	25%	25%

* On completion of the farm-out agreement announced on 26th April 2006, and subject to receipt of the approvals required from the Government of the Socialist Republic of Vietnam.

Map attached

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

Vietnam



LEGEND

□ Santos Acreage