

Media enquiries

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

Investor enquiries

Chris Whiteman
+61 8 8218 5721 / +61 (0) 400 501 316
christopher.whiteman@santos.com

22 September 2006

Santos, Korea National Oil Corporation and Samsung Corporation join forces in Gulf of Mexico exploration venture

Santos today announced that the international companies, Korea National Oil Corporation (KNOC) and Samsung Corporation, both of Korea, will farm-in to a shallow water exploration project named Jaguar/Cougar located in Texas State Waters, Gulf of Mexico.

Korea National Oil Corporation, through its subsidiary KNOC USA Corporation, will take a 15 to 25% interest - varying according to the location of the individual leases.

Samsung Corporation, through its subsidiary, Samsung Oil & Gas USA Corp., will take a 10% interest in the entire project.

Co-owners in various parts of the Jaguar/Cougar project include the private US oil company Sabco Oil and Gas Corporation and Opicoil America, Inc., a wholly owned subsidiary of Overseas Petroleum and Investment Corporation which is an affiliate of Chinese Petroleum Corporation, the State-owned oil company of Taiwan.

The wholly owned Santos subsidiary, Santos USA Corp was originally awarded 100% working interest in leases compiling over 65,000 acres by the State of Texas.

The project, which contains numerous deep gas prospects, is located in the offshore Texas State Waters in water depths of less than 30 meters.

Santos' Managing Director, Mr. John Ellice-Flint, said that the farm-out is a further realisation of Santos' portfolio management strategy to share exploration risk and bring in strategic partners that provide opportunity for further deals.

"Santos is pleased to welcome these highly respected Korean companies as new partners," said Mr. Ellice-Flint.

Ends

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