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FUELS Dividend Rate

Santos today announced that the dividend rate for its Franked Unsecured Equity Listed Securities (FUELS) will be 5.4693% per annum for the dividend period from and including 30 September 2006 to 30 March 2007.

After incorporating the value of expected franking credits, the grossed-up dividend rate equates to 7.8133% per annum for the dividend period.

In accordance with the FUELS terms of issue, the non-cumulative floating rate dividend on the FUELS, incorporating, on a grossed-up basis, the value of franking credits, is set at a 1.55% gross margin above the 180 day bank bill swap rate for the applicable dividend period.

This bank bill swap rate on the first business day of the dividend period (2 October 2006) was not published due to the public holiday in Sydney. In such circumstances under the Terms of Issue, Santos can determine an appropriate rate having regard to rates quoted in the market for 180 day bank bills on that day. Santos has determined that it is market convention to use the bank bill swap rate published on the preceding business day (29 September 2006) which was 6.2633%.

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