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23 November 2006**East Java gas pipeline incident**

Santos was advised late yesterday evening of a serious incident involving the East Java gas pipeline, operated by Pertamina, in the vicinity of the Banjar Panji 1 well site.

Initial reports indicate that there has been a pipeline failure resulting in a number of casualties including some fatalities.

Santos is seeking further information regarding the cause of the incident, its impact and the response measures being implemented by both government authorities and the pipeline operator.

Incident effect on Santos production

The Maleo gas project in the Madura Offshore PSC (Santos 67.5%) has shut in production as a consequence of this incident. Maleo gas, along with gas from other fields in the area, is delivered into the East Java pipeline.

Santos net entitlement production from the Maleo field was approximately 7,000 barrels of oil equivalent per day prior to the incident.

Ends

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