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Santos to divest its United States interests

Santos today announced its intention to rebalance its exploration and production portfolio by divesting all of its interests in the United States, and continuing to refocus its exploration activities into Australia, Asia and the Middle East.

USA Divestment

Following a strategic review, Santos intends to sell all of its exploration and production activities in the United States. Continued high demand for energy in the US has resulted in a strong market for assets in Santos' US business areas, making it a good time to bring this portfolio to the market.

Whilst Santos has a long history of involvement in the US upstream oil and gas sector the Company believes that it will be better placed to meet its strategic objectives by re-deploying capital into its other business activities in Australia, Asia and the Middle East.

Santos' US operations produced 2.1 million barrels of oil equivalent during 2005 and include ongoing exploration and development activities over more than 180,000 gross acres in the onshore and offshore Gulf Coast of Texas, as well as Western Colorado.

Santos has appointed Scotia Waterous to provide advice on the sales process.

Refocus on Asia and the Middle East

Since the start of 2006, Santos has grown its focus areas in Asia by adding acreage in Vietnam to its exploration position in Kyrgyzstan and its extensive exploration, appraisal and production activities in Indonesia.

Santos will continue with its active exploration and new ventures program, as it continues to seek opportunities to consolidate its position as one of south east Asia's leading energy companies.

Ends

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