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Successful testing of the Blackbird oil discovery

Santos today announced the successful completion of drill stem testing of the Blackbird discovery well in the Nam Con Son Basin, offshore Vietnam.

As announced on 17 November 2006, the Blackbird well discovered four oil bearing intervals in the main Middle Dua sandstone target, two of which have now been tested.

The deepest zone tested flowed oil at a sustained rate of 2,177 barrels of oil per day (bopd) and 1.63 million standard cubic feet of gas per day (mmscfd), through a 44/64" choke with a wellhead pressure of 618 psi. The second zone tested flowed oil at a sustained rate of 3,706 bopd and 2.49 mmscfd of gas, through a 1" choke with a wellhead pressure of 544 psi. No water was produced during either test.

Following completion of the drill stem tests, the Blackbird well will be sidetracked to obtain further information from the reservoir. The sidetrack will accelerate the appraisal of the field, commencing with resource assessment and reservoir evaluation reports.

"The strong oil flow rates from Blackbird are very encouraging, particularly as this follows on from the successful testing of the Dua discovery," Santos' Managing Director, Mr John Ellice-Flint, said today.

The Blackbird discovery is located in Block 12E offshore Vietnam, approximately 21 kilometres to the south-west of the Dua discovery which was announced in June 2006.

Interests in Block 12E are*:

| | |
|---------------------------------------|-------|
| Santos International Holdings Pty Ltd | 37.5% |
| Premier Oil plc (operator) | 37.5% |
| Delek Energy | 25% |

* Santos has recently been advised that all necessary approvals required from the Government of the Socialist Republic of Vietnam in connection with the farmout agreement with Premier announced on 26 April 2006 have now been received. Accordingly, Santos is now proceeding to finalise the completion of the acquisition of its interests in Blocks 12E and 12W under the farmout agreement.

Map attached.

Ends.

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

Vietnam



LEGEND

□ Santos Acreage



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