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Banjar Panji incident media reports

Santos notes recent media reports in relation to statements attributed to the Indonesian President, Susilo Bambang Yudhoyono, regarding costs claimed to be associated with the Banjar Panji incident.

It has been reported that "PT Energi Mega Persada's unit Lapindo Brantas Inc [the "Operator"] must pay 3.8 trillion rupiah (US\$421 million) to cover repairs and losses after gas exploration drilling triggered a mud flow disaster."

Despite continued requests, Santos has not received any official communication in this regard from the Operator. Santos is continuing to attempt to clarify the status of any discussions between the Government of Indonesia and the Operator.

Further announcements in relation to Santos' share of potential costs relating to the Banjar Panji-1 incident will be made as definitive information becomes available and has been evaluated.

Santos Brantas Pty Ltd has an 18% non-operating interest in the Brantas PSC which contains the Banjar Panji-1 well, located near Surabaya on the Indonesian island of Java. The PSC is operated by Lapindo Brantas Inc, with a 50% interest. The remaining interest is held by PT Medco E&P Brantas, which has a 32% interest.

Ends

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