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Santos awarded Indian exploration acreage

The Government of India has announced that Santos has secured two offshore deepwater exploration licences in the Bay of Bengal, with a commitment to an eight-year US\$70 million (A\$90 million) work program.

Santos subsidiary, Santos International Operations Pty Ltd, has been awarded a 100% working interest and operatorship of blocks NEC-DWN-2004/1 and NEC-DWN-2004/2, covering approximately 16,500 square kilometres in the Northeast Coast Basin, in the Northern Bay of Bengal.

The blocks are approximately 250 kilometres south southeast of Kolkata and 175 kilometres from the Indian coast. Water depth ranges from 400 to 2,300 metres.

The work program for Block NEC-DWN-2004/2 includes 2D and 3D seismic surveys and one exploration well. The work program for NEC-DWN-2004/1 consists of 2D and 3D seismic surveys. The exploration period for both blocks is 8 years.

“We are pleased to be awarded these two prospective exploration blocks providing the company with a significant offshore exploration opportunity in a frontier basin,” Santos’ Managing Director, Mr John Ellice-Flint, said today.

“The new blocks are well situated within the emerging Tertiary clastic Bengal Fan play that has proved successful in recent gas discoveries in the northern Bay of Bengal,” he said.

Santos was awarded the blocks as part of the 52 block NELP VI (New Exploration Licensing Policy) bid round recently conducted by the Indian Government.

Santos’ move into India is in line with the Company’s strategy to engage in an active and focussed exploration program in Asia and the Middle East. It follows two other new country entries for Santos in the past 19 months, being Kyrgyzstan in August 2005 and Vietnam in April 2006.

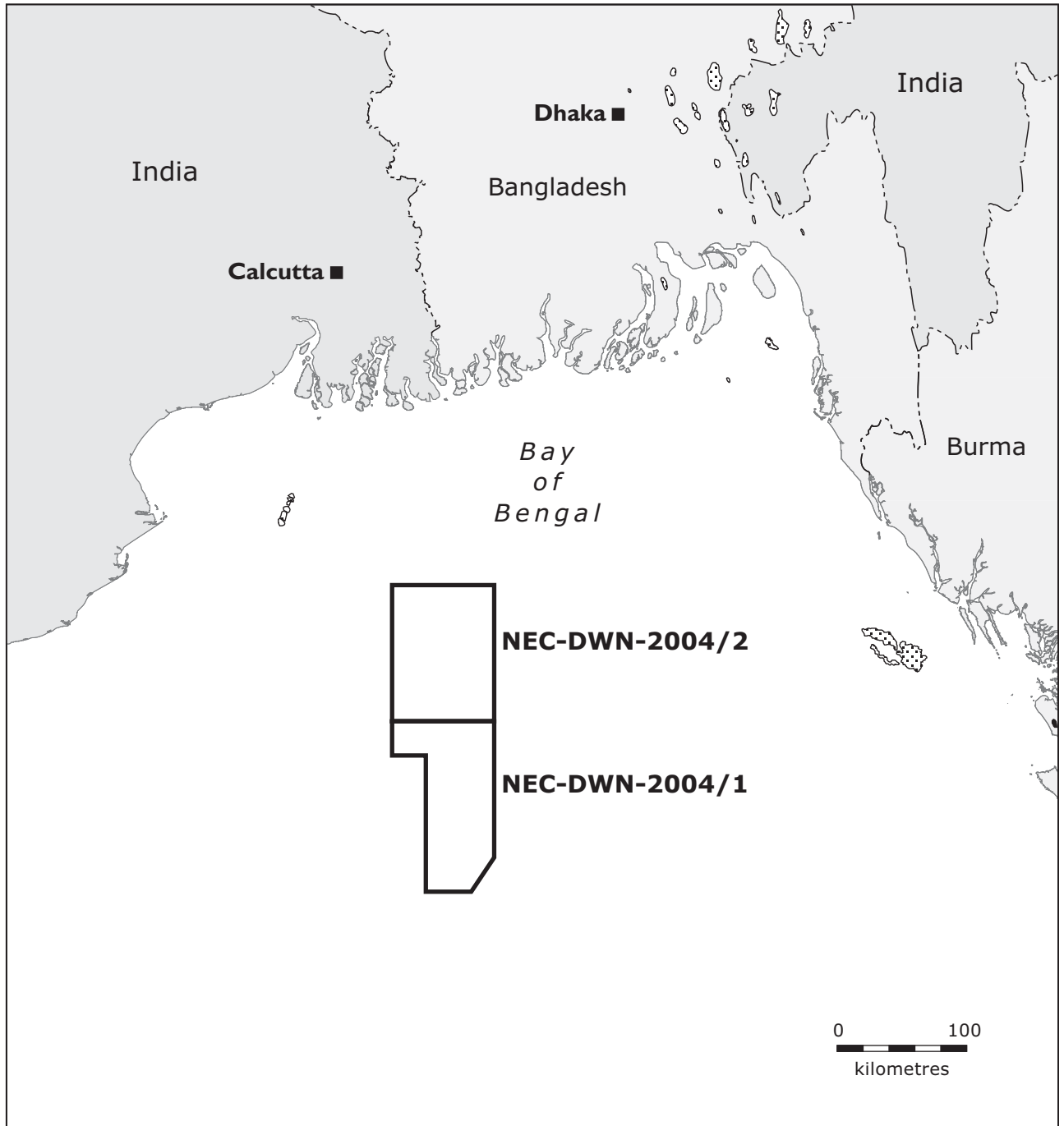
Map attached.

Ends

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

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India



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