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26 April 2007

Santos finalises Longtom gas processing and purchase contract

Santos has executed conditional contracts with Nexus Energy to process and purchase up to 350 Petajoules (PJ) of gas and associated liquids from the Longtom field located in the offshore Gippsland Basin, Victoria.

Under the agreements, raw gas from the Longtom field is to be delivered by Nexus to the Santos owned and operated gas processing plant near Orbost. Santos will process and purchase up to 350 Petajoules (PJ) of the processed gas and associated liquids over a minimum 10 year term.

Gas production and processing is estimated to start between Q3 2008 and Q1 2009. The gas will be marketed through Santos' gas supply portfolio via the Eastern Gas Pipeline to meet increasing demand in Eastern Australian.

The agreements are subject to regulatory approvals and a Letter of Credit in favour of Santos to secure plant upgrade costs and future processing payments. Santos also has an option to acquire up to a 35% interest in the Longtom project.

Commenting on the announcement, Santos' Managing Director, Mr John Ellice-Flint said, this innovative commercial arrangement captures additional value for Santos' Gippsland gas hub, and secures additional gas supply for our portfolio between the key markets of Victoria and New South Wales.

"It also extends the life of the processing facility well into the next decade. We are looking forward to working with Nexus on this exciting development," he said.

The participants in Patricia Baleen are:

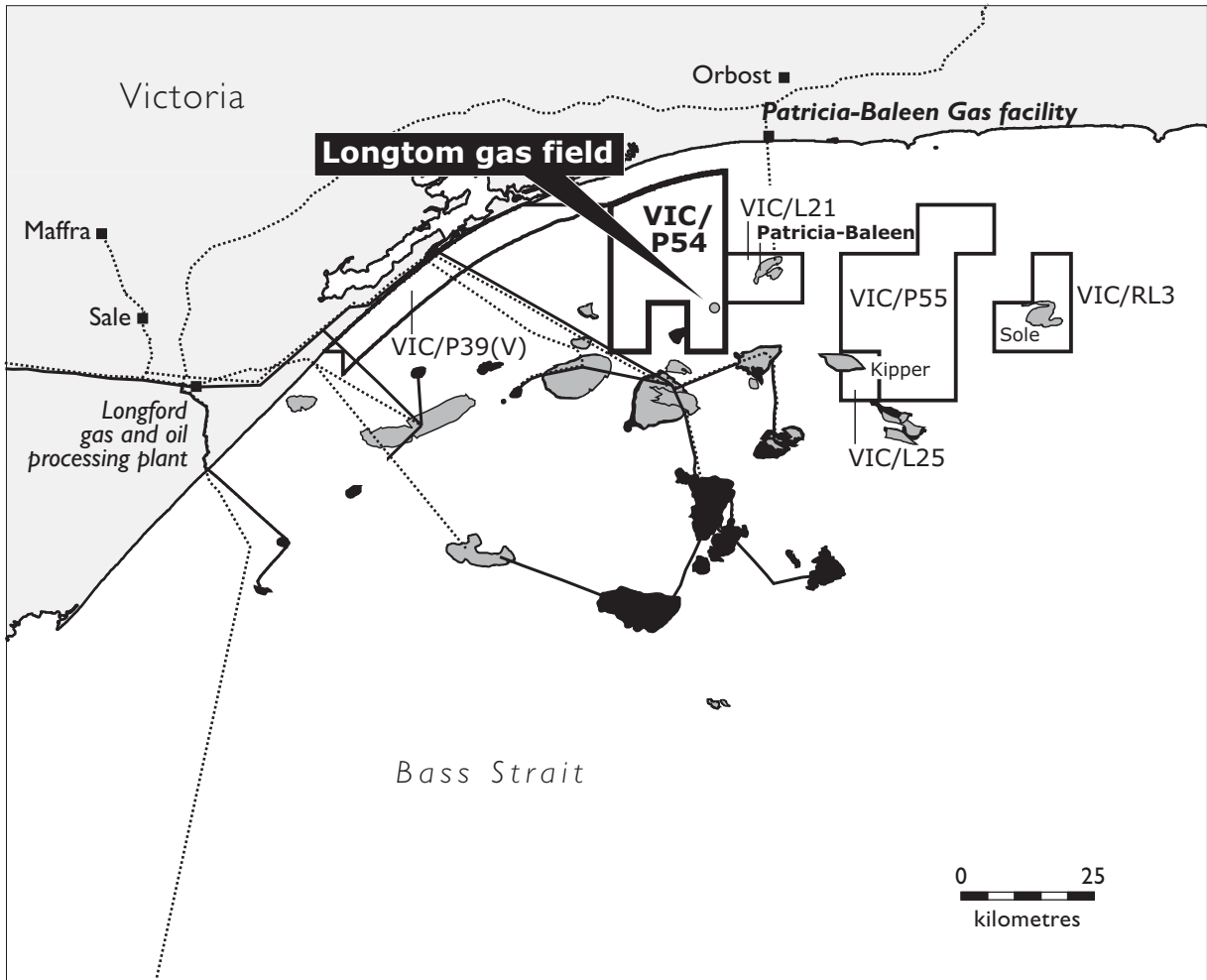
Santos (NT) Pty Ltd (Operator)	100%
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Map attached.

Ends

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

Gippsland Basin



LEGEND

- Santos Acreage
- ▣ Nexus Acreage
- Oil Field
- ▨ Gas Field
- Oil Pipeline
- ⋯ Gas Pipeline

