ASX/Media Release

Santos

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Commencement of FEED for Reindeer Field

Santos today announced the commencement of Front End Engineering and Design ("FEED") studies for the Reindeer gas field in the Carnarvon Basin, offshore Western Australia.

The Reindeer field is located in permit WA-209-P in which Santos has a 45% working interest in joint venture with Apache Energy (55% and operator). The field was discovered in 1997 and has a gross recoverable resource range of 410 to 640 Petajoules.

The FEED studies will focus on the preferred development option, which consists of an unmanned offshore platform with a pipeline to a new gas processing facility to be located on the mainland.

The proposed production capacity is approximately 110 Terajoules per day of sales gas with first gas targeted for mid 2010.

The new onshore processing facility will increase the security of gas supply into the domestic Western Australian market by adding incremental processing capacity away from the existing plants at Varanus Island and the North West Shelf.

Commenting on the announcement, Santos' Managing Director, John Ellice-Flint highlighted the positive impacts of bringing a significant new source of gas supply into the rapidly growing Western Australian market.

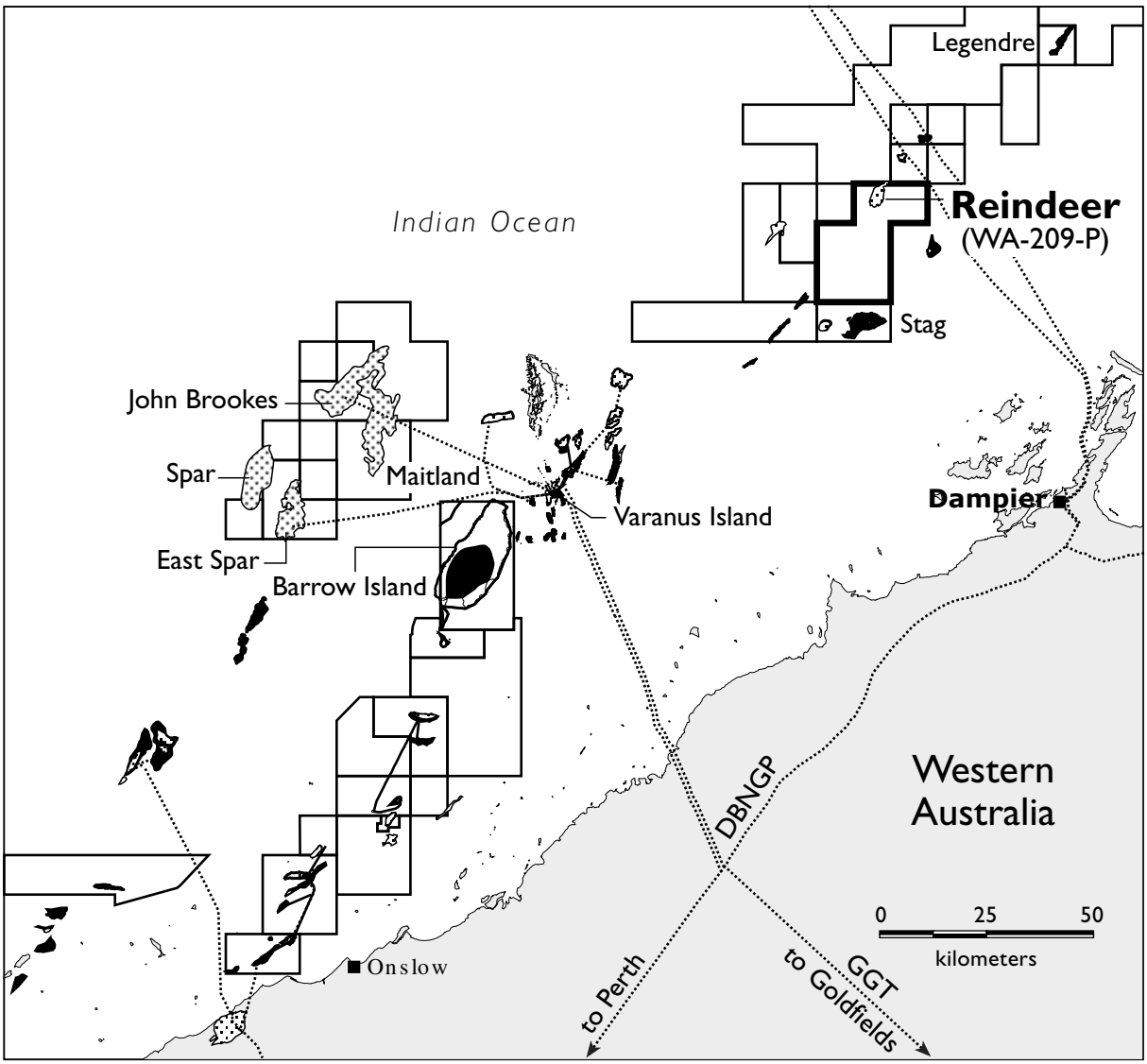
"The booming minerals industry in Western Australia has given us the confidence to move forward with FEED studies for this project. It is also evident that recent higher gas prices will help to facilitate significant investments in long term gas supply for Western Australia such as that proposed for the Reindeer project," he said.

Map attached

Ends

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

Proposed Reindeer Gas Development



LEGEND

- Santos Acreage
- Oil Field
- Gas Field
- Oil Pipeline
- Gas Pipeline