

Media enquiries

Matthew Doman
+61 8 8116 5260 / +61 (0) 421 888 858
matthew.doman@santos.com

Investor enquiries

Andrew Seaton
+61 8 8116 5157 / +61 (0) 410 431 004
andrew.seaton@santos.com

26 October 2007**Santos acquires interests in Bangladesh**

Santos today announced that it has acquired various assets in Bangladesh, including a 37.5% interest in the Sangu gas field and a portfolio of exploration acreage from Cairn Energy PLC.

The net average gas production from the Sangu field to 30 September 2007 was 34 million cubic feet per day and net proven and probable (2P) gas reserves acquired are approximately 34 billion cubic feet (both figures net to the 37.5% interest acquired).

The portfolio provides Santos with a 37.5% interest in the Magnama gas exploration well which spudded on 3 October in offshore Block 16 and is expected to reach total depth by early December 2007.

The consideration for the acquisition is US\$50 million payable in cash at completion, and also contingent payments of, in aggregate, US\$20million, payable in tranches dependent upon future development resulting from the current exploration drilling programme.

Commenting on the acquisition, Santos' Managing Director, John Ellice-Flint highlighted that this is consistent with Santos' stated strategy of becoming a leading Asian energy company.

"This new country entry is very attractive for Santos and provides exposure to material exploration upside in a proven prolific hydrocarbon province."

"We are pleased to be partnering with Cairn, who have extensive experience in the region."

"This acquisition is another step in our Asian growth strategy, and follows on from our capture of a prospective acreage position in the Bay of Bengal offshore India in early 2007.

Santos International Holdings Pty Ltd, a wholly owned subsidiary of Santos Limited, has acquired Cairn Energy Bangladesh Limited from Capricorn Energy Limited, a subsidiary of Cairn Energy PLC which holds the following assets:

- a 37.5% interest in the Sangu Development Area;
- a 37.5% interest in Block 16 exploration acreage; and
- a 45% interest in exploration Blocks 5 and 10.

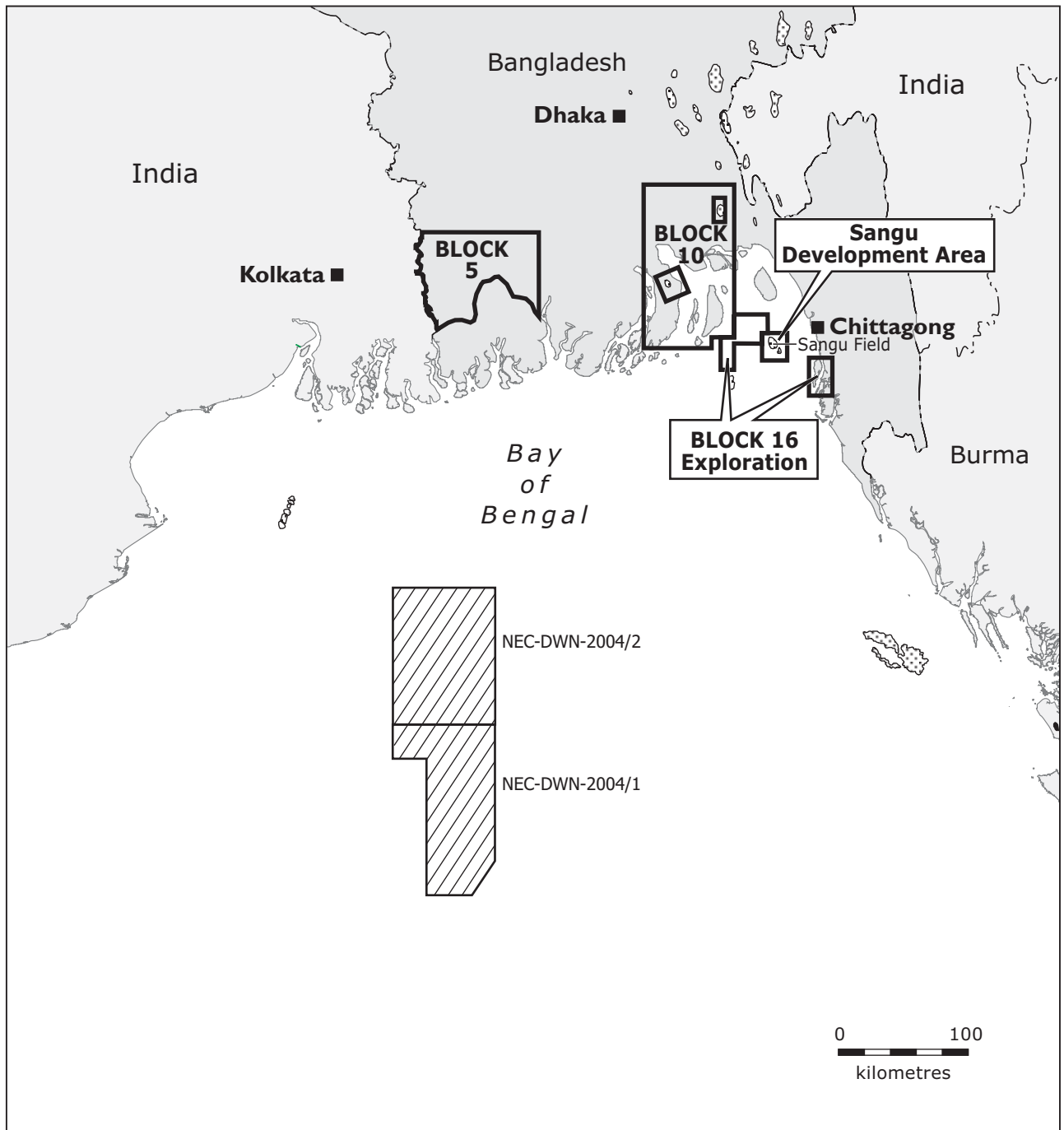
All of the permits will continue to be operated by Cairn, who will retain holdings equal to those acquired by Santos.

A map showing the location of these permits is attached.

Ends

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

Bangladesh



LEGEND

- Santos Acreage
- ▨ Existing Santos Acreage
- Oil Field
- ▣ Gas Field

