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[matthew.doman@santos.com](mailto:matthew.doman@santos.com)**20 November 2007****Funding commitment for Moomba Carbon Storage**

Santos welcomed today's announcement that a Coalition Government would commit \$10 million to fast track development of the Moomba Carbon Storage (MCS) concept – a project with the potential to become the world's largest CO<sub>2</sub> storage facility.

Santos and its joint venture partners would match the federal funding commitment by also contributing \$10 million to advance what is known as the Front End Engineering and Design (FEED), or project definition, phase of MCS. FEED would then inform the Final Investment Decision, expected in mid-2008.

The initial phase of MCS is a \$700 million-plus project designed to demonstrate the technical and commercial feasibility of securely storing carbon dioxide in depleted oil and gas reservoirs in the Cooper Basin in northeast South Australia and southwest Queensland.

Santos chief executive John Elicke-Flint welcomed the Coalition's support for MCS.

"The development of Moomba Carbon Storage would facilitate Australia's emergence as a world leader in carbon sequestration – allowing Australia to continue to reap the benefits of its endowment of fossil fuels while reducing carbon dioxide emissions," Mr Elicke-Flint said.

"MCS has the potential to transform Moomba from an iconic piece of Australia's energy infrastructure into a practical and world-leading climate change facility supporting clean energy throughout eastern Australia – and this support will significantly advance the prospect of MCS becoming a reality."

The FEED process will harness extensive knowledge derived through Santos' existing operations to provide enhanced definition around the one billion tonnes of CO<sub>2</sub> storage potential in the Cooper Basin. This funding will also extend that mapping into the carbon storage potential of the depleted oil and gas reservoirs in Santos' south west and eastern Queensland operations.

A positive Final Investment Decision in 2008 would enable CO<sub>2</sub> injection to commence in 2010 at a rate of approximately 1 million tonnes per annum. Subject to the success of the demonstration phase, MCS would then be scaled up to serve as a regional, multi-user carbon storage hub serving eastern Queensland and NSW's Hunter Valley coal fields. It is projected that these volumes could exceed 20 million tonnes per annum of CO<sub>2</sub> for over fifty years. This

equates to taking 5 million cars per year – or one-third of the total vehicle fleet – off Australia’s roads.

Moomba’s central Australian location, proven geology and connection to existing infrastructure make it uniquely positioned to become a major near-term carbon storage solution for eastern Australia. Its proximity to renewable energy companies in the Cooper Basin also provides a potential link that would help to incubate solar thermal or geothermal technologies in the Cooper Basin.

The MCS project builds upon Santos’ 40 plus years operating experience in the Cooper Basin, its substantial technical expertise and over \$8 billion in existing infrastructure, including 2,300 wells and hundreds of thousands of kilometres of sub-surface geological data.

“There is quite simply no other carbon storage site in Australia that is as ready on a large scale commercial basis – whether geologically, technically or in terms of human knowledge - as Moomba,” Mr Ellice-Flint said. “Geosequestration, or carbon capture and storage, is the only way of permanently preventing carbon dioxide emissions from entering into the atmosphere.”

For further information on Moomba Carbon Storage, and to view a video presentation on the project, please visit [www.santos.com](http://www.santos.com)

A Moomba Carbon Storage Fact Sheet is also attached.

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