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PNG LNG Project signs LNG Sale and Purchase Agreement with TEPCO

Santos today announced that the PNG LNG Project participants have finalised a binding Sale and Purchase Agreement with The Tokyo Electric Power Company (TEPCO) for the long-term sale and purchase of liquefied natural gas (LNG) totaling approximately 1.8 million tonnes per annum.

Under the agreement, the PNG LNG Project will supply LNG to TEPCO for a period of 20 years.

A copy of the PNG LNG Project's operator's news release is attached to this release.

About PNG LNG

The PNG LNG Project is an integrated development which includes gas production and processing facilities, onshore and offshore pipelines and LNG plant facilities. Santos has a 17.7% interest in PNG LNG. Other participants are entities of ExxonMobil (41.5% and operator), Oil Search (34.0%), Nippon Oil (5.4%), Mineral Resources Development Company (1.2%) and Petromin Holdings Limited (0.2%). Participation will change when PNG State nominees join as equity participants at a later date.

Ends.



Media Release

TEPCO and PNG LNG Finalize LNG Sales and Purchase Agreement

- **Important Project Milestone with Key Asian LNG buyer**

Port Moresby, Papua New Guinea, December 7, 2009 – Tokyo Electric Power Company Incorporated (TEPCO) and Esso Highlands Limited, a subsidiary of Exxon Mobil Corporation and operator of the Papua New Guinea Liquefied Natural Gas (PNG LNG) Project, today announced that TEPCO and the project participants have entered into a binding sales and purchase agreement for the long-term sale and purchase of LNG totalling approximately 1.8 million tonnes per annum.

The agreement is effective for a 20-year period.

“This agreement is the foundation of a new relationship bringing together a premier Japanese LNG customer and an important new LNG supplier. It will provide important and complementary benefits to all parties,” said Ron Billings, vice president, LNG, ExxonMobil Gas & Power Marketing Company. “This is yet another key milestone in the project’s schedule.”

TEPCO is the largest power utility company in Japan serving 28 million customers and one of the world largest LNG importers with 20 million tonnes imports in 2008.

The PNG LNG Project is an integrated development which includes gas production and processing facilities, onshore pipelines and offshore pipelines and LNG plant facilities. Participating interests are ExxonMobil (through various affiliates, including Esso Highlands Limited as Operator) 41.5%, Oil Search 34.0%, Santos 17.7%, Nippon Oil 5.4%, Mineral Resources Development Company 1.2 %, and Petromin PNG Holdings Limited 0.2%. (Participation will change when the PNG State nominees join as equity participants at a later date).

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