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## Mutineer-Exeter Production Update

Santos advises that the Mutineer Exeter oil fields are currently producing at reduced rates of approximately 4,000 to 5,000 barrels of oil per day (gross) due to electrical damage which has rendered the sub-sea pumps inoperable.

Production is expected to continue on free flow, without the assistance of the sub-sea pumps, until such time as replacement parts are available.

The production impact is expected to be in the range of 0.3 to 0.5 million barrels of oil (gross) in 2007 (Santos share 0.1 to 0.17 mmbbl). In the event that repairs are completed by April, an impact of between 0.5 to 1.0 mmbbl (gross) is expected in 2008 (Santos share 0.17 to 0.34 mmbbl).

A further update on the production and cost impact will be provided in Santos' Fourth Quarter 2008 Activities report which will be lodged with the ASX on 24 January 2008.

Interests in the Mutineer Exeter fields are:

Santos Limited (Operator)	33.4%
Kufpec	33.4%
Nippon Oil	25.0%
Woodside	8.2%

Ends

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