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## **Further progress in PNG LNG: Joint Operating Agreement signing**

In another important step forward for the Papua New Guinea LNG Project, Santos today welcomed the signing of the Joint Operating Agreement (JOA) for the project with ExxonMobil, Oil Search, Nippon Oil, AGL and MRDC (a PNG company representing landowner interests).

The JOA is one of the key deliverables from the pre-FEED work which is nearing completion under the Cost Sharing Agreement signed in April 2007. The agreement provides, amongst other things, the basis for the redetermination of project interests and the governance of the venture through development and operation.

Equities of the parties going into a FEED process would be:

ExxonMobil (Esso Highlands Limited as Operator)	41.6%
Oil Search	34.1%
Santos	17.7%
AGL	3.6%
Nippon Oil	1.8%
Landowners	1.2%

*Note: Equities will change when the PNG State nominees join as equity participants at a later date.*

In welcoming the agreement, Santos Managing Director John Ellice-Flint said "The execution of this agreement is a significant step for the PNG LNG Project. The agreement is indicative of the commitment of all the companies to drive this project forward and now the venture is squarely focussed on securing a FEED entry decision as quickly as possible."

Ends

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