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2 October 2008**Off-market buy-back implied Tax Value**

Santos advised earlier today that it had varied the index used to calculate the Tax Value for the purpose of its off-market buy-back ('Buy-Back') to the Oil & Gas Exploration & Production industry subset of the S&P/ASX 200 Index ('Oil & Gas Exploration & Production Index').

Based on the Oil & Gas Production & Exploration Index as at 2 October 2008, the current implied Tax Value is \$17.03. The Oil & Gas Production & Exploration Index has decreased by 0.64% since announcement of the Buy-Back on 21 August 2008.

The actual Tax Value will be released to the ASX as soon as possible after 4.00pm on Friday 3 October 2008 and will be made available on Santos' website at www.santos.com.

The Buy-Back tender period closes at 7.00pm (Eastern Standard Time) on Friday 3 October 2008, with announcement of the Buy-Back price expected to be on Monday 6 October 2008.

Shareholders are encouraged to read the Buy-Back booklet carefully before deciding to participate in the Buy-Back, and to consider obtaining independent advice before making any financial decisions. If you require further information on the Buy-Back, including details of the current implied Tax Value, please contact the Santos Limited Buy-Back enquiry line on 1300 727 634 (within Australia) or +61 3 9946 4447 (from outside Australia).

Important notice**Not for distribution or release in or into the United States or Canada**

This announcement does not constitute, or form part of, any offer or invitation to sell, or any solicitation of any offer to purchase any securities in any jurisdiction, nor shall it or the fact of its distribution be relied on in connection with any contract thereof. No indications of interest in the Buy-Back are sought by this announcement. Shareholders who are (or nominees who hold Santos Limited shares on behalf of or for the account of persons who are) in the United States or US persons, (within the meaning of Regulation S under the United States Securities Act of 1933), residents of Canada or who are otherwise excluded foreign persons will not be eligible to participate in the Buy-Back described in this announcement. ADRs and restricted employee shares may not be tendered into the Buy-Back. Buy-Back documents, including the booklet describing the terms of the Buy-Back and tender forms, have not been distributed or sent into the United States or Canada.

Forward looking statements

This announcement contains forward looking statements, including statements regarding the implementation of the Buy-Back and its effects on our business and securities. The results and effects of the Buy-Back may differ materially from those expressed in, or implied by, these forward looking statements. Factors that could cause or contribute to such differences include the number of shares bought back, the Buy-Back price and the general trading and economic conditions affecting our business. We do not undertake any obligation to revise these forward looking statements to reflect any future events or circumstances.

Ends

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