

ASX/Media Release



Media enquiries

Matthew Doman
+61 8 8116 5260 / +61 (0) 421 888 858
matthew.doman@santos.com

Investor enquiries

Andrew Nairn
+61 8 8116 5314 / +61 (0) 437 166 497
andrew.nairn@santos.com

8 October 2009

The JP Morgan Australasian Conference 2009 – Presentation Slides

Please find attached presentation slides which were presented at the JP Morgan Australasian Conference held in Edinburgh on 8-9 October 2009.

Ends.



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Investor Presentation

October 2009

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Disclaimer & Important Notice

This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

All references to dollars, cents or \$ in this document are to Australian currency, unless otherwise stated.

Securing our Energy Future

Natural Gas will play a vital role in meeting the energy requirements for Australia and the Asia Pacific region...

- Natural gas can meet new base load power generation requirements in Eastern Australia:
 - Lowering the carbon intensity of power generation by up to 70%
 - Significantly lowering power generation's water use by up to 99% that of coal
- Eastern Australian gas reserves continue to grow:
 - A global resource base in close proximity to key markets, situated within an integrated energy market
- Australia will be a key player in meeting Asian LNG growth
 - Enhancing Australia's role as a strategic supplier of energy resources

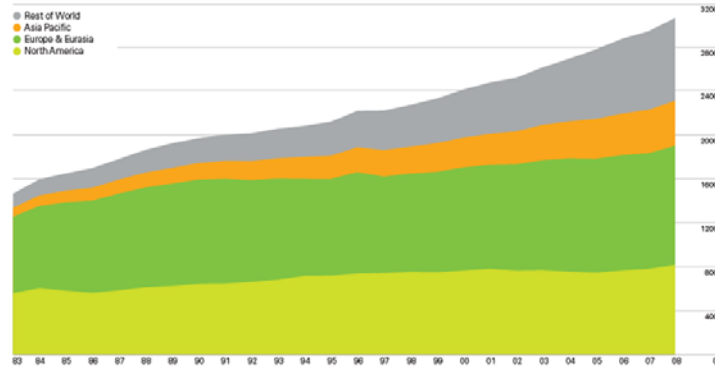
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Global Natural Gas Production

Production by region

Billion cubic metres



© BP 2009

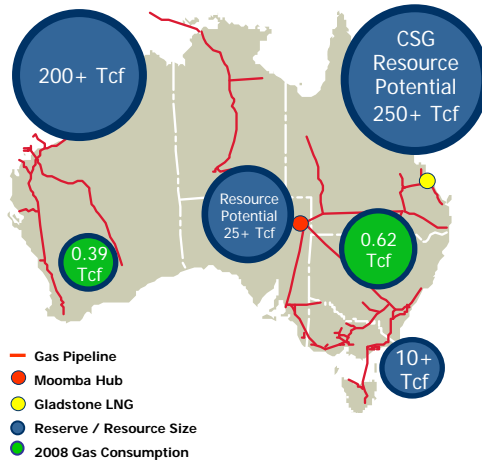
BP Statistical Review of World Energy June 2009

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Natural Gas – Australia's strategic advantage

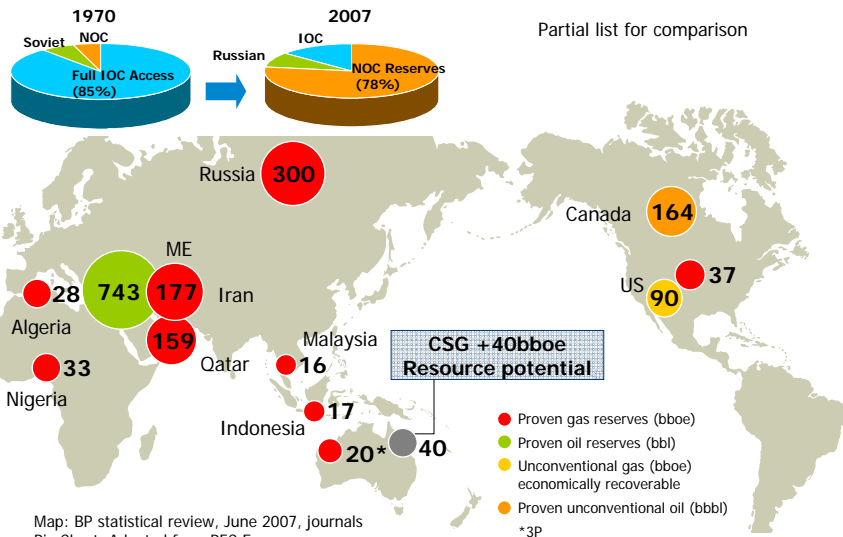
On 2008 consumption levels, eastern Australia has over 400 years of possible CSG resources alone ...



- Australian domestic gas demand: > 1.1 Tcf pa
- Eastern Australian gas demand: 0.62 Tcf pa
- Remaining EA Potential Resource: ca. 42.8 Tcf
- EA 2P reserves increased by 60.7% from Dec 07 to Mar 09
- CSG Production increased by 17.7% in the 12 months to March 2009

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Eastern Australia Coal Seam gas: A globally significant play



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The Santos Strategy

Using quality assets, Santos will safely deliver:

Base business

- **Eastern Australia:** Margin growth and resource conversion
- **Indonesia:** Steady business with incremental growth
- **WA & NT:** Exploit asset position

LNG growth

- **GLNG:** The leading CSG to LNG project
- **PNG LNG:** On track for 2009 FID
- **Darwin LNG:** Mature brownfield LNG growth
- **Bonaparte LNG:** Innovative floating LNG project

Focused growth in Asia

- **India/Bangladesh:** Bay of Bengal exploration-led growth
- **Vietnam:** Develop Chim Sao and exploration-led growth

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Strategy delivery in 2009

	Target		Delivery
Base Business	2009 production 53 – 56 mmbob	✓	26.6 mmbob in first half, on track for full year guidance
	Next phase of projects on schedule	✓ ✓ ✓ ✓	Oyong Phase 2 (Indonesia) – first gas 3Q09 Henry (Vic) – first gas 1H10 Kipper (Vic) – first gas 1H11 Reindeer (WA) – first gas 2H11
	Portfolio management	✓ ✓	Acquisition of additional acreage and investment in ESG \$300 million in asset sales executed including Petrel/Tern/Frigate
LNG Growth	GLNG	✓ ✓ ✓ ✓	Binding HoA with PETRONAS for 2mtpa with 1mtpa option underpins first LNG train EIS lodged, public consultation period ended 17 August FEED studies commenced Fairview produced water approval
	PNG LNG	✓ ✓	Marketing key terms agreed for 6.3mtpa LNG Approval for early works
Asia	Funding for growth	✓	Successful \$3 billion equity raising
	India / Bangladesh	✓	Bay of Bengal 3D seismic survey completed
	Vietnam	●	Chim Sao reservoir and facilities studies complete, assessing options for FPSO, target first oil in 2011

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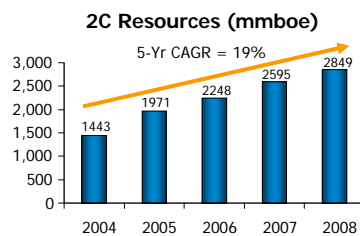
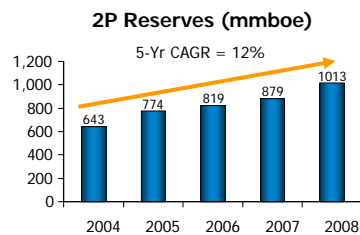
Profits impacted by lower oil prices

2009 Half Year Result		Change on 2008
Oil Price	A\$73.28 per bbl	(39)%
Production	26.6 mmboe	(4)%
Sales Revenue	\$1,024 million	(26)%
EBITDAX	\$647 million	(37)%
Net Profit After Tax	\$102 million	(66)%
Operating Cash Flow	\$499 million	(20)%
Interim Dividend	22 cents per share	unchanged

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Track record of reserves growth



Impressive & consistent growth in both 2P and 2C

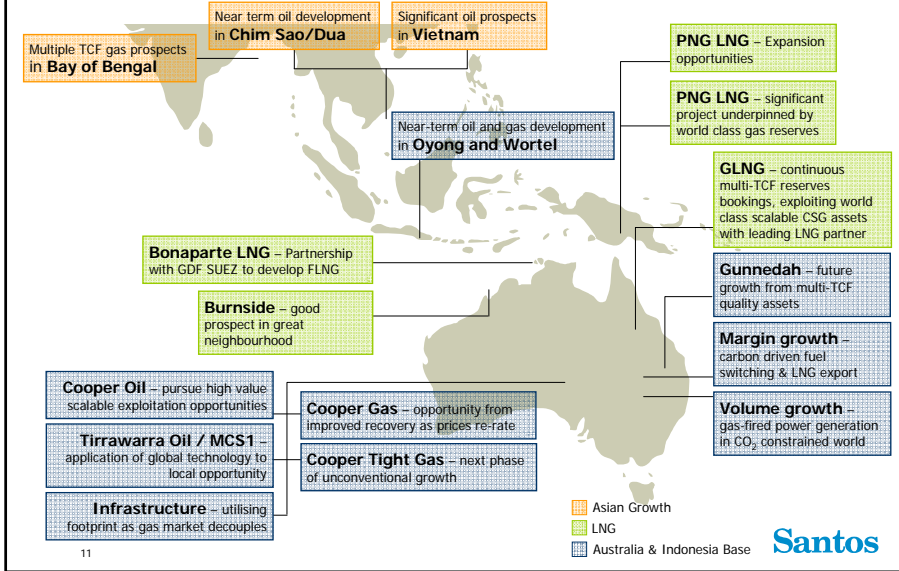
- Proven and probable (2P) reserves now exceed 1 billion barrels of oil equivalent (boe)
- 2008 2P reserves replacement ratio of 347%, or 517% if GLNG sell-down excluded
- 2P reserves replacement cost \$5.90/boe
- Contingent resources increased by 254 million boe to 2.85 billion boe
- Major contingent resource booking in the Cooper Basin for unconventional reservoir gas and closer spaced drilling into conventional reservoirs
- Material size of resources "cupboard" relative to company size

Management team focused on continuing track record of contingent resource commercialisation

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Santos "Beyond the 2P"



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Growth in LNG

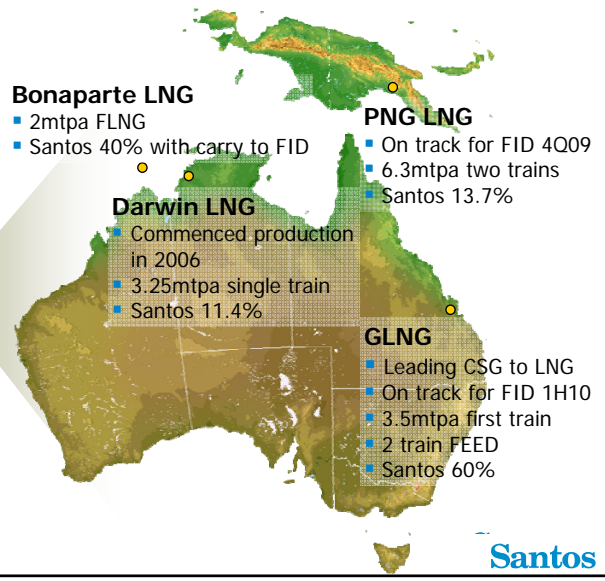
LNG is a key component of Santos' Growth Strategy

Strategy Components

Deliver the Base Business

LNG Growth

Focused growth in Asia



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Gladstone LNG

GLNG: The Leading CSG to LNG Project

Momentum building towards FID in first half of 2010

- Freehold land for liquefaction plant ✓
- Pre FEED work completed ✓
- PETRONAS selected as partner ✓
- LNG marketing well underway ✓
- Reserves build on track ✓
- Downstream FEED entry ✓
- EIS lodged, public comment period ended 17 August ✓
- Fairview produced water approval ✓
- Pipeline FEED entry ✓
- Binding offtake agreement with PETRONAS for 2mtpa plus 1mtpa ✓
- Upstream FEED entry **3Q 09**
- Final Investment Decision (FID) **1H 10**
- First LNG **2014**

1H 2009

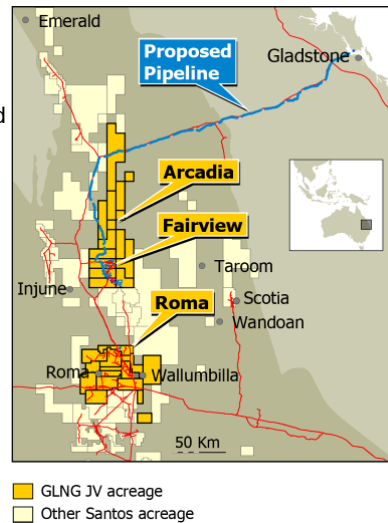


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GLNG: Upstream update

- **Wells**
 - 90 CSG wells drilled so far this year
- **Production**
 - Phase 2 Fairview expansion commissioned
 - Fairview exceeded 100TJ/d for first time
- **Environment**
 - EIS lodged in March, public comment period ended 17 August
 - EPA approval for innovative Fairview irrigation project for forage cropping and hardwood plantation
- **Upstream FEED**
 - Dual FEED contractors appointed
 - FEED entry 3Q09
- **Reserves**
 - 3,246PJ 2P reserves as at 31 Dec 2008
 - 2009 reserves build on track
 - Next reserves report early 2010



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GLNG: Downstream update

- **Curtis Island site**
 - EIS application for 10mtpa capacity (3 trains)
- **Downstream FEED**
 - Bechtel appointed
 - 2-train FEED 40% complete
 - Curtis Island geotechnical site survey work complete
- **Pipeline FEED**
 - GHD appointed
 - FEED 50% complete
- **Marketing**
 - Binding offtake agreement with PETRONAS for 2mtpa plus 1mtpa at GLNG sole option
 - Ongoing discussions with other Asian customers



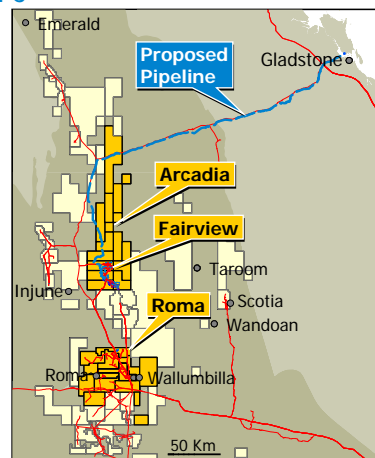
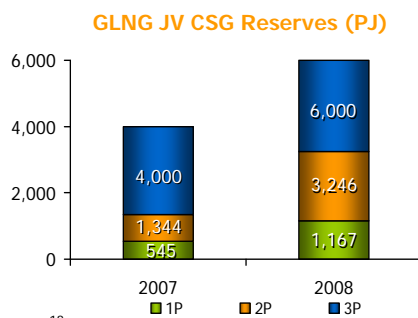
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GLNG: Building the reserves

2P reserves up 142% to 3,246PJ

- 95% of 2P reserves uncontracted and available for GLNG project
- 2008 program successful in converting resources to reserves, and conversion of possible to proved and probable



■ GLNG JV acreage
 □ Other Santos acreage

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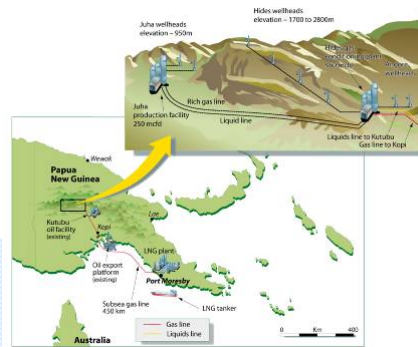
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PNG LNG, Darwin LNG and Bonaparte LNG

PNG LNG on Track for 4Q 2009 FID

- Pre FEED work on two train 6.3mtpa plant ✓
- Marketing Representative Agreement ✓
- Coordinated Development and Operating Agreement ✓
- Gas Agreement ✓
- Front End Engineering Design Entry Decision ✓
- Project finance progressing well ✓
- EIS submitted ✓
- Marketing key terms agreed for 6.3mtpa ✓
- Approval for early works ✓
- Landowner Agreements 3Q 09
- Final Investment Decision 4Q 09
- First LNG 2013/14

1H 2009



Darwin LNG & Timor/Bonaparte/Browse

Multiple pathways to growth

Darwin LNG

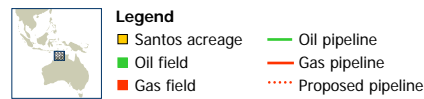
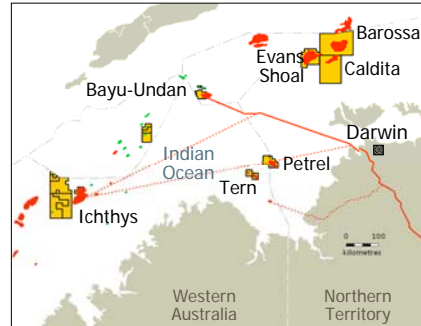
- Santos 11.4%
- Base project continues to deliver with potential upside unfolding

Timor Bonaparte

- Santos has material contingent gas resource to support new LNG development
- New LNG development may involve multiple regional assets

Browse

- Burnside-1 discovery



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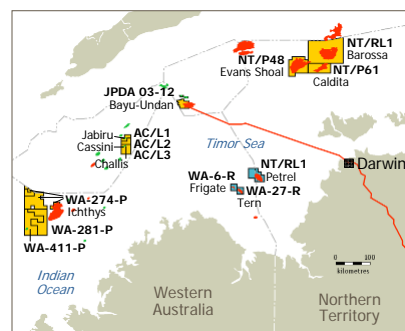
Strategic partnership with GDF SUEZ

Unlocks value in 2.1 tcf contingent gas resource

- Santos has sold 60% of Petrel/Tern/Frigate to GDF SUEZ for up to US\$370 million and a full carry of Santos' share of costs to FID including 2 appraisal wells
- The fields have a gross contingent resource of 2.1tcf – ideal size for FLNG
- Consistent with Santos' corporate strategy:
 - Unlocks value in contingent resources
 - Partner with world class companies
 - Deepening our LNG growth options
- Santos retains a 40% interest in the Evans Shoal, Barossa and Caldita fields

Santos retains approximately 70% (500mboe) of its total Bonaparte Basin 2C contingent resource.

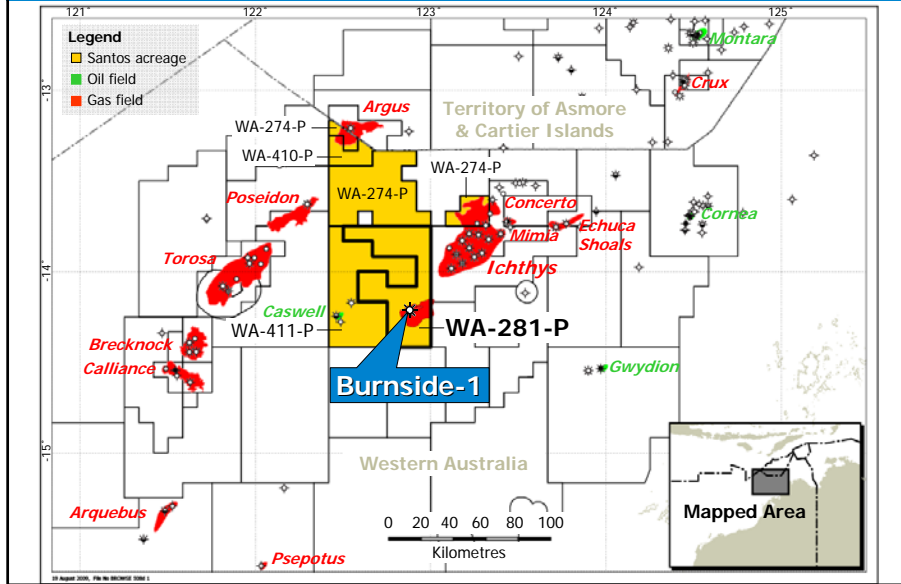
Continuing to progress options for commercialisation of the Evans Shoal, Barossa and Caldita fields.



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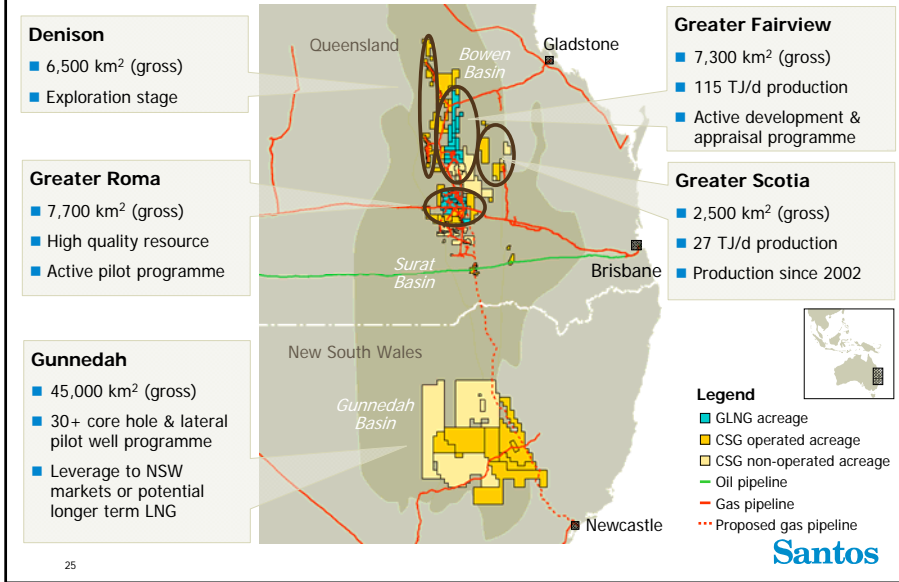
Burnside-1 – Great street address



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Coal Seam Gas Assets

Santos' Leading CSG Acreage Position



Santos CSG assets are world class

Fairview and Roma will supply GLNG...

Field	Gas Content	Permeability	Saturation	Flow Rate	Spacing	GIP/Well	Coal Thickness
Fairview	●●●	●●●	●●●	●●●	●●●	●●●	●●
Roma	●●	●●●	●●	●●	●●	●●	●●
Scotia	●●●	●●	●●●	●●●	●●	●●●	●●●
Gunnedah	●●?	●●●	●●●	?	?	●●●?	●●●
San Juan	●●●	●●	●●	●●●	●●●	●●●	●●●
Powder River	●	●●●	●●	●	●	●	●●●
Black Warrior	●●●	●	●●	●	●	●	●●

■ Santos assets ● Acceptable ●● Good ●●● Best in class

...while Gunnedah is emerging

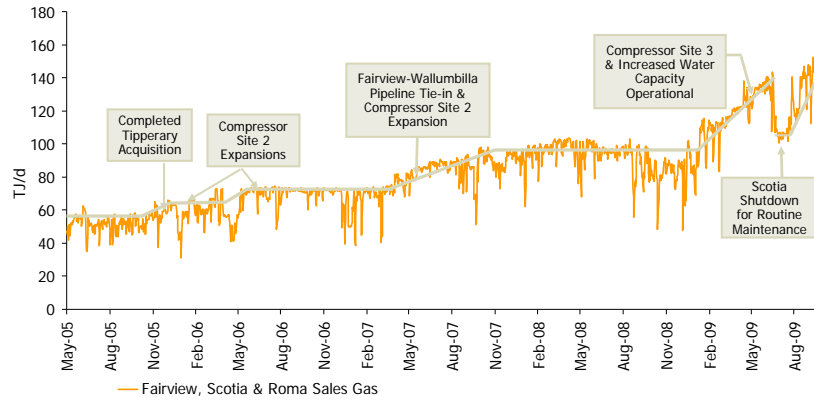
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Source: JPT February 2008, Santos

Production Delivery

Fairview production has reached 115TJ/d...

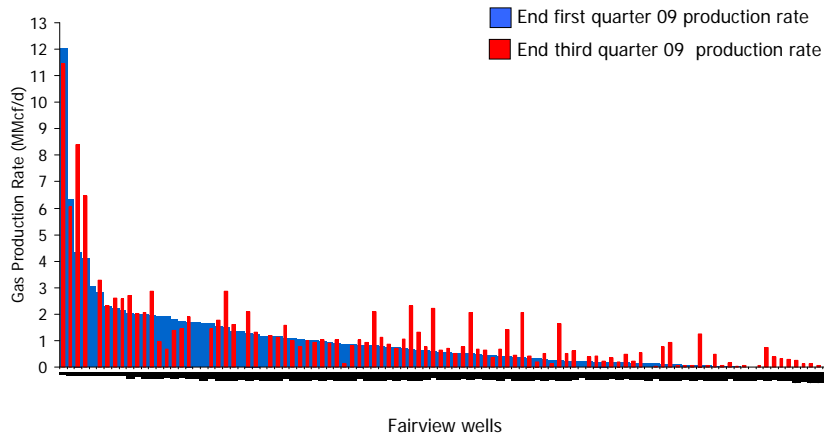
Santos' Operated CSG Sales Production Growth



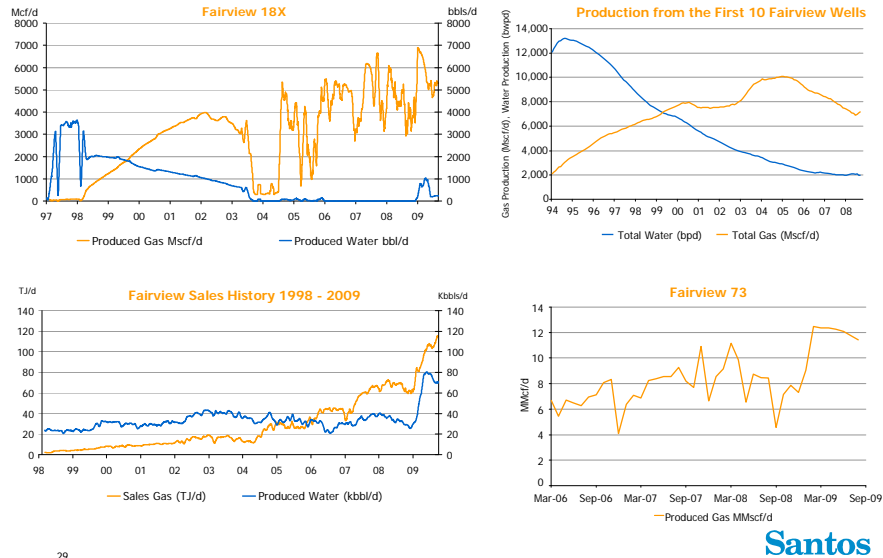
...establishing a new benchmark in Santos' CSG production



Well Production Comparison



Fairview Production



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CSG Drilling Highlights

Extensive drilling activity in half year...

- Since January 2009
 - 111 wells drilled
 - 18 exploration and 43 appraisal wells in GLNG areas
 - 28 development wells in GLNG areas
 - 21 exploration and 1 appraisal wells drilled in non-GLNG acreage
- 11 rigs in operation sufficient for business
- Record drilling times achieved

Other Achievements

Two rigs record 12 months without recordable incidents	✓
Successfully commissioned two new rigs	✓
Deepest corehole drilled by Santos at 1,435m	✓
Drilling time savings from technology developments	✓
Successfully installed 33 piezometers	✓
Over 80km of hole drilled including +9km of core retrieved	✓

...on track to exceed 2008 total wells drilled **Santos**

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Managing Coal Seam Gas Water

Diversified water management strategy is being implemented

- **3 Pronged Strategy**

- Irrigation
- Injection
- Reverse Osmosis

- **Irrigation**

- 887,000 trees planted to date
- Targeting 1.2m trees receiving 12.2 ML/day

Irrigation



Cropping



Reverse Osmosis



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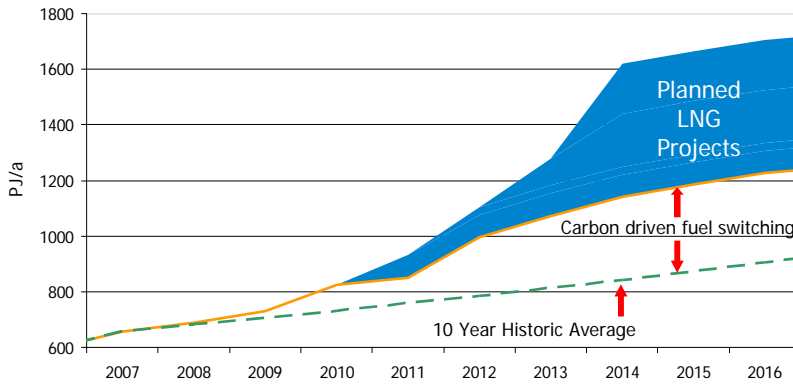
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Eastern Australia Gas

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Demand for Eastern Australia gas

Demand will more than double within 10 years...



Source: NEMMCO, Santos, company announcements

...driven by government carbon policy and LNG export

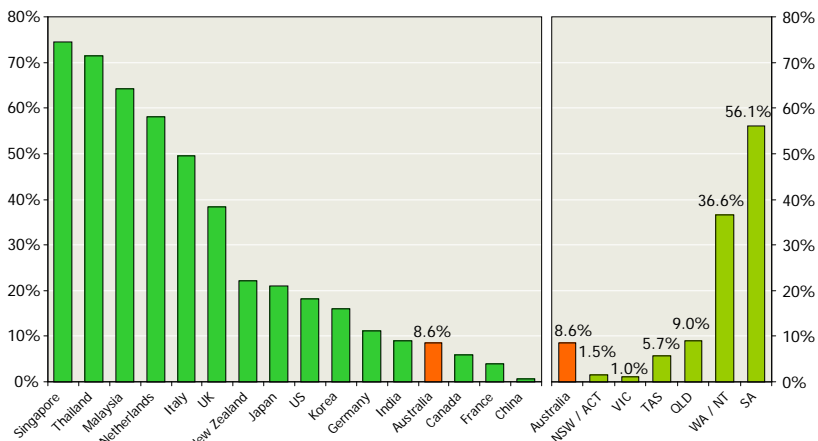
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Gas power generation ...underutilised

Gas is underutilised in Eastern Australia for electricity generation

Gas Penetration as % of Power Generated



Source: IEA 2007 Edition; EIA; Santos

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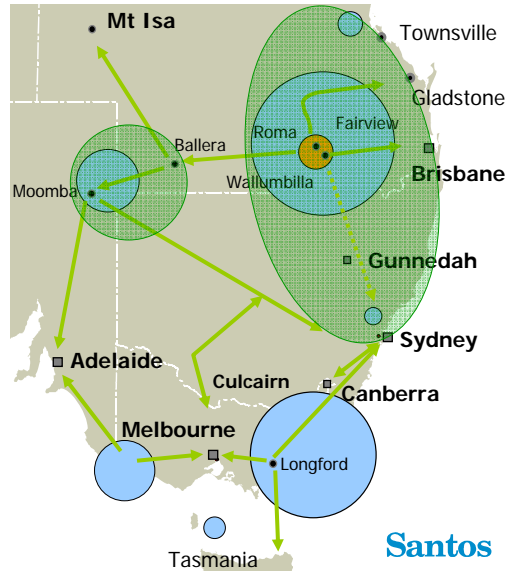
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Enviably existing gas infrastructure

- Supply and demand centres are effectively networked
- Further investment is needed to enhance deliverability from some emerging supply areas

- Supply Point
- Emerging Supply
- Pipeline

Source: Santos

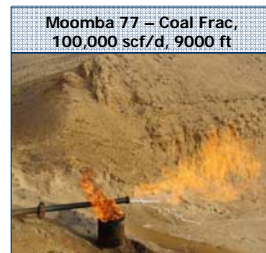


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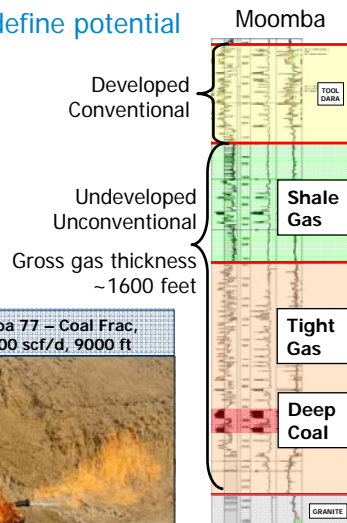
Unconventional Cooper gas resources

Measured and considered program to define potential

- USA unconventional gas production has doubled since 1992
- STO mean contingent resource >4 TCF
- High graded 3 play types coincident with conventional reserves in Moomba
- 5 "tests of concept" projects
 - Gas saturation in all 3 plays
 - Moveable gas in 2 plays -1 yet to be tested
 - Expenditure to date is \$30m
- Deep coal frac flowing gas to surface
- 590 mmoec contingent resources booked in 2008



Moomba 77 - Coal Frac, 100,000 scf/d, 9000 ft

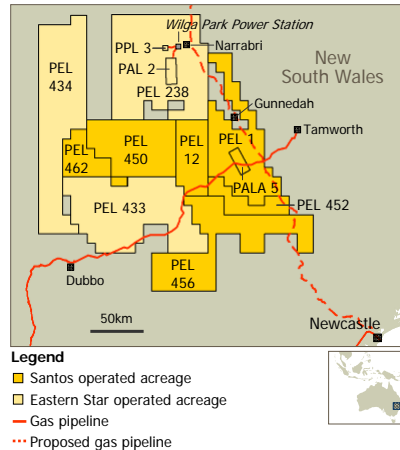


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Leading position in Gunnedah Basin

Basin master position in quality basin with >50 tcf prospective potential

- ESG operated areas (STO 48%)¹
 - 9 coreholes drilled of 20 well programme
 - Stepping out exploration and appraisal in PEL 238
 - Successful trials of horizontal well technologies
 - 79% upgrade in 2P reserves to 602PJ and 51% upgrade in 3P reserves to 1,959PJ announced 19 August 2009
- STO operated areas (100% and earning up to 65%)
 - Initial exploration phase
 - 15 of 23 coreholes drilled
 - 3 drilling rigs operating
 - 525 km seismic acquired



¹ Santos 48% economic interest calculated as 35% direct interest plus 19.99% of ESG's 65% interest

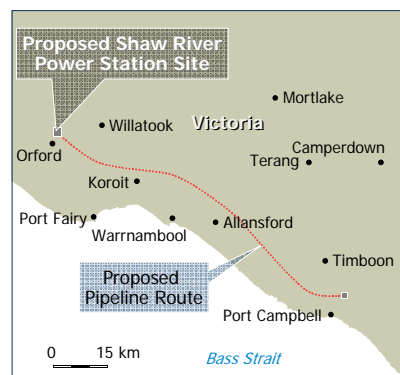
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Proposed Shaw River Power Station

On track for FID in 2nd half 2010 and first power generation in 2013

- Proposed 500MW CCGT first phase, expandable to 1500MW
- Environmental Effects Statement being finalised for submission in Q4 2009
- Pipeline route and ecological surveys completed
- CCGT and Pipeline tendering process commenced with EOI completed
- Gas supply for project from Santos' gas portfolio
- Water supply and waste agreements being finalised by Q4 2009
- FID revised to de-risk project pending environmental & other approvals and CPRS certainty



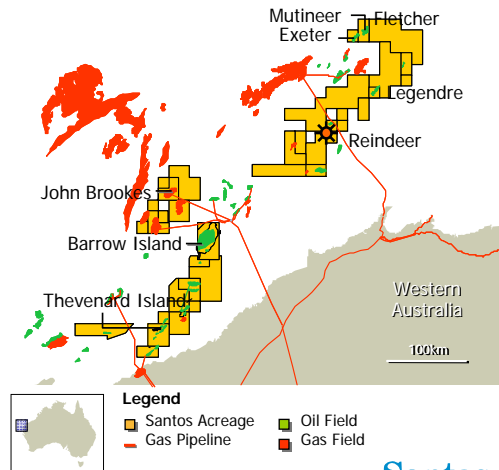
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Western Australia Domestic Gas

Santos portfolio is well placed to supply the WA domestic market

- 2008 gas and condensate production 5 mboe
- Established infrastructure
- John Brookes ramp-up: 200PJ uncontracted 2P reserve
- Reindeer development underway
- Spar/Halyard - near field opportunities
- >AUD\$800m new gas sales entered into in 2009. More expected to follow.



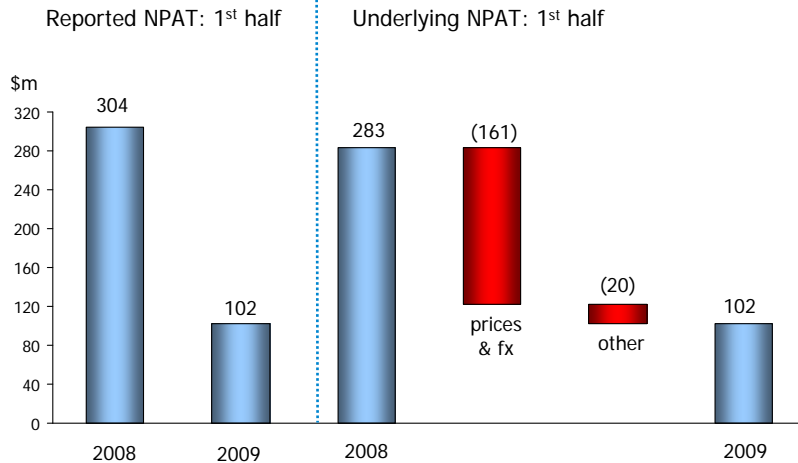
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2009 Half Year Results

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Reported & underlying profits

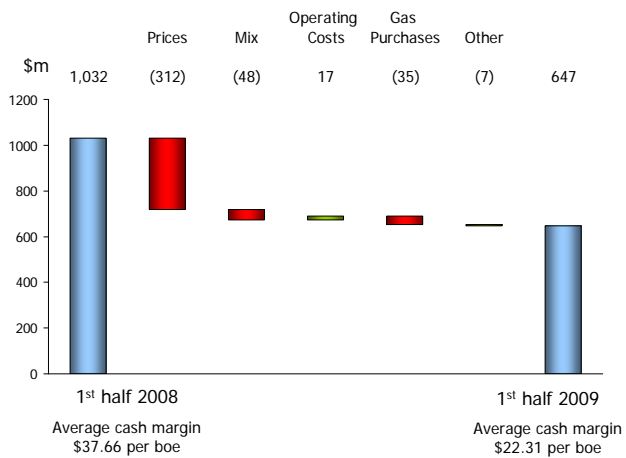


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EBITDAX

- Lower prices and lower value product mix reduced price by \$15 per boe
- Operating costs lower due to royalties which are linked to prices
- Higher gas purchases due to PETRONAS equity gas in GLNG
- Total cash operating costs increased by \$0.40 per boe
- Cash margin deterioration limited to fall in selling prices



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Segment EBITDAX Summary

Segment \$m	Half Year 2009	Half Year 2008	Change %
Eastern Australia	318	451	(29)
WA&NT	285	474	(40)
GLNG	8	38	(79)
Asia Pacific	64	102	(37)
Corporate and unallocated items	(28)	(33)	15
TOTAL EBITDAX	647	1,032	(37)

Eastern Australia | Lower liquids prices and production volumes

WA&NT | Higher gas volumes but lower liquids prices and production

GLNG | Expanding field operations increasing production costs

Asia Pacific | Higher gas production, lower liquids prices and volume

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2009 guidance

Item	Previous Guidance	Updated Guidance
Production	53 – 56 mmmboe	No change
Production costs	\$550 - \$570 million	No change
Depreciation, Depletion & Amortisation (DD&A) expense	\$12.80 per boe	\$12.20 per boe
Royalty related taxation expense ¹	\$80 to \$100 million (after tax)	No change
Capital expenditure (including exploration & evaluation) ²	\$1,600 million	No change

¹ Royalty related taxation expense guidance assumes an oil price of A\$75 per barrel which is consistent with analyst consensus forecasts for 2009.

² Capital expenditure guidance includes \$180 million for exploration.

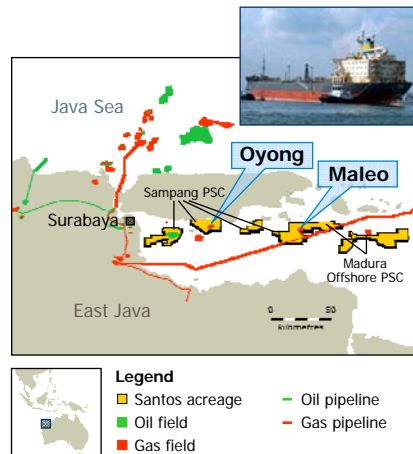
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Reference slides

Indonesia – Oyong & Wortel

- Oyong Phase 1 (oil)
 - First oil achieved in September 2007
- Oyong Phase 2 (gas and oil)
 - 60km pipeline to Grati
 - Gas sales to PT Indonesia Power
 - Engineering and construction complete
 - First gas September 2009
- Wortel
 - Potential tie back to Oyong
 - Plan of Development being negotiated with regulator (BPMIGAS)
 - First gas targeted in early 2011



Vietnam

- Prospective, lightly explored basins
- Multiple, material play types
- Oil and gas potential
- Rapidly growing markets
- Strong regulatory regime



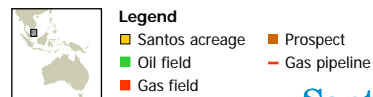
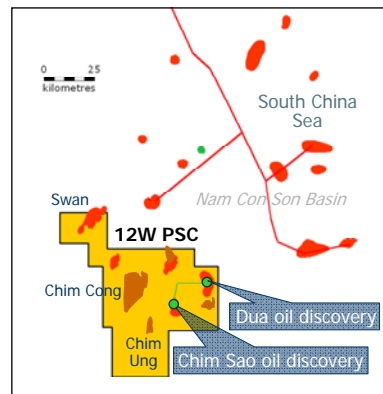
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Vietnam – Nam Con Son Basin

Two oil discoveries

- Chim Sao/Dua
 - Santos 31.875% following PVN back-in
 - Premier Oil operator
 - Reservoir and facilities studies complete
 - Assessing options for FPSO
 - Target first oil in 2011

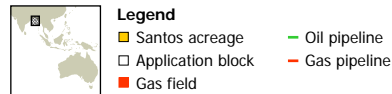
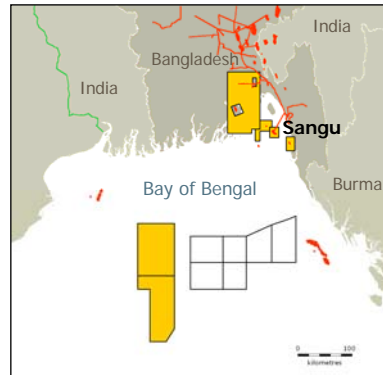


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Bay of Bengal – India / Bangladesh

- Material Gas targets
- Enormous, underexplored, prospective tertiary delta near rapidly emerging markets
- **India**
 - PSC's signed March 2007
 - Processing of 2D seismic survey completed
 - 4000 km² 3D seismic survey acquired – currently interpreting
- **Bangladesh**
 - Acquisition of interests Oct 2007
 - Production optimisation at Sangu
 - 3D seismic survey considered for late 2009 subject to resolution of commercial discussions



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2009 Forward Exploration Schedule

Well Name	Basin / Area	Target	Upside Resource Potential (mmboe)			Santos Interest %	Timing	Comments
			0 – 50	50 - 100	100 - 500			
South East July 1	Gulf of Suez / Egypt	Oil			✓	40	Q1 09	P&A with full carry
Peluang 1	East Java / Indonesia	Gas	✓			67.5	Q1 09	Gas discovery
Ha Mai 1	Song Hong / Vietnam	Gas	✓			55	Q2 09	P&A with gas shows
North Ayzar 1	Fergana / Kyrgyzstan	Oil	✓			70	Q2 09	P&A
Huday Nazar 1	Fergana / Kyrgyzstan	Oil	✓			70	Q3 09	Drilling
Burnside 1	Browse / Australia	Gas			✓	47.8	Q3 09	P&A Gas discovery

The exploration portfolio is continuously being optimised therefore the above program may vary as a result of rig availability, drilling outcomes and maturation of new prospects

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2009 Capital expenditure outlook

(A\$ million)	2009	2008
Capital expenditure	1,600	1,500
Acquisitions	476	5
Disposal proceeds ¹	(304)	(2,052)

¹ (pre tax, reported to date for 2009)

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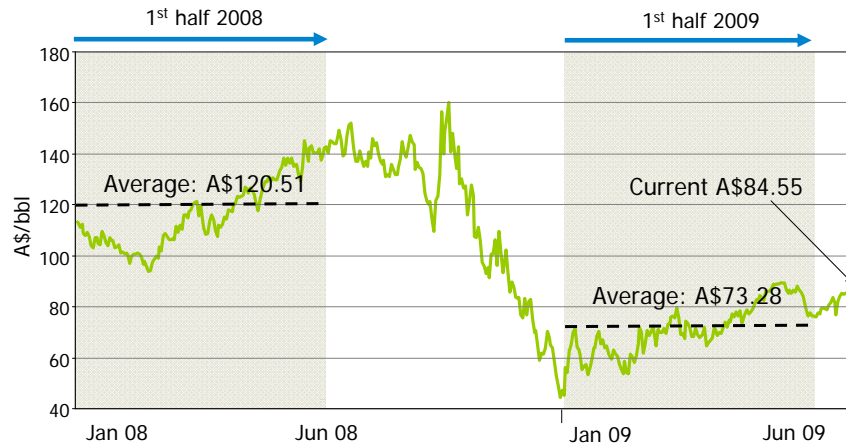
2009 Second Half Sensitivities

Sensitivity	Change	NPAT Impact A\$m
US dollar oil price	US\$1/bbl	8
Gas price	10 cent/GJ	9
A\$/US\$ exchange rate	1 cent	5
Interest rates	1%	3

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Oil Price A\$/bbl



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Contact Information

Registered and head office

Share Register

Adelaide

Ground Floor, Santos Centre
60 Flinders Street
Adelaide, South Australia 5000
GPO Box 2455
Adelaide, South Australia 5001
Telephone: +61 8 8116 5000
Facsimile: +61 8 8116 5050

Useful email contacts

Share register enquiries:
webqueries@computershare.com.au

Investor enquiries:
investor_relations@santos.com

Andrew Nairn

Group Executive Investor Relations
Level 10, Santos Centre
Direct: + 61 8 8116 5314
Facsimile: +61 8 8116 5131
Email: andrew.nairn@santos.com

Brooke Hann

Investor Relations Analyst
Level 10, Santos Centre
Direct: + 61 8 8116 7227
Facsimile: +61 8 8116 5131
Email: brooke.hann@santos.com

Website:
www.santos.com

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