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## **Santos Brantas to transfer interest in Brantas PSC**

Santos Brantas Pty Ltd has agreed to transfer its 18% minority interest in the Brantas Production Sharing Contract (Brantas PSC) in Indonesia to Minarak Labuan Co (L) Ltd (Minarak), a company associated with the operator and majority owner of the project, Lapindo Brantas Inc (Lapindo).

The transfer has been approved by BPMIGAS, the relevant regulatory body of the Indonesian Government.

The Brantas PSC includes the Banjar-Panji 1 onshore exploration well in Sidoarjo, the site of a major mudflow incident which commenced in May 2006. A long-term mud management framework and community support program has been established, and is being managed by the Government of Indonesia.

Since the incident, Santos Brantas has supported the efforts of Lapindo and the Indonesian Government in managing the response to the mudflow. The Brantas PSC participants have now agreed that consolidated control of the Brantas PSC should facilitate ongoing incident management.

Key additional features of the transaction are:

- Santos Brantas and its related parties will receive a release from each of its former Brantas PSC participants and Minarak. The release covers any past, present or future claims that any of those parties may have (including any cash calls under the relevant Operating Agreement) in relation to the Brantas PSC or otherwise in connection with the incident.
- Santos Brantas will make a payment of US\$22.5 million to Minarak, with these funds to support the long term mud management efforts. This amount will be covered by the existing provision for costs relating to the Incident.
- Santos Brantas agrees not to seek to recover cash calls already paid by Santos Brantas to Lapindo towards the site management and social costs associated with the incident.

The transaction does not remove possible third party claims directly against Santos Brantas. While Santos Brantas cannot rule out possible claims in the future, it believes it would be able to successfully defend any such claims, if ever made.

Santos' CEO Mr David Knox said the transfer of the interest in the Brantas PSC, including the upfront payment, is a practical and appropriate resolution to Santos Brantas' minority, non-operator role in the Brantas PSC.

"The Sidoarjo mudflow incident, most particularly the impact on the local community, has been of considerable concern to Santos. Throughout this time, Santos has behaved responsibly to support the relief efforts, now being coordinated by the Indonesian Government," Mr Knox said.

"Indonesia will remain at the core of Santos' Asian growth strategy. We will continue to focus on building our Indonesian exploration and production operations, and support our various regional community development programs."

Ends

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