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**Statement on Pilliga Forest**

Santos acknowledges proceedings issued this week alleging past reporting failures in relation to coal seam gas operations in the Pilliga Forest in north west NSW, previously owned and operated by Eastern Star Gas.

Santos acquired Eastern Star in November 2011. The facilities in the Pilliga were shut down soon after the acquisition because they were found not to meet Santos' standards. Since acquiring Eastern Star, Santos has worked closely with NSW regulators to identify and correct Eastern Star's previous practices and reporting processes.

On 22 February last year, Santos submitted a detailed report arising from its review of Eastern Star's operations to the NSW Government. That report highlighted the previous owner's failures in reporting.

Since that report, Santos has committed more than \$17 million to remediation works in the Pilliga operations and substantial remediation and rehabilitation progress has been made. An important part of upgrading those operations is the proposed construction of new water treatment facilities outside the Pilliga, which Santos announced in November last year.

Santos has always made clear that the rehabilitation of small impacted areas of the Pilliga Forest will be addressed prior to our investment in a safe, sustainable project that could deliver in excess of 25% of NSW's gas needs.

Ends.