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**Fourth Quarter Activities Report
For Period Ended 31 December 2008**

Comparative Performance at a glance				
Quarterly comparison		Q4 2008	Q3 2008	Change %
Production	mmboe	13.6	13.2	3%
Revenue	A\$ million	648	730	-11%
Corresponding period comparison		Q4 2008	Q4 2007	
Production	mmboe	13.6	14.0	-3%
Revenue	A\$ million	648	647	0%
Full Year Comparison		2008	2007	
Production	mmboe	54.4	59.1	-8%
Revenue	A\$ million	2,762	2,489	11%

Production in line with 2008 guidance

- 2008 production of 54.4 mmboe was within the Company's guidance range.
- December quarter production of 13.6 mmboe improved by 3% compared to the September quarter following the reinstatement of production from John Brookes in September.
- 2008 Cooper Oil production increased by 19% compared to the previous year, even though December quarter production was impacted by adverse weather conditions.

2009 production guidance

- 2009 production is expected to be in the range of 53 to 56 mmboe.

Record Annual Sales Revenue

- 2008 sales revenue of \$2.8 billion was a record for the Company.
- December quarter average portfolio gas price of \$4.74 per gigajoule was 23% higher than the December quarter of 2007, primarily due to higher realised ethane and LNG prices.
- December quarter average realised oil price of A\$89.81 per barrel was 19% lower than a year earlier, due to lower international oil prices offset by a weaker A\$/US\$ exchange rate.

Key activities during the period

- Appointment of Bechtel as downstream FEED contractor for Gladstone LNG.
- Transfer of Santos' interest in the Brantas PSC in Indonesia, including the Banjar Panji-1 well, to a company associated with the project operator.
- Oil discovery with the Fletcher-3 exploration well in the Carnarvon Basin offshore Western Australia.
- Successful completion of \$300 million off-market share buy-back.
- US\$585 million Sino Iron gas sales contract signed in early January, with gas to be supplied from the Reindeer project in Western Australia.

Santos Chief Executive Officer David Knox said Santos had delivered production in line with guidance in 2008.

“Our portfolio of oil and gas assets delivered record sales revenue in 2008,” Mr Knox said.

“Moving into 2009, Santos is well positioned despite the global financial crisis. The Company has a very solid financial position, reinforced by a strong cash balance. We remain focussed on leveraging our solid base business in Australia while targeting significant growth through our LNG projects and focussed opportunities in Asia.”

2008 Guidance

2008 production was in line with guidance. Production cost guidance has increased by \$20 million primarily due unfavourable foreign exchange impacts on US\$ denominated production costs combined with higher maintenance costs in the fourth quarter. Royalty related taxation expense guidance has reduced primarily due to actual realised oil prices during the fourth quarter being lower than assumed in previous guidance.

Item	Previous Guidance	Updated Guidance
Production	54 – 56 mmboe	54.4 mmboe
Production costs	\$80 million higher than 2007	\$100 million higher than 2007
Depreciation, Depletion & Amortisation (DD&A) expense	\$12.30 per boe	No change
Royalty related taxation expense	\$140 to \$160 million (after tax)	\$120 to \$140 million (after tax)
Capital expenditure (including exploration & evaluation)	\$1,500 million	\$1,629 million

Further detail of 2008 capital expenditure, including exploration and evaluation expenditure, is reported in the table on page 5 in this release.

Other items of expense are expected to be consistent with 2007 outcomes, with the exception of net financing costs which are expected to be lower than 2007 due to the receipt in July of the cash payment from Petronas.

Guidance on 2008 financial outcomes above is preliminary in nature and subject to audit. As such, the actual results for the 12 months to 31 December 2008 may differ from the guidance given in this update.

2009 Guidance

The Company expects 2009 production to be in the range of 53 to 56 mmboe.

Guidance on financial items will be provided with the full year results, expected to be released on 19 February.

STOCK EXCHANGE ACTIVITIES REPORT FOR THE QUARTER ENDING 31 DECEMBER 2008

1. SALES AND PRODUCTION

Santos' share of production, sales and revenue for the quarter ended 31 December 2008 is shown in the table below:

	Quarter Ended			Full Year	
	Q4 2008	Q4 2007	Q3 2008	2008	2007
Sales Gas, Ethane and LNG (PJ)					
Cooper Basin	23.5	21.1	22.7	90.2	94.7
Surat/Bowen/Denison	6.1	10.3	7.7	32.8	34.9
Amadeus	3.0	3.4	3.0	12.2	13.1
Otway/Gippsland	4.1	6.0	5.2	21.0	30.1
Carnarvon	9.7	6.8	3.7	27.3	30.6
Bonaparte (LNG)	4.0	3.7	4.3	16.3	15.1
Indonesia	6.2	5.4	6.3	24.2	19.4
Bangladesh	1.3	1.2	1.5	6.3	1.2
USA	0.0	0.0	0.0	0.0	2.9
Total Sales Gas, Ethane and LNG Production	57.9	57.9	54.4	230.3	242.0
Total Sales Volume	63.3	52.8	59.7	237.9	239.4
Gas Price (Avg A\$/GJ)(1)	4.74	4.24	4.90	4.42	3.95
Total Sales Revenue (A\$m)(1)	300.0	223.7	292.0	1051.4	944.1
Condensate (000's bbls)					
Cooper Basin	346.7	306.1	329.9	1295.1	1495.1
Surat/Denison	3.6	16.4	5.1	17.4	33.2
Amadeus	13.1	20.6	14.5	67.4	87.2
Otway	4.6	5.4	5.6	22.1	27.4
Carnarvon	67.5	102.7	43.8	291.4	441.0
Bonaparte	404.8	388.6	389.4	1594.7	1618.4
Bangladesh(2)	(0.3)	0.4	0.4	1.2	0.4
USA	0.0	0.0	0.0	0.0	65.4
Total Condensate Production	840.0	840.2	788.7	3289.3	3768.1
Total Sales Volume	770.4	870.7	594.5	3173.9	3926.0
Condensate Price (Avg A\$/bbl)(3)	51.49	96.93	128.88	101.18	84.08
Condensate Price (Avg US\$/bbl)(3)	34.41	85.52	107.50	91.64	73.35
Total Sales Revenue (A\$m)(3)	39.7	84.4	76.6	321.1	330.1
LPG (000 t)					
Cooper Basin	40.0	34.8	43.9	162.0	165.2
Surat/Denison	0.2	2.0	0.3	1.3	2.1
Bonaparte	21.8	18.8	22.8	88.1	76.2
Total LPG Production	62.0	55.6	67.0	251.4	243.5
Total Sales Volume	75.0	43.2	53.9	250.5	248.6
LPG Price (Avg A\$/t)	820.17	815.95	1003.95	951.74	714.06
Total Sales Revenue (A\$m)	61.5	35.2	54.1	238.4	177.5
Crude Oil (000's bbls)					
Cooper Basin	929.7	972.2	959.6	3945.7	3324.4
Surat/Denison	18.1	17.4	18.2	71.1	60.8
Amadeus	33.5	34.3	37.4	127.9	151.8
Legendre	74.0	96.4	94.8	299.6	387.1
Thevenard	82.3	103.4	94.5	339.8	391.1
Barrow	150.1	175.0	155.7	617.0	679.0
Stag	482.0	527.5	499.1	1627.9	2337.8
Mutineer Exeter	319.9	439.2	328.8	1254.6	3687.8
Elang/Kakatua	0.0	0.0	0.0	0.0	76.5
Jabiru/Challis	26.8	37.6	39.0	142.0	148.6
Indonesia	192.1	334.2	225.2	983.4	418.7
SE Gobe	43.2	53.6	43.7	188.2	224.7
USA	0.0	0.0	0.0	0.0	18.8
Total Crude Oil Production	2351.7	2790.8	2496.0	9597.2	11907.1
Total Sales Volume	2748.5	2738.8	2099.0	9796.8	11257.1
Oil Price (Avg A\$/bbl)	89.81	110.76	146.42	117.45	92.10
Oil Price (Avg US\$/bbl)	60.03	97.72	122.13	106.38	80.35
Total Sales Revenue (A\$m)	246.8	303.3	307.3	1150.6	1036.8
TOTAL					
Production (mmboe)	13.6	14.0	13.2	54.4	59.1
Sales Volume (mmboe)	15.0	13.0	13.4	55.8	58.2
Sales Revenue (A\$m)	648.1	646.6	730.1	2761.7	2488.5

(1) Q4 2007 gas sales revenue includes \$20.3m which relates to bonus payments for the full year on certain gas contracts.

(2) Q4 2008 Bangladesh condensate production includes a year to date entitlement adjustment.

(3) Q4 2008 condensate revenue includes an entitlement adjustment of A\$10.9 million for John Brookes.

Production by Area

Comparisons with prior periods for gas, condensate and LPG production are made between the current quarter and the same quarter from the previous year, as production is heavily influenced by seasonal factors. Conversely, comparisons for crude oil are made with the immediate previous quarter, as oil production rates are not generally subject to seasonal variations. Both comparisons are available in the preceding table.

Cooper Basin

Crude oil production of 0.93 mmbbl was 3% lower than Q3 2008. Inclement weather conditions in November and December impacted production by limiting oil trucking capacity.

Sales gas and ethane production of 23.5 petajoules (PJ) was 11% higher than Q4 2007. This was due to the Moomba statutory total plant outage which occurred in Q4 2007.

Surat Basin/Bowen Basin/Denison Trough

Sales gas production of 6.1 PJ was 41% lower than Q4 2007 primarily due to the sale of 40% of GLNG™ to Petronas, accounted from 1 August 2008.

Amadeus Basin

Sales gas production of 3.0 PJ was slightly lower when compared with Q4 2007 due to natural field decline.

Otway Basin/Gippsland Basin

Aggregate sales gas production of 4.1 PJ was 32% lower than Q4 2007, primarily due to the shut in of Casino gas to allow TruEnergy to perform maintenance and upgrade activities on its Iona plant, and due to the cessation of production from Patricia Baleen.

Carnarvon Basin

Gas production from the John Brookes field of 9.7 PJ was 43% higher than Q4 2007. The existing John Brookes processing and export facilities were reinstated in September following the Varanus Island incident.

Mutineer-Exeter's fourth quarter 2008 production of 0.32 mmbbl was 3% lower than Q3 2008. In November, completion of the workover at Mutineer 5 increased the field rate by 2,000 bopd and new well Mutineer 15H came online at 3,000 bopd. However, a downhole blockage caused shut-down of Mutineer 15H, which is now awaiting a workover in Q2 2009 to restore production. The field was shut in toward the end of December due to Tropical Cyclone Billy. It is planned to take the FPSO off station in late Q1 2009 for up to two months to complete repairs to the vessel swivel.

Bonaparte Basin

Gross Bayu-Undan LNG production of 853,614 tonnes (47 PJ) was 27% higher when compared to Q4 2007. Santos' net entitlement production of 70,490 tonnes (4.0 PJ), was 8% higher due to planned maintenance shutdown activities in the 2007 comparative period.

Gross Bayu-Undan condensate production of 5.49 mmbbl was 7% higher than Q4 2007. Santos' net entitlement production of 0.4 mmbbl was 4% higher than the 2007 comparative period.

Gross Bayu-Undan LPG production of 278,828 tonnes was 24% higher than Q4 2007. Santos' net entitlement production of 21,800 tonnes was 16% higher than the 2007 comparative period.

Indonesia

Sales gas production from Brantas, Kakap and Maleo of 6.2 PJ was 15% higher than Q4 2007.

Production from the Maleo field continues to be impacted by capacity restrictions in the East Java gas pipeline (operated by Pertamina) following a rupture of this line during November 2006. However, the situation continues to improve and gross production rates from Maleo during Q4 2008 averaged approximately 104 TJ/day (up from approximately 101 TJ/day in Q3 2008 and 96 TJ/d in Q2 2008).

Indonesian crude oil production of 0.19 mmbbl was 15% lower when compared to Q3 2008 due to natural field decline.

2. CAPITAL EXPENDITURE

Total exploration, delineation and development expenditure is summarised in the table below:

Capital Expenditure Summary (\$ millions)		Quarter Ended			Full Year	
		Q4 2008	Q4 2007	Q3 2008	2008	2007
Exploration						
	Capitalised	28.3	23.6	41.0	95.9	30.8
	Expensed	21.1	30.5	27.0	137.2	119.0
	Total Expenditure	49.4	54.1	68.0	233.1	149.8
Exploration Evaluation						
	Capitalised	21.9	14.2	14.1	79.6	63.5
	Expensed	12.4	36.5	10.9	41.8	93.4
	Total Expenditure	34.3	50.7	25.0	121.4	156.9
Development Evaluation						
	Capitalised	88.1	41.7	52.8	220.6	117.3
Development						
		356.8	276.5	248.1	1,053.4	882.6
Total Capital Expenditure		528.6	423.0	393.9	1,628.5	1,306.6

2.1 EXPLORATION ACTIVITY

Exploration drilling activity during the fourth quarter is shown in the table below:

Well	Basin/Area	Target	Santos Interest (%)	Well Status
Okapi-1 / CH1	Carnarvon Basin	Oil	45.0	P&A, successful oil
Fletcher-3	Carnarvon Basin	Oil	44.53	P&A, successful oil
Ichthys North-1	Browse Basin	Gas	30.0	P&A, successful gas
South July 1X	Gulf of Suez	Oil	40.0	Drilling

Okapi-1, located in the Dampier Sub-Basin (WA-209-P), spudded on 30 November 2008 and was drilled to a total depth of 1,415 metres. The well encountered a 12 metre oil column in the primary target. The well was subsequently sidetracked (Okapi-1 CH-1). Santos has a 45% interest. Apache owns the remaining interest and is the operator.

Fletcher-3, located in the northern Dampier Sub-Basin (WA-191-P), spudded on 6 December 2008 and was drilled to a total depth of 3,014 metres. The well intersected a 20 metre gross oil column in good quality reservoir. The well was located to appraise the Fletcher-1 and 2 oil discoveries in a separate fault compartment on the Fletcher structure. The Fletcher structure is located 17 kilometres to the east of the Santos operated Mutineer-Exeter FPSO. The Fletcher-3 well was subsequently side-tracked 500m to the north-west to test another fault compartment. The side-tracked well, Fletcher-4, intersected good quality reservoir in the primary objective but the sandstones were wet. Santos is the operator and has a 44.53% interest.

Ichthys North-1, located in the Browse Basin (WA-274P), spudded on 5 September 2008 and was drilled to a total depth of 4,675 metres. The well intersected gas pay indicated by logs in the Ichthys and Plover Formations. A drill stem test of the Ichthys interval was unsuccessful. The Plover interval was not tested due to poor hole conditions. The well was plugged and abandoned as planned. Santos is the operator and has a 30% interest.

South July -1X, located in the South East July Concession in the Gulf of Suez, spudded on 23 December 2008. The well is a dual objective oil well with a planned total depth of 4,237 metres being drilled in a water depth of 70 metres. The well is currently drilling directional 16" hole at a depth of 2,668 metres. Santos has a 40% carried interest, with remaining partners Beach Petroleum (20%) and Dana Petroleum (40%). Dana Petroleum is operating the well.

Seismic Activity

Seismic activity during the fourth quarter is shown in the table below:

Permit	Area/Basin	Survey	Type	Km/Km ²	Status
ATP752P, T66, PL68	Cooper Basin	Genoa 3D	3D Land	189	Complete
PEL1,12,450,45,2	Gunnedah Basin	Gwydir 2D (Phase 1)	2D Land	147	Complete
Nanai	Fergana Basin	Nanai 2D	2D Land	85	Complete
Tashkumyr	Fergana Basin	Tashkumyr 2D	2D Land	47	Ongoing
PL78 & 133	Cooper Basin	Bowen 3D	3D Land	45	Complete
NAC, PL24,26,36,76,77	Cooper Basin	Wallawanny 3D	3D Land	934	Complete
NEC-DWN 2004/1	Bengal Bay India	India	3D Marine	669	Ongoing
NEC-DWN 2004/2	Bengal Bay, India	India	3D Marine	374	Ongoing

2.2 Delineation Activity

Total delineation expenditure in Q4 2008 was \$122.4 million, of which near-field exploration and exploration appraisal expenditure was \$34.3 million and development appraisal expenditure was \$88.1 million.

The table below details the delineation wells drilled during the fourth quarter and their status:

Well	Basin/Area	Target	Santos Interest (%)	Well Status
Minos 1	Cooper/Eromanga - Qld	Oil	70.0	C&S, successful oil
Tickalara 19	Cooper/Eromanga - Qld	Oil	70.0	C&S, successful oil
Tickalara 20	Cooper/Eromanga - Qld	Oil	70.0	C&S, successful oil
Watson 4	Cooper/Eromanga - Qld	Oil	55.0	C&S, successful oil
Watkins 1	Cooper/Eromanga - Qld	Oil	55.5	C&S, successful oil
Zeus 1	Cooper/Eromanga - Qld	Oil	70.0	C&S, successful oil
Gidgealpa 59	Cooper/Eromanga - SA	Oil	66.6	P&A
Gidgealpa 60	Cooper/Eromanga - SA	Oil	66.6	C&S, successful oil
Gidgealpa 61	Cooper/Eromanga - SA	Oil	66.6	P&A
Tirrawarra 74	Cooper/Eromanga - SA	Oil	66.6	C&S, successful oil
Emu Apple 4	Surat Basin	Oil	10.0	P&A
Angry Jungle 2	Surat Basin	CSG	47.7	C&S, successful gas
Angry Jungle 6	Surat Basin	CSG	81.9	C&S, successful gas
Treville Downs 2	Surat Basin	CSG	81.9	C&S, successful gas
Treville Downs 3	Surat Basin	CSG	81.9	C&S, successful gas
Treville Downs 4	Surat Basin	CSG	81.9	C&S, successful gas
Treville Downs 5	Surat Basin	CSG	81.9	C&S, successful gas
Treville Downs 6	Surat Basin	CSG	81.9	C&S, successful gas
Tardrum 3ST1ST2	Bowen Basin	CSG	50.0	P&A
Ramyard 2	Surat Basin	CSG	2.601	C&S, successful gas
Ramyard 3	Surat Basin	CSG	2.601	C&S, successful gas

Emu Nest 1	Bowen Basin	CSG	47.7	C&S, successful gas
Sunnyholt 1	Bowen Basin	CSG	79.5	C&S, successful gas
Ramyard 4	Surat Basin	CSG	2.601	C&S, successful gas
Ramyard 5	Surat Basin	CSG	2.601	C&S, successful gas
Ramyard 6	Surat Basin	CSG	2.601	C&S, successful gas
Arcadia Branch 2	Bowen Basin	CSG	47.7	C&S, successful gas
Stoney Creek 1	Gunnedah Basin	CSG core hole	25.0	P&A, core hole
Damper Creek 4A	Surat Basin	CSG core hole	60.0	P&A, core hole
Taringa 5	Surat Basin	CSG core hole	100	P&A, core hole
Hillyvale 1	Surat Basin	CSG core hole	40.0	P&A, core hole
Richmond 25	Surat Basin	CSG core hole	40.0	P&A, core hole
Bendemere 1	Surat Basin	CSG core hole	81.9	P&A, core hole
Derwent Park 1	Surat Basin	CSG core hole	100	P&A, core hole
Hollyrood 5	Surat Basin	CSG core hole	60.0	P&A, core hole
Montana 1	Surat Basin	CSG core hole	60.0	P&A, core hole
Yingerbay 1	Surat Basin	CSG core hole	47.7	P&A, core hole

2.3 Development Activity

Development expenditure during the fourth quarter was \$356.8 million.

The table below details all development wells drilled during the quarter and their status:

Well	Basin/Area	Target	Santos Interest (%)	Well Status
Iliad 6	Cooper/Eromanga - Qld	Oil	70.0	C&S, successful oil
Yawa 2	Cooper/Eromanga - Qld	Gas	60.06	C&S, successful gas
Jackson South 14	Cooper/Eromanga - Qld	Oil	55.5	P&A
Jackson South 16	Cooper/Eromanga - Qld	Oil	55.5	C&S, successful oil
Watson 3	Cooper/Eromanga - Qld	Oil	55.5	C&S, successful oil
Vega 3	Cooper/Eromanga - Qld	Gas	66.6	C&S, successful gas
Okotoko 3	Cooper/Eromanga - Qld	Gas	66.6	C&S, successful gas
Tirrawarra 76	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Big Lake 91	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Kanowana 7	Cooper/Eromanga - SA	Oil & Gas	66.6	C&S, successful oil & gas
Spencer West 3	Cooper/Eromanga - SA	Oil	66.6	C&S, successful oil
Reindeer 2	Carnarvon Basin	Gas	45.0	C&S, successful gas
Reindeer 3	Carnarvon Basin	Gas	45.0	C&S, successful gas
Reindeer 4ST1	Carnarvon Basin	Gas	45.0	C&S, successful gas
Durham Ranch 92	Bowen Basin	CSG	1.5	C&S, successful gas
Spring Gully 115	Bowen Basin	CSG	0.10	C&S, successful gas
Spring Gully 116	Bowen Basin	CSG	0.10	C&S, successful gas
Fairview 170	Bowen Basin	CSG	47.7	C&S, successful gas
Fairview 182	Bowen Basin	CSG	47.7	C&S, successful gas
Fairview 197	Bowen Basin	CSG	47.7	C&S, successful gas
Fairview 209	Bowen Basin	CSG	47.7	C&S, successful gas
Fairview 210	Bowen Basin	CSG	47.7	C&S, successful gas

The status of the development projects which were in progress during the fourth quarter are as follows;

Oyong Project (Santos 45%, operator)

Oyong Phase 2, development of the gas reserves, achieved project sanction in December 2007. Engineering and construction works are progressing on schedule and first gas production is scheduled for the third quarter of 2009.

Cooper Oil Project (Santos 55% - 100%, operator)

Drilling and connection activity continued at a high level with 14 wells drilled and 7 new oil wells brought online during the quarter. An extensive 3D seismic surveying program is being undertaken and continues to deliver additional exploration and in-field opportunities for drilling. Construction activity is continuing on the facilities upgrade work at Moomba and Port Bonython to handle the increased oil volumes being received through the recently completed Jackson Moomba pipeline.

Henry (VIC/P44 Stage 2) Development Project (Santos 50%, operator)

Drilling for both of the development wells, Henry 2 and Netherby 1, has been completed with overall results as prognosed. Procurement of major items is now complete with the linepipe at Crib Point in Victoria ready for spooling onto the installation vessel. Engineering was nearing completion at end of December, with subsea structure fabrication in progress. At the end of 2008, the installation vessel became unavailable to install the pipeline and umbilical as scheduled. The installation vessel contractor has offered to do these works in the fourth quarter of 2009. This timing would not impact on forecast gas production levels

Kipper Project (Santos 35%, ExxonMobil operator)

The contract for the Mobile Offshore Drilling Unit was awarded to Diamond Offshore (Australia) LLC via a re-assignment of the Ocean Patriot semi-submersible rig which is on a long term contract with Apache Energy Ltd. Subsea equipment engineering and procurement are proceeding to plan. First gas is targeted for first half of 2011.

Reindeer Project (Santos 45%, Apache operator)

The Reindeer project was deferred in early December 2008 following delays in the execution of a gas sales agreement. In early January, Santos announced the signing of a conditional US\$585 million contract to supply natural gas to CITIC Pacific's Sino Iron project in Western Australia. Under the contract, Santos will supply 75PJ of gas over seven years. The gas would be supplied from the Reindeer gas project via a new offshore pipeline and onshore gas processing facility. The contract is subject to conditions which if fulfilled will enable Santos and its joint venture partner, Apache Corporation, to recommence the Reindeer project. First gas is now targeted for the second half of 2011.

Gladstone LNG (Santos 60%, operator)

The Gladstone LNG Project (GLNGTM) is a transformational project for Santos and involves the production of LNG using coal seam gas (CSG) sourced from the Santos/Petronas CSG fields in the Bowen and Surat Basins. The initial phase of the project is on track for production of approximately 3.5 mtpa of LNG, with first gas cargos in 2014. The design contemplates an ultimate capacity of up to 10 mtpa of LNG.

Progress during Q4 2008 included:

- Completed the optimisation of the dual pre-FEED studies utilising the services of Bechtel and Foster Wheeler and appointed Bechtel as the Front End Engineering Design (FEED) contractor for the LNG plant;
- Ongoing field development and appraisal activities, including the drilling of 25 development, appraisal and core holes;
- Continued preparation of Environmental Impact Statement (EIS), with the EIS expected to be submitted to the Queensland Government in Q1 2009;
- Continued marketing discussions with a range of Asian LNG buyers.

PNG LNG Project (Santos 17.7%, ExxonMobil operator)

FEED activities, including engineering and environmental studies, marketing and financing activities, continue to progress well. The Hides gas/condensate field will underpin the gas volumes required. Santos has a 31% interest in the license containing the bulk of the Hides field. FEED is expected to conclude with FID in 4Q 2009.

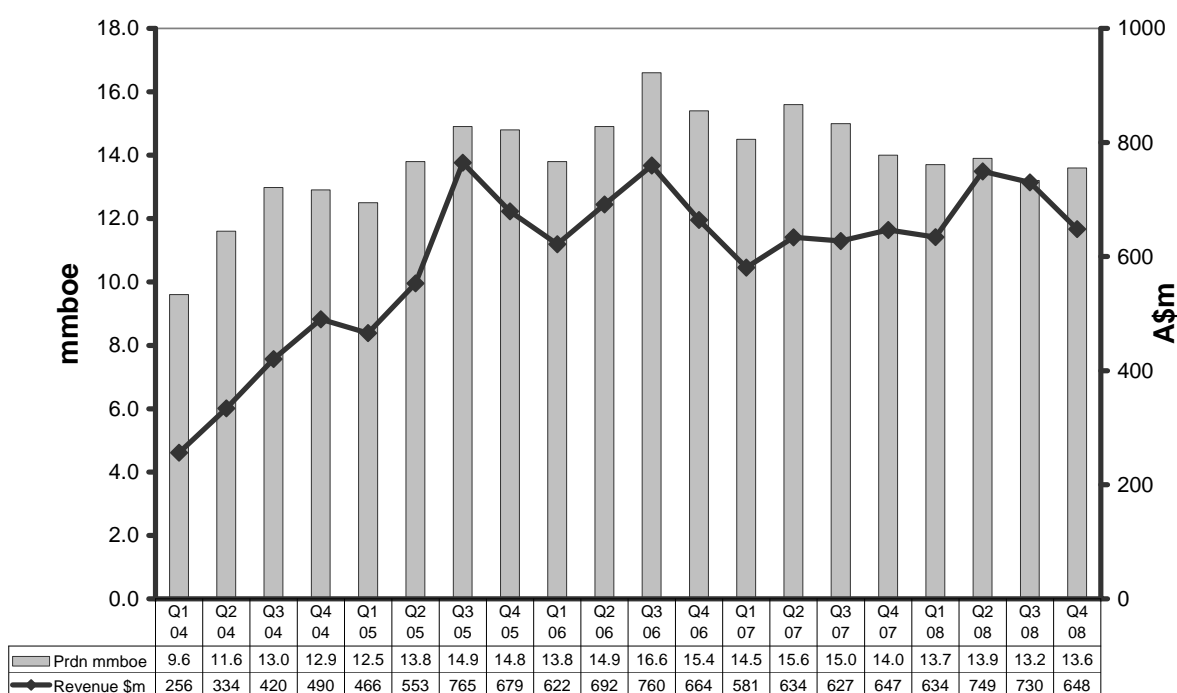
Fairview Phase 2 and Infrastructure Expansion (Santos 47.7%, operator)

Construction was completed on most parts of the project during the period and the compression facilities and gas and water gathering systems were commissioned. The Fairview Project Area Environmental Management Plan (EMP) was approved for the operation of the gas facilities with final approvals for water disposal still under review by the Regulator. Full approval of the EMP will be later than anticipated and has resulted in deferment of some of the production capacity. The project now expects to increase production capacity to 85-90TJ/day (gross) by January 2009, with the full production target of 115TJ/day (gross) now expected mid 2009.

3. HEDGING

There was no hedging outstanding at the end of 2008.

4. QUARTERLY PRODUCTION AND REVENUE CHART



5. CONVERSION FACTORS AND ABBREVIATIONS

Abbreviations		Conversion Factors	
PJ	petajoules	Sales Gas & Ethane, 1 PJ	171.937 boe x 10 ³
TJ	terajoules	Crude Oil, 1 barrel	1 boe
mmbbl	million barrels	Condensate (Naphtha), 1 barrel	0.935 boe
mmboe	million barrels of oil equivalent	LPG, 1 tonne	8.458 boe
mtpa	million tonnes per annum	LNG, 1PJ	18,040 t
t	tonnes		
P&A	plugged and abandoned		
C&S	cased and suspended		
C&C	cased and completed		
P&S	plugged and suspended		
CTU	coiled tubing unit		
WI	water injector		