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## Fourth Quarter Activities Report For Period Ended 31 December 2009

Comparative performance at a glance				
Quarterly comparison		Q4 2009	Q3 2009	Change %
Production	mmboe	13.9	13.9	-
Revenue	A\$ million	600	557	+8%
Oil Price	A\$/bbl	85.37	82.52	+3%
Corresponding period		Q4 2009	Q4 2008	
Production	mmboe	13.9	13.6	+2%
Revenue	A\$ million	600	648	-7%
Oil Price	A\$/bbl	85.37	89.81	-5%
Full Year comparison		2009	2008	
Production	mmboe	54.4	54.4	-
Revenue	A\$ million	2,181	2,762	-21%
Oil Price	A\$/bbl	78.83	117.45	-33%

### Santos reports 2009 production in line with guidance

- 2009 production of 54.4 mmboe was within the company's guidance range of 53 to 56 mmboe.
- December quarter production of 13.9 mmboe was 2% higher than the December 2008 quarter and in line with the September 2009 quarter.
- Gas production from the Oyong Phase 2 project in Indonesia commenced during the quarter.

### Sales revenue impacted by lower international oil prices

- 2009 sales revenue of \$2,181 million was 21% lower than 2008 primarily due to lower international oil prices.
- December quarter average realised oil price of A\$85.37 per barrel was 5% lower than a year earlier.
- December quarter average portfolio gas price of \$3.99 per gigajoule was 16% lower than the corresponding period primarily due to lower prices for oil price linked gas sales contracts.

## Key activities during the period

- Approval of the Papua New Guinea liquefied natural gas (PNG LNG) project marking the next step in Santos' transformational LNG growth strategy. Santos has a 13.5% interest in the 6.6 million tonne per annum project. Approval of PNG LNG commercialises 218 mmscfe of contingent resources to reserves.
- Gas production commenced from the Oyong Phase 2 project in Indonesia in early October and reached plateau production of 60 mmscfd gross within 20 days.
- Celebrations to commemorate the 40<sup>th</sup> anniversary of the first delivery of natural gas from the Moomba processing plant in the Cooper Basin. Since production commenced in 1969, six trillion cubic feet of gas has been supplied to the domestic market from the Cooper Basin.

Santos Chief Executive Officer David Knox said the company had delivered production in line with guidance in 2009.

"The base business delivered a solid production performance with new production from Oyong in Indonesia and strong production from John Brookes."

"The approval of PNG LNG in the quarter was a significant step forward in the company's growth strategy. PNG LNG alone will transform Santos' earnings quality when it comes on line in 2014."

"By 2015, Santos' goal is to have production from Darwin LNG, PNG LNG, GLNG<sup>®</sup> and be constructing Bonaparte LNG. This will represent a transformation of the company into a leading Australian and Asian energy company", Mr Knox said.

## Guidance

2009 production was in line with guidance. Production cost guidance has reduced due to cost efficiencies realised in the fourth quarter combined with favourable foreign exchange impacts on US\$ denominated production costs. 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.

All guidance for 2010 is maintained.

Item	2009		2010
	Previous Guidance	Updated Guidance	Guidance
Production (mmscfe)	53 – 56	54.4	51 – 54
Production costs (\$m)	550 - 570	530 – 550	540 – 560
Depreciation, Depletion & Amortisation (DD&A) expense (\$/boe)	11.70	11.40	11.70
Royalty related taxation expense (\$m after tax)	110 - 120	80 - 90	90 – 110
Capital expenditure (including exploration and evaluation) (\$m)	1,600	1,509	2,800

Further detail of 2009 capital expenditure, including exploration and evaluation expenditure, is reported in the table on page 5 in this release.

Royalty related taxation expense guidance for 2010 assumes an average realised oil price of A\$90 per barrel. Capital expenditure guidance for 2010 includes \$1 billion for GLNG, \$500 million for PNG LNG, \$500 million for sanctioned projects (Kipper, Reindeer, Henry and Chim Sao) and \$150 million for conventional exploration.

Guidance on 2009 financial outcomes above is preliminary in nature and subject to finalisation. As such, the actual results for the 12 months to 31 December 2009 may differ from the guidance given in this update.

## STOCK EXCHANGE ACTIVITIES REPORT FOR THE QUARTER ENDING 31 DECEMBER 2009

### 1. SALES AND PRODUCTION

Santos' share of production, sales and revenue for the quarter ended 31 December 2009 is shown in the table below:

	Quarter Ended			Full Year	
	Q4 2009	Q4 2008	Q3 2009	2009	2008
<b>Sales Gas, Ethane and LNG (PJ)</b>					
Cooper Basin	20.2	23.5	19.9	79.9	90.2
Surat/Bowen/Denison	8.4	6.1	7.8	31.9	32.8
Amadeus	2.4	3.0	2.6	10.6	12.2
Otway/Gippsland	4.3	4.1	5.2	20.5	21.0
Carnarvon	11.7	9.7	13.5	43.5	27.3
Bonaparte	3.8	4.0	4.1	16.3	16.3
Indonesia	9.2	6.2	6.6	30.2	24.2
Bangladesh	1.1	1.3	1.3	5.7	6.3
<b>Total Sales Gas, Ethane and LNG Production</b>	<b>61.1</b>	<b>57.9</b>	<b>61.0</b>	<b>238.6</b>	<b>230.3</b>
<b>Total Sales Volume (Own Product)</b>	<b>60.8</b>	<b>53.8</b>	<b>64.3</b>	<b>237.6</b>	<b>220.5</b>
<b>Total Sales Volume (Third Party)</b>	<b>7.3</b>	<b>9.5</b>	<b>7.0</b>	<b>30.6</b>	<b>17.4</b>
<b>Gas Price (Avg A\$/GJ)</b>	<b>3.99</b>	<b>4.74</b>	<b>4.03</b>	<b>4.09</b>	<b>4.42</b>
<b>Total Sales Revenue (A\$m)</b>	<b>271.5</b>	<b>300.0</b>	<b>287.1</b>	<b>1098.2</b>	<b>1051.4</b>
<b>Condensate (000's bbls)</b>					
Cooper Basin	380.2	346.7	265.2	1095.2	1295.1
Surat/Denison	2.0	3.6	0.0	7.6	17.4
Amadeus	10.3	13.1	11.5	46.6	67.4
Otway	5.3	4.6	6.0	23.4	22.1
Carnarvon	117.9	67.5	136.2	435.5	291.4
Bonaparte	379.0	404.8	386.7	1552.6	1594.7
Bangladesh	0.3	(0.3)	0.2	0.9	1.2
<b>Total Condensate Production</b>	<b>895.0</b>	<b>840.0</b>	<b>805.8</b>	<b>3161.8</b>	<b>3289.3</b>
<b>Total Sales Volume (Own Product)</b>	<b>898.5</b>	<b>769.0</b>	<b>1015.9</b>	<b>3496.5</b>	<b>3166.5</b>
<b>Total Sales Volume (Third Party)</b>	<b>1.6</b>	<b>1.4</b>	<b>2.7</b>	<b>9.3</b>	<b>7.4</b>
<b>Condensate Price (Avg A\$/bbl)</b>	<b>76.32</b>	<b>51.49</b>	<b>72.48</b>	<b>66.52</b>	<b>101.18</b>
<b>Condensate Price (Avg US\$/bbl)</b>	<b>69.20</b>	<b>34.41</b>	<b>60.16</b>	<b>53.81</b>	<b>85.28</b>
<b>Total Sales Revenue (A\$m)</b>	<b>68.7</b>	<b>39.7</b>	<b>73.8</b>	<b>233.2</b>	<b>321.1</b>
<b>LPG (000 t)</b>					
Cooper Basin	40.5	40.0	34.9	151.2	162.0
Surat/Denison	0.0	0.2	0.0	0.3	1.3
Bonaparte	22.3	21.8	21.8	88.6	88.1
<b>Total LPG Production</b>	<b>62.8</b>	<b>62.0</b>	<b>56.7</b>	<b>240.1</b>	<b>251.4</b>
<b>Total Sales Volume (Own Product)</b>	<b>56.6</b>	<b>73.9</b>	<b>59.5</b>	<b>248.9</b>	<b>246.6</b>
<b>Total Sales Volume (Third Party)</b>	<b>1.2</b>	<b>1.1</b>	<b>0.6</b>	<b>3.7</b>	<b>3.9</b>
<b>LPG Price (Avg A\$/t)</b>	<b>785.47</b>	<b>820.17</b>	<b>671.78</b>	<b>676.17</b>	<b>951.74</b>
<b>Total Sales Revenue (A\$m)</b>	<b>45.4</b>	<b>61.5</b>	<b>40.4</b>	<b>170.8</b>	<b>238.4</b>
<b>Crude Oil (000's bbls)</b>					
Cooper Basin	885.4	929.7	861.6	3598.4	3945.7
Surat/Denison	16.2	18.1	15.8	62.5	71.1
Amadeus	16.6	33.5	31.7	106.3	127.9
Legendre	58.4	74.0	79.7	288.7	299.6
Thevenard	82.9	82.3	75.5	305.7	339.8
Barrow	145.9	150.1	148.5	573.5	617.0
Stag	406.9	482.0	444.1	1643.9	1627.9
Mutineer Exeter	260.5	319.9	344.7	995.0	1254.6
Jabiru/Challis	21.0	26.8	28.2	105.9	142.0
Indonesia	139.6	192.1	116.9	560.3	983.4
SE Gobe	31.7	43.2	33.3	148.1	188.2
<b>Total Crude Oil Production</b>	<b>2065.1</b>	<b>2351.7</b>	<b>2180.0</b>	<b>8388.3</b>	<b>9597.2</b>
<b>Total Sales Volume</b>	<b>2510.2</b>	<b>2748.5</b>	<b>1882.8</b>	<b>8604.5</b>	<b>9796.8</b>
<b>Oil Price (Avg A\$/bbl)</b>	<b>85.37</b>	<b>89.81</b>	<b>82.52</b>	<b>78.83</b>	<b>117.45</b>
<b>Oil Price (Avg US\$/bbl)</b>	<b>77.40</b>	<b>60.03</b>	<b>68.49</b>	<b>63.77</b>	<b>98.99</b>
<b>Total Sales Revenue (A\$m)</b>	<b>214.3</b>	<b>246.8</b>	<b>155.3</b>	<b>678.3</b>	<b>1150.6</b>
<b>TOTAL</b>					
<b>Production (mmboe)</b>	<b>13.9</b>	<b>13.6</b>	<b>13.9</b>	<b>54.4</b>	<b>54.4</b>
<b>Sales Volume (mmboe) Own Product</b>	<b>14.3</b>	<b>13.3</b>	<b>14.4</b>	<b>54.8</b>	<b>52.8</b>
<b>Sales Volume (mmboe) Third Party</b>	<b>1.2</b>	<b>1.7</b>	<b>1.2</b>	<b>5.3</b>	<b>3.0</b>
<b>Sales Volume Total</b>	<b>15.5</b>	<b>15.0</b>	<b>15.6</b>	<b>60.1</b>	<b>55.8</b>
<b>Sales Revenue (A\$m)</b>	<b>599.9</b>	<b>648.1</b>	<b>556.6</b>	<b>2180.5</b>	<b>2761.8</b>

## **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 0.89 million barrels was 3% higher than Q3 2009 due to increased capacity from oil drilling offsetting natural field decline. 12 wells were drilled in the fourth quarter with 10 wells cased and suspended. Connection activity continued with 2 new wells brought on-line late in the fourth quarter.

Sales gas and ethane production of 20.2 petajoules (PJ) was 14% lower than Q4 2008 due to natural field decline and unscheduled downtime.

Reported condensate production of 0.38 mmbbl includes a year to date adjustment. Excluding the adjustment production was 0.28 mmbbl, 20% lower than Q4 2008 due to natural field decline. This adjustment has no impact on sales.

### **Surat Basin/Bowen Basin/Denison Trough**

Sales gas production of 8.4 PJ was 38% higher when compared with Q4 2008 due to higher production from Fairview. The Fairview Phase 2 expansion was completed in the second quarter with the field achieving capacity of 115TJ/day.

### **Amadeus Basin**

Sales gas production of 2.4 PJ was 20% lower than Q4 2008 due to natural field decline.

### **Otway Basin/Gippsland Basin**

Aggregate sales gas production of 4.3 PJ was in line with Q4 2008.

### **Carnarvon Basin**

Gas production from the John Brookes field of 11.7 PJ was 21% higher than Q4 2008 due to commercial arrangements to accelerate John Brookes gas through third party facilities.

Mutineer-Exeter's Q4 2009 production of 0.26 mmbbl was 24% lower when compared to Q3 2009 due to a well intervention on Mutineer 15 plus production was interrupted in December by tropical cyclone Lawrence.

### **Bonaparte Basin**

Gross Bayu-Undan LNG production of 764,018 tonnes (42PJ) was 16% lower when compared to Q4 2008. Santos' net entitlement production of 68,879 tonnes (3.8 PJ) was marginally lower than the 2008 comparative period.

Gross Bayu-Undan condensate production of 5.5 mmbbl was 5% lower than Q4 2008. Santos' net entitlement production of 0.4 mmbbl was marginally lower than the 2008 comparative period.

Gross Bayu-Undan LPG production of 283,917 tonnes was 6% lower than Q4 2008. Santos' net entitlement production of 22,290 tonnes was consistent the 2008 comparative period.

### **Indonesia**

Sales gas production of 9.2 PJ was 48% higher than Q4 2008 due to the start up Oyong Phase 2 during the quarter combined with higher production from Maleo. Indonesian crude oil production of 0.14 mmbbl was 19% higher when compared to Q3 2009 due to higher production from Oyong.

## 2. CAPITAL EXPENDITURE

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

	Quarter Ended			Full Year	
	Q4 2009	Q4 2008	Q3 2009	2009	2008
<b>Capital Expenditure Summary (\$ million)</b>					
Exploration	22.4	49.4	36.0	181.0	233.1
Evaluation including CSG	43.8	34.3	16.2	104.5	121.4
Development and Other PP&E	346.9	444.9	279.8	1,223.7	1,274.0
<b>Total Capital Expenditure</b>	<b>413.1</b>	<b>528.6</b>	<b>332.0</b>	<b>1,509.2</b>	<b>1,628.5</b>
<b>Exploration and Evaluation Expensed Summary</b>					
From current year expenditure					
- Exploration	15.5	21.1	28.0	143.5	137.2
- Evaluation	16.1	12.4	18.2	40.4	41.8
	31.6	33.5	46.2	183.9	179.0
Write-off of net amounts capitalised in prior years	20.7	-	-	18.3	-
<b>Total Expensed</b>	<b>52.3</b>	<b>33.5</b>	<b>46.2</b>	<b>202.2</b>	<b>179.0</b>

Capital expenditure and exploration and evaluation expenditure expensed detailed in the table above are preliminary in nature and subject to finalisation. As such, the actual results for the 12 months to 31 December 2009 may differ from the data above.

### 2.1 EXPLORATION ACTIVITY

No conventional exploration wells were drilled during the fourth quarter.

Burnside-1ST1, located in Permit WA-281-P in the Browse Basin, drilled in June 2009 encountered a 65 metre gross gas column in the primary target Brewster Sandstone. Wireline logging indicated the presence of gas throughout the relatively low-permeability sandstone interval. A sample was obtained which confirmed Ichthys quality gas and condensate. Pressure data acquired within the reservoir supports the potential for the gas column to extend below the base of the sand. The reservoir penetrated in the Burnside-1ST1 well is within the same geologic formation that is gas-bearing in nearby fields such as Ichthys, Mimia and Prelude. Santos is the operator and has a 47.83% interest. Further appraisal will be required to assess the upside potential of the discovery.

#### Seismic Activity

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

Permit	Area/Basin	Survey	Type	Km/Km <sup>2</sup>	Status
PPL 122/PEL105	Cooper Basin	CPSN08B Tallerangie 3D	3D Land	48	Complete

## 2.2 Evaluation and CSG Activity

Total evaluation expenditure in Q4 2009 was \$43.8 million, comprising near-field exploration, CSG and exploration appraisal expenditure. The table below details the evaluation and CSG wells drilled during the fourth quarter and their status:

Well	Basin/Area	Target	Santos Interest (%)	Well Status
Kyle 1	Cooper/Eromanga - SA	Oil	100	P&A
Moomba 183	Cooper/Eromanga - SA	Oil	60.6	P&A
Hobbes 2	Cooper/Eromanga - SA	Oil	86.81	C&S, successful oil
Cartman 1	Cooper/Eromanga - SA	Oil	100	C&S, successful oil
Kercumurra 2	Cooper/Eromanga - QLD	Oil	61.2	C&S, successful oil
Tickalara 22	Cooper/Eromanga - QLD	Oil	70.0	C&S, successful oil
Pine Hills 7	Surat Basin	CSG core hole	2.60	Drilling
Pickanjinnie 19	Surat Basin	CSG	100	C&S, successful gas
Pickanjinnie 22I	Surat Basin	CSG	60.0	C&S, CSG injector
Pickanjinnie 23I	Surat Basin	CSG	60.0	C&S, CSG injector
Lucky Gully 4*	Surat Basin	CSG	2.60	C&S, successful gas
Lucky Gully 5	Surat Basin	CSG	2.60	C&S, successful gas
Lucky Gully 6	Surat Basin	CSG	2.60	C&S, successful gas
Lucky Gully 7	Surat Basin	CSG	2.60	C&S, successful gas
Lucky Gully 8J	Surat Basin	CSG	2.60	C&S, successful gas
Lucky Gully 8T	Surat Basin	CSG	2.60	C&S, successful gas
Moongool 1	Surat Basin	CSG	81.9	C&S, successful gas
Reedy Creek 5	Surat Basin	CSG	2.60	C&S, successful gas
Rostock 1	Surat Basin	CSG	81.9	C&S, successful gas
Hillyvale 2	Bowen Basin	CSG	47.7	C&S, successful gas
Hillyvale 3	Bowen Basin	CSG	47.7	C&S, successful gas
Pickanjinnie 20	Bowen Basin	CSG	100	C&S, successful gas
Pickanjinnie 21	Bowen Basin	CSG	100	C&S, successful gas
Basalt Creek 1	Bowen Basin	CSG core hole	47.7	C&S, successful gas
Talcalbah 1	Bowen Basin	CSG core hole	47.7	P&A
Basalt Creek North 1	Bowen Basin	CSG core hole	47.7	P&A
Fairview 207OB1	Bowen Basin	CSG core hole	47.7	C&S, observation well
Springwater 3/ST1/ST2*	Bowen Basin	CSG core hole	47.7	C&S, successful gas
Fairview 419*	Bowen Basin	CSG core hole	47.7	C&S, successful gas
Biblewindi 28H*	Gunnedah Basin	CSG	35.0	Suspended
Dewhurst 13	Gunnedah Basin	CSG	35.0	P&A
Rouchel Rouchel 1	Gunnedah Basin	CSG core hole	100	P&A
Rosevale 1	Gunnedah Basin	CSG core hole	35.0	P&A
Kerawah 1	Gunnedah Basin	CSG core hole	100	P&A
Oakdale 1	Gunnedah Basin	CSG core hole	100	P&A
Coulson 1	Gunnedah Basin	CSG core hole	100	P&A
Rosevale 1A	Gunnedah Basin	CSG core hole	35.0	Suspended
Bungawarra 1	Gunnedah Basin	CSG core hole	47.7	C&S, successful gas
Coogal 2	Gunnedah Basin	CSG core hole	35.0	P&A
Rouchel Rouchel 2	Gunnedah Basin	CSG core hole	100	P&A
Kullanda 1	Gunnedah Basin	CSG core hole	70.7	P&A
Spring Rock 1	Gunnedah Basin	CSG core hole	47.7	Suspended
Dewhurst 11*	Gunnedah Basin	CSG core hole	35.0	P&A
Tintfield 1*	Gunnedah Basin	CSG core hole	35.0	P&A
Yarraman 1*	Gunnedah Basin	CSG core hole	100	P&A
Tambar Springs East 2*	Gunnedah Basin	CSG core hole	100	P&A

\* Spudded during third quarter

## 2.3 Development Activity

Development expenditure during the fourth quarter was \$348.4 million. The table below details all development wells drilled during the third quarter and their status:

Well	Basin/Area	Target	Santos Interest (%)	Well Status
Wareena 5	Cooper/Eromanga - QLD	Gas	60.06	C&S, successful gas
Tickalara 21	Cooper/Eromanga - QLD	Oil	70.0	C&S, successful oil
Ipundu 16	Cooper/Eromanga - QLD	Oil	89.0	C&S, successful oil
Ipundu North 13	Cooper/Eromanga - QLD	Oil	89.0	C&S, successful oil
Daralingie 27	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Dullingari 36DW1	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Dullingari 40DW1	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Burke 11	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Mettika 6	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Bobs Well 2*	Cooper/Eromanga - SA	Gas	66.6	C&S, successful gas
Stimpee 4	Cooper/Eromanga - SA	Oil	100	C&S, successful oil
Narcoonowie 8	Cooper/Eromanga - SA	Oil	66.6	C&S, successful oil
Narcoonowie 9	Cooper/Eromanga - SA	Oil	66.6	C&S, successful oil
Moonie 42	Surat Basin	Oil	100	C&S, successful oil
Moonie 44	Surat Basin	Oil	100	Drilling
Wilbah 1	Surat Basin	CSG	81.9	C&S, successful gas
Pickanjinnie 19*	Surat Basin	CSG	100	C&S, successful gas
Fairview 177	Bowen Basin	CSG	47.7	C&S, successful gas
Fairview 178	Bowen Basin	CSG	47.7	Suspended
Fairview 167	Bowen Basin	CSG	47.7	C&S, successful gas
Fairview 274	Bowen Basin	CSG	47.7	C&S, successful gas
Fairview 277	Bowen Basin	CSG	47.7	C&S, successful gas
Fairview 280	Bowen Basin	CSG	47.7	C&S, successful gas
Fairview 286A	Bowen Basin	CSG	47.7	C&S, successful gas
Fairview 288	Bowen Basin	CSG	47.7	C&S, successful gas
Ironbark Gully 2	Bowen Basin	CSG	47.7	C&S, successful gas
Dewhurst 16H	Gunnedah Basin	CSG	35.0	C&S, successful gas
Dewhurst 17H	Gunnedah Basin	CSG	35.0	C&S, successful gas
Dewhurst 18H	Gunnedah Basin	CSG	35.0	C&S, successful gas
Bayu Undan BU-WO6	Timor Sea	Gas	11.4	P&A, pilot hole
Bayu Undan BU-WO6ST1	Timor sea	Gas	11.4	Drilling

\* Spudded during third quarter

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

### Oyong Project (Santos 45%, operator)

Gas production commenced from the Oyong Phase-2 project, located off Madura Island, East Java, Indonesia on schedule on 2 October 2009. Production ramped up quickly and reached plateau of 60 mmscf/d gross within 20 days. As the project has now been commissioned it will no longer be included in the Development Activity section of the quarterly report.

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

Henry was sanctioned in November 2007 and involves the drilling and connection of the Henry field to the existing Casino infrastructure. Offshore installation work commenced as planned during December 2009 and is on target for completion by first half of 2010.

**Kipper Project (Santos 35%, ExxonMobil operator)**

Kipper was sanctioned in December 2007 and involves the development of sub-sea wells tied back to existing processing infrastructure. Drilling of the first two Kipper wells is on target to commence in the first quarter of 2010. First gas remains on target for first half of 2011.

**Reindeer Project (Santos 45%, Apache operator)**

Reindeer was sanctioned in April 2008 and involves the development of an offshore wellhead platform, 105 kilometre pipeline to shore and construction of a new onshore gas processing plant with a capacity of 215TJ/day gross. Construction of the onshore gas processing facility at Devil Creek is progressing. Scheduled commissioning of the Reindeer project remains on target for the second half of 2011.

**Chim São Project (Santos 31.875%, Premier Oil operator)**

Formal approval of the Chim São revised field development plan was received from the Prime Minister of Vietnam on 14 December 2009. Construction of the wellhead platform continues in the PTSC yard; jacket and topsides were 81% and 49% complete respectively at year-end. The conversion of the 'Lewak Emas' FPSO has commenced following delivery of the vessel to the yard in early December. A drilling contract has been awarded to Ensco and development drilling is expected to commence in June 2010. First oil remains on target for the second half of 2011.

**GLNG<sup>®</sup> Project (Santos 60%, operator)**

GLNG is a transformational project for Santos and involves the production of LNG using coal seam gas (CSG) sourced from the GLNG gas fields in the Bowen and Surat Basins. The initial phase of the project is on track for an initial production capacity of approximately 3.6 mtpa of LNG, with FID in mid-2010 to enable first gas cargoes in 2014. The design contemplates an initial two-train development with final capacity of up to 10 mtpa of LNG.

Progress during Q4 2009 included:

- The upstream, pipeline and two-train plant FEED works continued to progress on schedule.
- The Fairview Irrigation Project commissioning phase was completed with the project now fully operational. More than 900,000 Chinchilla White Gum trees have been planted at Fairview with a further 400,000 trees expected to be planted by the end of February 2010.
- Following the submission and extensive public consultation of the GLNG Environmental Impact Statement (EIS), the Supplementary EIS was submitted in November and advertised by the Co-ordinator General for public submissions on 16 December 2009. Public submissions close on 1 February 2010.

**PNG LNG Project (Santos 13.5%, ExxonMobil operator)**

On 8 December 2009, Santos announced the approval of the Papua New Guinea liquefied natural gas (PNG LNG) Project, subject to completion of sale and purchase agreements with LNG buyers and finalisation of financing arrangements with lenders. Remaining LNG sales and financing arrangements are expected to be concluded in early 2010. Construction has commenced (early works) and will ramp up in 2010.

The PNG LNG Project will develop the gas and condensate resources in the Hides, Angore and Juha fields and the associated gas resources in the currently operating oil fields of Kutubu, Agogo, Gobe and Moran in the Southern Highlands and Western Provinces of PNG. The gas will be transported by pipeline to an LNG facility with a capacity of 6.6 million tonnes per annum (mtpa), 20-kilometres northwest of Port Moresby on the coast of the Gulf of Papua.

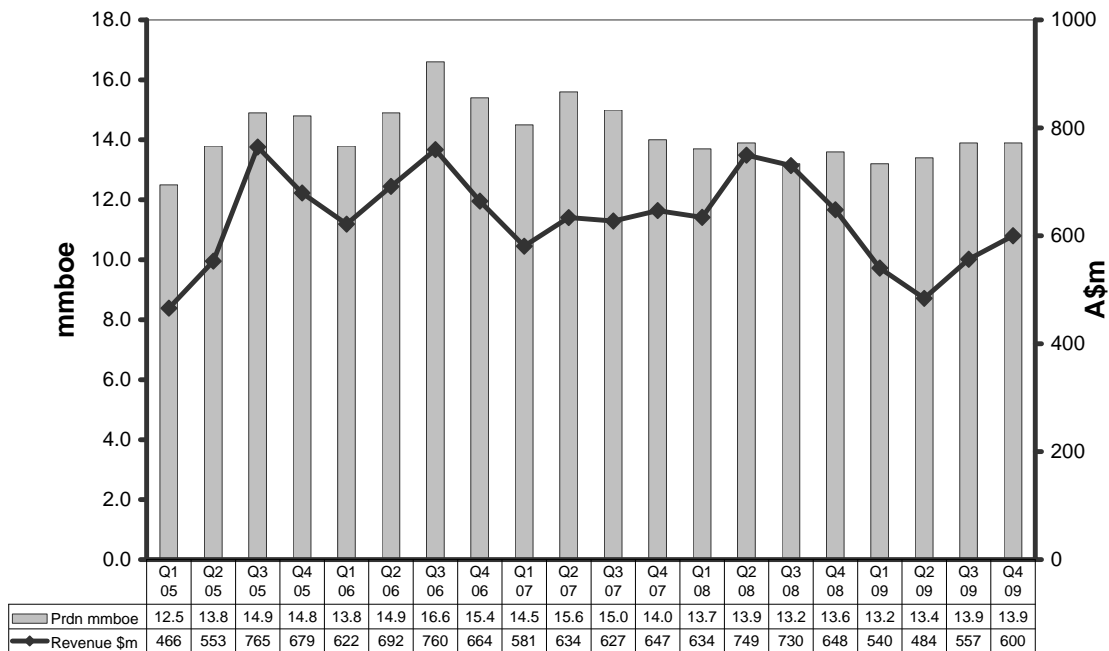
LNG sales and purchase agreements (SPA) have been signed with a subsidiary of China Petroleum & Chemical Corporation (Sinopec) for approximately 2 mtpa, The Tokyo Electric Power Company (TEPCO) for approximately 1.8 mtpa and with Osaka Gas for approximately 1.5 mtpa. The Project is working with CPC of Taiwan to finalise an SPA for approximately 1.2 mtpa.



### 3. HEDGING

There was no hedging outstanding at the end of fourth quarter 2009.

### 4. QUARTERLY PRODUCTION AND REVENUE CHART



### 6. ABBREVIATIONS AND CONVERSION FACTORS

Abbreviations		Conversion Factors	
PJ	petajoules	Sales Gas & Ethane, 1 PJ	171.937 boe x 10 <sup>3</sup>
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		