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PNG LNG Project signs LNG Sale and Purchase Agreement with Osaka Gas

Santos today announced that the PNG LNG Project participants have finalised a binding Sale and Purchase Agreement with Osaka Gas for the long-term sale and purchase of liquefied natural gas (LNG) totaling approximately 1.5 million tonnes per annum.

Under the agreement, the PNG LNG Project will supply LNG to Osaka Gas for a period of 20 years.

A copy of the PNG LNG Project's operator's news release is attached to this release.

About PNG LNG

The PNG LNG Project is an integrated development that includes gas production and processing facilities, onshore and offshore pipelines and LNG plant facilities with a capacity of 6.6 million tonnes per annum. Santos has a 13.5% interest in PNG LNG. Other participants are entities of ExxonMobil (33.2% and operator), Oil Search (29%), Independent Public Business Corporation (PNG Government, 16.6%), Nippon Oil Exploration (4.7%), Mineral Resources Development Company (PNG landowners, 2.8%) and Petromin PNG Holdings Limited (0.2%).

Ends.



Media Release

PNG LNG Project Finalises Sale and Purchase Agreement with Osaka Gas Long-term sale and purchase totals 1.5 MTA

Port Moresby, Papua New Guinea, December 22, 2009 – Esso Highlands Limited, a subsidiary of Exxon Mobil Corporation and operator of the PNG LNG Project, today announced that the Project participants have finalised a Sale and Purchase Agreement with Osaka Gas Co., Ltd. for the long-term sale and purchase of liquefied natural gas (LNG) totalling approximately 1.5 million tonnes per annum (MTA).

The agreement is effective for a 20-year period.

“We are pleased to have entered into this important agreement with a leading LNG customer in Japan and to have started a new relationship with Osaka Gas,” said Ron Billings, vice president, LNG, ExxonMobil Gas and Power Marketing. “The PNG LNG project will provide a clean-burning supply of natural gas to help meet growing energy demand in Japan.”

The PNG LNG co-venturers recently announced approval to proceed with the development of the Project pending completion of all sales and purchase agreements with LNG customers and finalisation of financing arrangements with lenders.

The PNG LNG Project is an integrated development that includes gas production and processing facilities, onshore and offshore pipelines and liquefaction facility with the capacity of 6.6 million tonnes per year. Participating interests include affiliates of Exxon Mobil Corporation (including Esso Highlands Limited as operator, 33.2 percent), Oil Search Limited (29.0 percent) Independent Public Business Corporation (PNG Government, 16.6 percent), Santos Limited (13.5 percent), Nippon Oil Exploration (4.7 percent), Mineral Resources Development Company (PNG landowners, 2.8 percent) and Petromin PNG Holdings Limited (0.2 percent).

Osaka Gas is a major energy supplier in Japan headquartered in Osaka with a customer base of 6.9 million. The company purchased a total of 7.4 million tonnes of LNG in 2008.

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