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## **Bechtel appointed downstream FEED contractor for GLNG**

Santos and Petronas today announced the appointment of Bechtel, a world leader in the construction of LNG plants, as the Front End Engineering Design (FEED) contractor for the downstream components of Gladstone LNG™ (GLNG™).

The GLNG™ project involves the construction of an initial nominal 3.5 million tonne per annum LNG liquefaction plant utilising the ConocoPhillips Optimized Cascade® Process on Curtis Island in Gladstone Harbour, with gas supply from the Santos/Petronas coal seam gas fields in South East Queensland.

Bechtel's appointment follows a competitive 6-month dual pre-FEED process. The FEED contract value is approximately US\$40 million and covers FEED on the liquefaction plant and associated infrastructure on Curtis Island. FEED will formally commence early in the New Year.

A final investment decision is expected in the first half of 2010. The project remains on schedule for first shipments of gas in 2014.

Santos' Chief Executive Officer David Knox said the appointment of the FEED contractor was an important step for GLNG.

"GLNG will make Queensland home to the world's first coal seam gas to LNG project," Mr Knox said. "Today's announcement is a critical step towards making the vision of a globally-significant Queensland LNG industry a reality."

"GLNG has chosen a proven liquefaction technology and a contractor with a track record of building LNG plants in Australia and around the world."

"The combination of Santos, Petronas and Bechtel means our project is in safe and capable hands."

Over the next year, as part of FEED, GLNG will be progressing the engineering design to ensure construction can commence as scheduled in 2010.

Santos previously estimated total project costs at A\$7.7 billion, based on 2007 dollars and prevailing economic conditions, including industry costs and exchange rates. The FEED studies commencing in 2009 will re-estimate these costs based on prevailing economic conditions, industry cost trends, regulatory requirements and an enhanced understanding of the integrated project scope.

Bechtel is one of the world's largest engineering and construction contractors. It has built 9 LNG trains internationally using the ConocoPhillips Optimized Cascade<sup>®</sup> Process, including the successful Darwin LNG project.

Bechtel has extensive Eastern Australian construction experience including the Yarwun alumina refinery in Gladstone.

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## About Santos

Santos is a major Australian oil and gas exploration and production company with interests and operations in every major Australian petroleum province and in Indonesia, Papua New Guinea, Vietnam, India, Bangladesh, Kyrgyzstan and Egypt. Santos is Australia's largest domestic gas producer, supplying sales gas to all mainland Australian states and territories, ethane to Sydney, and oil and liquids to domestic and international customers. Through its interest in the Darwin LNG project, Santos is a producer of liquefied natural gas which is exported to customers in Japan. Santos is developing a major LNG plant at Gladstone in Queensland and is a partner in the PNG LNG project. The Cooper Basin, which Santos and its joint venture partners have developed, is Australia's largest onshore resources project. Santos has more than 1,750 employees and produced 59.1 million barrels of oil equivalent in 2007. Santos has the largest Australian exploration portfolio by area of any company - 192,000 square kilometres - and is pursuing new venture opportunities with a focus on Asia.

## About Petronas

Petronas is the acronym for Petroliaam Nasional Berhad, a leading oil and gas multinational which was incorporated on 17 August 1974. Over the years, Petronas has grown to become a fully-integrated oil and gas corporation and is ranked among FORTUNE Global 500's largest corporations in the world. Petronas has four subsidiaries listed on the Bursa Malaysia (Kuala Lumpur Stock Exchange) and has projects and operations globally in more than 30 countries worldwide. Since its inception, Petronas has grown to encompass the full spectrum of oil and gas operations in the areas of upstream oil and gas exploration and production to downstream oil refining; marketing and distribution of petroleum products; trading; gas processing and liquefaction; gas transmission pipeline network operations; marketing of LNG; petrochemical manufacturing and marketing; shipping; and property investment. In Australia, Petronas has a 16.7% interest in pipeline operator APA Group, and a 25% shareholding in the Evans Shoal gas field, 300km northwest of Darwin, in which Santos is the operator with a 40% interest. Petronas is rated A1 by Moody's and A- by Standard & Poor's.

In May this year Santos and Petronas announced their 60/40 partnership to develop GLNG.

## About Bechtel

Bechtel is a global engineering, construction, and project management company with more than a century of experience on complex projects in challenging locations. Privately owned with headquarters in San Francisco, we have 40 offices around the world and 42,500 employees. Bechtel had revenues of US\$27 billion in 2007, and booked new work valued at US\$34.1 billion. Bechtel has built 9 LNG trains internationally using the ConocoPhillips Optimized Cascade<sup>®</sup> Process, including the successful Darwin LNG project. Bechtel has extensive Eastern Australian construction experience including the Yarwun alumina refinery in Gladstone.

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