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Santos to explore for coal seam gas in Gunnedah Basin

Australian oil and gas company Santos has entered into agreements with project partners to explore for coal seam gas in the Gunnedah Basin.

Ahead of the expected commencement of exploration later this month, Santos representatives have conducted briefings of local councils, parliamentarians and business and community groups to provide information about the planned exploration program.

Santos' Manager Coal Seam Gas Assets Stephen Kelemen said while some coal seam gas exploration had previously been carried out in the area, the company's program would take in a larger area and draw together several existing exploration licences.

"The area under exploration is approximately 20,000 square kilometres and extends from Narrabri, west to Coonabarabran and south to Scone and Gulgong. It also takes in the areas around Gunnedah and Quirindi," Mr Kelemen said.

"Initial exploration would be limited to four or five specific sites and would have minimal impact on farming activity. We expect to drill between 20 and 30 core holes over the next 12-18 months."

While Santos would be testing within coal deposits, the company was exploring for natural gas not coal. "The drilling required to extract coal seam gas involves minimal disruption to the land surface," Mr Kelemen said.

Coal seam gas is a significant and environmentally-friendly energy resource and has many uses, ranging from household use to power generation.

Santos has been producing coal seam gas in Queensland for many years and continual improvement in technology is making gas extraction from coal seams easier and more efficient, helping meet the global demand for cleaner energy.

Some core holes will need to be drilled on private property and Santos will be working closely with landowners to put in place the necessary access agreements.

“From our many years of operating in Queensland, Santos is respectful of landholders and their needs and we seek to minimise any disruption or inconvenience associated with exploration,” Mr Kelemen said.

Several years of testing, analysis and planning would be required to determine if any coal seam gas project will go ahead in the Gunnedah Basin.

For more information visit the Santos website at www.santos.com/gunnedah

Ends

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