

Media enquiries

Kathryn Mitchell
+61 8 8218 5260 / +61 (0) 407 979 982
kathryn.mitchell@santos.com

Investor enquiries

Andrew Seaton
+61 8 8218 5157 / +61 (0) 410 431 004
andrew.seaton@santos.com

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Santos continues to build its position in Vietnam

Santos has progressed its strategy of international expansion by signing a Production Sharing Contract (PSC) with the Vietnam Oil and Gas Corporation (Petrovietnam) for Block 101-100/04 (Block) in the Song Hong Basin, Offshore Vietnam.

Under this PSC, which was directly negotiated with Petrovietnam, Santos will operate the Block and hold a 55% participating interest whilst Singapore Petroleum Company Limited will hold the remaining 45% interest.

As part of the work commitment, the co-venturers are required to process and interpret existing seismic data, acquire and process new 3D seismic, as well as drill one exploration well within the first three years of exploration. The total term of the contract is 30 years with an exploration period of at least seven years.

"We are pleased to continue to grow our exploration interests in Vietnam," said Santos' Managing Director, Mr John Ellice-Flint.

"This follows our recent oil and gas discovery at Dua in the Nam Con Son Basin, and is consistent with our strategy of building material positions in prospective basins."

Participants in the Block are:

Santos Vietnam Pty Ltd	55%
Singapore Petroleum Vietnam Song Hong Co Ltd	45%

Map attached.

Ends

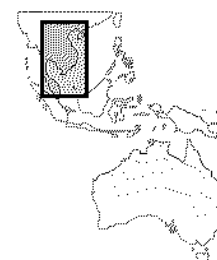
**Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR),
Ref #82-34 (Securities Exchange Commission)**

Vietnam



LEGEND

▨ Santos Acreage



* On completion of the farmout agreement announced on 26th April 2006, and subject to receipt of the approvals required from the Government of the Socialist Republic of Vietnam.