

22 December 2005

### **Santos in new gas tolling and purchase contract**

Santos Limited today announced that a conditional contract has been executed for its Patricia Baleen plant to process up to 350 PJs of gas over 10 years from Nexus Energy's Longtom field off Victoria and for Santos to then purchase the processed sales gas.

The agreement remains conditional on sufficient reserves being proved at the Longtom field with an appraisal well planned to be drilled by Nexus in May 2006.

Subject to successful appraisal and development, first gas could be delivered to the Patricia Baleen processing plant by the second half of 2008.

Santos has 100% of the equity in the Patricia Baleen infrastructure. The company will be paid a toll by Nexus to utilise spare plant capacity to process the Longtom gas.

The Longtom field is in the offshore Gippsland Basin approximately 14 km from the pipeline between the Patricia Baleen field and the processing plant, which is located near Orbost in Victoria.

"This contract captures additional value for our Patricia Baleen processing plant and could extend the life of the facility well into the next decade", said Santos Managing Director, Mr John Ellice-Flint.

"It creates a positive outcome for both companies. Nexus improves its project certainty in the event of successful appraisal and Santos leverages its existing infrastructure without exposure to appraisal or development risk."

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