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Moomba Carbon Storage Demonstration Project

Santos notes today's article in The Advertiser newspaper regarding a proposal by Santos to sequester carbon dioxide in the Cooper Basin.

Santos confirms that it submitted a proposal to the Federal Government this week regarding what was presented as the Moomba Carbon Storage ("MCS") project. This follows discussions with government officials extending back into 2006. It is important to note that the Government has not responded to this proposal and it remains under consideration.

MCS has the long-term objective of establishing a large-scale (20+ mtpa) carbon storage hub at Moomba, capable of storing, on conservative estimates, in excess of 400 million tonnes of carbon dioxide (CO₂). It would do so by injecting CO₂ into the depleted and/or depleting oil and gas reservoirs of the Cooper Basin, thereby providing a secure storage solution for major carbon emitters in Queensland, New South Wales and South Australia.

An initial Demonstration Phase is designed as proof-of-concept for the technical and economic feasibility of long-term, high volume CO₂ storage in the Cooper Basin. This demonstration would harness existing Basin knowledge and expertise in order to sequester CO₂ emissions associated with Santos' operations at Moomba. It is anticipated that approximately 1 mtpa of CO₂ (equivalent to taking 250,000 cars off the road per year) would be sequestered during the initial years of the Demonstration Phase, commencing in 2010.

The \$700+ million Demonstration Phase proposal seeks partial one-off Federal funding support. Subsequent development of MCS, subject to successful demonstration, would not require Federal funding but rely upon the emergence of a carbon price under a well-designed emissions trading scheme.

Ends

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