

Santos Ltd
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File:
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Santos

28 May 2012

Sam Haddad
Director General
NSW Department of Planning & Infrastructure
GPO Box 39
SYDNEY NSW 2001
Attention: Mr Matthew Daniel

Dear Mr Haddad

Notice of Withdrawal of Part 3A Projects
Major Project Application no. 10_0162 - Narrabri Gasfield
Major Project Application no. 10_0201 - Coolah to Newcastle Gas Pipeline

I am writing in response to your correspondence of 17 April 2010 seeking clarification of Santos' intention with regard to the above applications, which were lodged by Eastern Star Gas Limited (**ESG**) and Eastern Star Gas Pipeline Pty Ltd (**ESG Pipeline**) (a wholly owned subsidiary of ESG Limited) in late 2010.

On 17 November 2011, Santos Limited (**Santos**) acquired all of the shares in ESG. ESG and ESG Pipeline are now wholly owned subsidiaries of Santos. Enclosed, for your information, are copies of an ASX Media Release by Santos dated 17 November 2011 and an ASX Market Release dated 21 November 2011 regarding the acquisition of ESG by Santos.

Following Santos becoming ESG's and ESG Pipeline's ultimate holding company, Santos has decided not to proceed with the proposed developments, and hereby withdraws both applications.

If the whole or any part of the application fees are to be refunded, please send a cheque made payable to Santos Limited to GPO 1010, Brisbane Qld 4001.

If you have any queries, please contact Alan Feely, Manager Environment and Water on (07) 3838 3435 or alan.feely@santos.com.

Yours sincerely

For and on behalf of Eastern Star Gas Pipeline Pty Ltd and Santos Limited



Peter Mitchley
Group Executive



MARKET RELEASE

21 November 2011

Eastern Star Gas Limited

REMOVAL FROM OFFICIAL LIST

Eastern Star Gas Limited (the "Company") will be removed from the official list of ASX Limited at the close of trading on Monday, 21 November 2011, at the request of the Company under listing rule 17.11, following completion of the scheme of arrangement whereby Santos Limited ("Santos") acquired all of the Company's securities not already held by Santos and TRUenergy Investments Pty Limited.

Security Code: ESG

Stephanie Yong
Senior Adviser, Listings (Sydney)

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17 November 2011

Santos completes acquisition of Eastern Star Gas

Santos today completed its previously announced acquisition of Eastern Star Gas Limited. The transaction gives Santos the largest natural gas reserves position in NSW.

Santos now operates and owns 80% of coal seam gas (CSG) permits formerly held by Eastern Star, taking its total NSW reserves position to 1,216 PJ of 2P reserves and 2,238 PJ of 3P reserves.

TRUenergy will own the remaining 20% of the permits under a separate transaction to be completed in conjunction with the acquisition.

Santos is one of Australia's largest domestic natural gas producers and has a long track record of working with local communities to safely and sustainably produce natural gas.

Santos Chief Executive David Knox said Santos was committed to ensuring that the CSG industry develops in the Gunnedah Basin without impacting the role the region plays as an important agricultural producer.

"The growth of the natural gas industry in the Gunnedah Basin has the potential to bring at least a thousand new jobs and hundreds of millions of dollars in additional investment to local communities across the region," Mr Knox said.

Santos acknowledges concerns expressed by local communities about some of Eastern Star's development plans.

Giving testimony today to the NSW Parliament Upper House Inquiry into Coal Seam Gas, Santos Vice President Eastern Australia James Baulderstone announced several initiatives that underscore the approach that Santos is taking to the development of its CSG business in NSW, including:

- Withdrawal of the Eastern Star's application for the pipeline route from Narrabri to Wellington; and
- A commitment to have Eastern Star's existing Narrabri CSG project application reviewed under the new Part 4 of the Environment Planning and Assessment Act, even though the application is entitled to be dealt with under the former Part 3A process.

Mr Baulderstone said: "Santos appreciates public concern associated with CSG development and we are committed to demonstrating that CSG can be developed safely, sustainably and in co-existence with agriculture."

Santos ASX/Media Release

"We are conducting a thorough review of all of Eastern Star's current operations and future project plans and will consult widely with local communities as we consolidate our development plan for northern NSW.

"Over the next year, Santos will continue working with the community to progress plans to drill 15 pilot exploration wells and associated water monitoring bores, with a similar level of exploration over the following couple of years if the initial activity is successful.

"The data and knowledge we collect from those wells and water monitors will provide the scientific basis for CSG development and production applications in the future.

"Santos will spend about \$500 million on this exploration research and all of the data we collect will be made freely available to the public and regulators for scrutiny and use in other public water resource studies and regulatory activities.

"This is part of Santos' commitment to working closely with the communities in which we want to develop our businesses," Mr Baulderstone said.

Ends