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11 December 2009

James Baulderstone
Company Secretary
Santos Limited
GPO Box 2455
Adelaide SA 5000

By email: james.baulderstone@santos.com

Dear Mr Baulderstone

Santos Limited (the "Company")

ASX Limited ("ASX") refers to the following:

1. The presentation ("Presentation") lodged with ASX at 8.59 a.m. CDST on 9 December 2009 entitled "Santos 2009 Investor Seminar".
2. The revised presentation ("Revised Presentation") lodged with ASX at 10.05 a.m. CDST on 10 December 2009 entitled "Santos 2009 Investor Seminar Presentation – omitted slide 98".
3. The Revised Presentation included slide 98 entitled "Guidance" which disclosed the Company's forecast for production, production costs, DD&A expense, royalty related tax expense (after tax) and capital expenditure (including exploration & evaluation) for calendar year 2010 (the "Information").
4. The decline in the Company's share price from a close of \$14.30 on 9 December 2009 to a close of \$13.59 on 10 December 2009, the day of the release of the Revised Presentation ("Price Decline").

As you are aware, listing rule 3.1 requires an entity, once it becomes *aware* of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, to immediately tell ASX that information. The exceptions to this requirement are set out in listing rule 3.1A.

I would also like to draw your attention to the definition of "aware" in Chapter 19 of the listing rules. This definition states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity."

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

Listing rule 3.1A sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.

- 3.1A.1 A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 One or more of the following applies.*
- *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret."*

Finally, I would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 33 to 39 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"'Confidential' in this context has the sense of 'secret'..." and "Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Whether the Company considers that the Information contained in the Revised Presentation was material to the Company?
2. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Information to be material.
3. If the answer to question 1 is "yes", why did the Company not disclose the Information in the Presentation?
4. Does the Company consider that the release of the Information may be an explanation for the Price Decline?
5. Is there any other explanation that the Company may have for the Price Decline?
6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter. If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

If you are unable to respond by the time requested, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 - Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we may ask for.

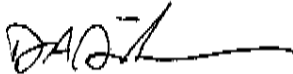
The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the expiry of the trading halt, suspension will be imposed. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

Your response should be sent to me by e-mail at Dion.Silvy@asx.com.au or by facsimile on facsimile number (08) 8216 5099. It should not be sent to the Company Announcements Office. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible, and in any event, not later than **5.00 p.m. CDST, Monday 14 December 2009**.

Please note that ASX reserves the right, under listing rule 18.7A, to release this letter and the Company's response to the market if it considers it necessary for an informed market. Accordingly, it would be appreciated if you would prepare your response in a format suitable for release to the market and separately address each of the questions asked.

If you have any concerns about release of your response, or any queries in relation to this matter, please contact me immediately.

Yours sincerely,



Dion Silvy
Senior Adviser, Issuers (Adelaide)

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Santos

14 December 2009

Mr Dion Silvy
Senior Adviser, Issuers (Adelaide)
ASX Markets Supervision Pty Ltd
Level 25
91 King William Street
ADELAIDE SA 5000

Dear Mr Silvy

Santos 2009 Investor Seminar Presentation – omitted slide 98

I refer to your letter dated 11 December 2009 and as requested, provide the following response separately addressing each of the questions asked.

1. Whether the Company considers that the Information contained in the Revised Presentation was material to the Company?

Yes.

2. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Information to be material.

Not applicable.

3. If the answer to question 1 is "yes", why did the Company not disclose the Information in the Presentation?

On 9 December 2009, the Company held an Investor Conference (**Conference**) at the Sofitel Hotel, Sydney. The Conference was webcast live through the Company's website.

During the Conference, a power point slide presentation entitled "2009 Investor Seminar - Delivering Transformational Growth, 9 December 2009" (**Conference Presentation**) was given and addressed by the CEO and various Senior Executives of the Company. A copy of this presentation had earlier been lodged by the Company with ASX at 8.59 am CDST on 9 December 2009 (**Lodged Presentation**) except that the Lodged Presentation inadvertently omitted slide 98.

I confirm that slide 98 had been included in the Conference Presentation and the contents of that slide was specifically addressed by the Company's CFO who also answered a number of questions from the floor in relation to the information contained in that slide.

As soon as the Company realised on the morning of 10 December that slide 98 had been omitted from the Lodged Presentation, immediate steps were taken to lodge the full presentation including the omitted slide 98. This occurred at 10.05 am CDST on 10 December 2009.

The omission of slide 98 from the Lodged Presentation was inadvertent, due to an error occurring when preparing the final PDF format for lodgment. The Company has revised its procedures to ensure a similar error does not occur again.

4. Does the Company consider that the release of the information may be an explanation for the Price Decline?

No. The guidance provided, particularly 2010 production guidance of 51 to 54 million barrels of oil equivalent included in the Conference Presentation, was within the consensus range of analyst expectations.

5. Is there any other explanation that the Company may have for the Price Decline?


The Company is not aware of any reason for the share price decline. The Company notes that the Company's share price performed in line with that of Oil Search following the approval of the Papua New Guinea Liquefied Natural Gas Project on 8 December, in which both Santos and Oil Search have an interest.

6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1

I trust that this letter provides you with a satisfactory response to your questions. Please do not hesitate to contact me if you have any further queries.

Yours sincerely



JAMES BAULDERSTONE
Company Secretary