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Santos

March 6th 2012,

Salvador Correa
Project Manager
Renoir Group
C/-Santos

Dear Salvador,

Re: EABU Operations re-structure projects

After facilitating the successful implementation of the new organisation structure for Santos Eastern Australia Business Unit (EABU) in the first half of 2011, we invited Renoir Consulting Group back to similarly participate in a joint project team to establish the efficient and effective separation of our South Australian Fields' operations into the new Upstream Gas and Cooper Basin Oil businesses.

The fundamental principles achieved under the EABU restructure of strong asset ownership, increased functional excellence and focused well management to improve the availability and production delivery of Oil and Gas from SA Fields were the primary objectives of the new project.

As with the EABU restructure, the Renoir Focus Process™ and Reorganisation Package provided the tools and a disciplined approach to carrying out the extensive preparation work and established the platform to migrate our people to the new structure.

A critical success factor was the successful removal of the 'back to back' field Superintendent role to an Adelaide based role to provide better operational continuity and consistent direction and decision making.

This change has also required the field Supervisor role to be restructured and they are now more accountable for the operational business outcomes. Although all levels of the business were interviewed, Supervisors received special focus as they are now the senior leadership at the field locations and their understanding and ownership of the new business processes is critical.

Roles and Responsibility Clarity workshops were conducted, educating the new leadership in their renewed Position Descriptions, ARCI Matrix accountabilities and responsibilities and an understanding of the Management Control System developed for the Upstream Gas and Cooper Basin Oil processes. Field leadership has "re-gained" field supervision time and control of their role through a simple but effective WILO (Week in the Life of) technique that maps out essential activities each week.

The combined Project Team successfully facilitated the Management of Change process throughout the project, predicting and controlling all major potential implementation risks. At project completion, our people have high ownership of the project outcomes.

As Chairman of the Projects' Management Action Teams, I have no hesitation in recommending the services of Renoir Consulting Group.

Yours faithfully



Dennis Vail
Manager Operations Strategy