



Salinas
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 13 MAY 2008

300 BOPD INITIAL TEST RATE FOR LOMBARDI 10-27H

Salinas Energy is pleased to advise that the first of the current four new horizontal production wells at the Company's 100% owned North San Ardo oil field (NSA) has been successfully tied into the production facility.

The Lombardi 10-27H production well has tested at initial rates in excess of 300 bopd which exceeds the Company's expectation for this well drilled in what is interpreted to be a thinner reservoir section within the overall field. Production rates for the NSA field have been as high as 700 bopd during the last four days and have averaged 660 bopd during that same period.

The second horizontal well drilled in the program, Lombardi 13-27H is expected to be on production later this week which will further increase production levels at NSA.

The third well, Lombardi 11-27H is drilling the horizontal section and is expected to finish drilling this week when the rig will be moved to the final well in the current program.

Commenting on the current operations Salinas' Managing Director John Begg said:

"Initial production rates from this well look very encouraging and we fully expect production levels at the field to reach record highs within the next few weeks coinciding with record world oil prices. Our April oil sales from existing wells at NSA of 13,696 barrels will gross the Company over US\$1.3 million so by more than doubling our production rates in the coming weeks we expect a material increase in our monthly sales revenues."

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