



Salinas
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 1 MAY 2008

EXCELLENT OIL SHOWS IN NORTH SAN ARDO LOMBARDI 13-27H WELL

Salinas Energy is pleased to advise that the second of the current four horizontal production well program on the Company's 100% owned North San Ardo oil field (NSA) has been successfully drilled.

Excellent oil shows have been encountered in the Lombardi reservoir with abundant free oil in the samples with high electric log resistivities recorded over the entire length of the horizontal section. A slotted production liner has been successfully run over the 1,205 feet horizontal section and the well will now be completed and is expected to be on production within the next two weeks. The Lombardi 13-27H well has the longest horizontal section completed for production of any well drilled to date by Salinas at NSA.

The Ensign 509 drilling rig will now be moved off location to a drill pad to the north of the main production facility to commence the next well in the program, Lombardi 11-27H which will be drilled in a southerly direction.

The Lombardi 10-27H well, the first well drilled in the program, has been cleaned up for production. The well, which has oil to surface and the pump installed, will be tied into the NSA production facility early next week. Total production levels at NSA will increase over the next two months as each new well is tied into the recently completed 2,000 bopd capacity production facility.

Commenting on the recent successful well Salinas' Managing Director John Begg said:

"We are delighted with the results of the drilling program to date and the extended reach we achieved with this well validates the capability of our team to execute our development program. We fully expect that we will meet all of our production and revenue targets for the 2008 calendar year and look forward to continued successful building of our business in California."

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