



Salinas
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 23 APRIL 2008

FIRST OF 4 NEW HORIZONTAL PRODUCTION WELLS DRILLED AT NORTH SAN ARDO

Salinas Energy is pleased to advise that the first of 4 additional horizontal production wells on the Company's 100% owned North San Ardo oil field (NSA) has been successfully drilled. A slotted production liner has been run in the Lombardi 10-27H well over a 758 feet horizontal section of the Lombardi Sandstone oil reservoir. Logs acquired whilst drilling indicate that the well has intersected strong oil shows through the whole section over which the slotted line has been run.

The Lombardi 10-27H well, drilled in a northerly direction, is the fourth horizontal production well that has been drilled from the central production facility location at NSA. Lombardi 10-27H will be completed for production following an initial clean up period and is expected to be on full production within the next two weeks.

The Ensign 509 drilling rig will now be moved off location to a drill pad to the south of the main production facility to commence the next well in the program, Lombardi 13-27H which will be drilled in a southerly direction. Work is well underway to have flow lines from the southern pad tied back to the main production facility in time for completion of the Lombardi 13-27H well which will further add to total production levels at NSA.

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