



Salinas
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 26 MARCH 2008

4 WELL PROGRAM TO COMMENCE AT NORTH SAN ARDO

Salinas has contracted a drilling rig to undertake four additional horizontal production wells at NSA with drilling expected to commence in the first week of April. Two horizontal production wells are being drilled from the central pad with two additional horizontal production wells being drilled from separate pads designed to produce reserves which cannot be accessed from the central pad. These pads are currently being constructed with flow lines being installed to ensure early cash flow from the wells. The production wells individually take approximately two weeks to drill and are forecast to cost around US\$750,000 each. The program will be funded from cash reserves.

Commenting on the increased NSA activity, Salinas' Managing Director John Begg said:

"With the production facility now at a stage where it can handle the increased fluid levels which will result from the upcoming drilling campaign, our operating team will be able to concentrate on meeting our production targets and reducing operating costs per barrel. With oil prices at record highs, Salinas is focused on maximizing revenue and value from our first oil production asset to underpin a growing work program on our existing and new business projects."

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