



Salinas
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 8 APRIL 2008

PRODUCTION DRILLING COMMENCES AT NORTH SAN ARDO

Salinas Energy is pleased to announce that the first of four horizontal production wells commenced drilling today at the Company's 100% owned North San Ardo oil field.

The first of the horizontal production wells (Lombardi 10-27) will be drilled from the central production pad in a northerly direction and will be drilled some 350 feet to the west of one of the current horizontal production wells (Lombardi 9-27) which has been on production for around four months and produced at initial rates of around 200 bopd. The Lombardi 10-27 well is expected to take some two weeks to drill after which the rig will move to a southern pad location to commence the Lombardi 11-27 production well and so on through the four well program.

After a well in the program has been successfully drilled and the rig is drilling at the next location, that well will be tied into the production facilities. This means there will be a progressive increase in oil production from the field over the approximate 2.5 month duration of the new production well program.

Commenting on the commencement of the drilling program, Salinas' Managing Director John Begg said:

"We are looking forward to the production and revenue growth that these four development wells will provide and we are on target to achieve our projected revenue of over US\$20 million during calendar 2008."

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