



ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 27 MAY 2008

STRONG OIL SHOWS IN HORIZONTAL PRODUCTION WELL AT NORTH SAN ARDO

Salinas Energy is pleased to advise that the fourth horizontal well in the current drilling program on the Company's 100% owned North San Ardo oil field (NSA), the Lombardi 12-27H has been successfully drilled and will be completed for production.

Excellent oil shows and indications of oil on electric logs were observed throughout the length of the horizontal section and a slotted production liner has been run over 1,167 feet in the oil reservoir.

During the next month the well will be tied into the production facilities together with the preceding well in the program the Lombardi 13-27H.

Commenting on the latest drilling success at NSA, Salinas Managing Director John Begg said;

"We have now successfully drilled 10 out of 10 oil production wells (3 vertical and 7 horizontal) at NSA and taken production levels to 1,135 bopd with further increases to come. We are developing a first class operating capability and continue to add value in the best way possible for a growing oil company, via the drill bit".

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