



Salinas
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 22 NOVEMBER 2007

SALINAS ENERGY OPERATIONS UPDATE

- **Second stage of North San Ardo oil field development near completion**
- **Salinas work program to target 25 MMBBLs in Paris Valley oil field**
- **McCool Ranch oil field horizontal well drilled, waiting on rig for production testing**
- **North Yowlumne 2-26 at 12,346 feet and drilling ahead**

North San Ardo Production Wells and Facilities (SAE 100%)

The Lombardi 5-27H horizontal production well has been cleaned up and completed for production and the rig is currently completing the third horizontal production well, the Lombardi 9-27H. Commissioning of the second stage of the NSA development with 5 wells (2 vertical and 3 horizontal) producing through the permanent production facilities is scheduled for Thursday, 29 November. Net production is then expected to increase to approximately 1000 bopd, up from current levels of 250 to 350 bopd.

Paris Valley Study (SAE – earning 50%)

The Paris Valley study is also nearing completion and has involved detailed geological, economic and reservoir modeling. Based on the study outcomes, the Company will commence in January a work program comprising seismic and drilling targeting proving 25 MMBBLs of recoverable oil in the field. Salinas will fund and carry out the work program to earn its 50% interest in the project.

Capps 1-22H Horizontal Well (McCool Ranch-SAE 100%)

This well has been successfully drilled with a 776 feet horizontal section in the oil reservoir and slotted production liner run. The well will be completed using the work-over rig currently at North San Ardo and will then be production tested.

North Yowlumne 2-26 (SAE 25%)

The well is preparing to drill ahead at 12,346 feet after cutting a 31 foot core in response to oil shows being observed in the secondary objective. A preliminary assessment of the core does not indicate recovery of reservoir quality rocks. The well has yet to penetrate to the primary Stevens Sandstone reservoir objective as mapped by Salinas.

Commenting on the high levels of activity Salinas Managing Director John Begg said;

“We are engaged in a very busy period in which we will be increasing our oil production and cash flow while also creating a range of opportunities to add value via the drill bit. This busy operational period will carry through into next year when we will commence drilling additional light oil exploration prospects in the San Joaquin Basin and a drilling program at Paris Valley. A pleasing factor, in keeping with our strategy, is the generally increased scale of the opportunities for growth that we now have in our asset portfolio”.

Enquiries: Managing Director: John Begg
Telephone: 08 9380 2111
Website: www.salinasenergy.com