



Salinas
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 11 JANUARY 2007

TESTING OF UPPER RESERVOIRS AT WINDGAP COMPLETED

Salinas Energy advises that testing of the upper hydrocarbon reservoirs in the Windgap 42-36 well have been completed. The Windgap prospect was mapped pre-drill as a potentially undrained extension of the North Tejon gas and oil field.

Interpretation of the results indicate that the Z1R reservoir (between 8,914 feet and 8,968 feet) has been depleted by historic production of the field. The Z1 reservoir (between 8,990 feet and 9,025 feet) although apparently gas saturated has proved to be tight and did not flow hydrocarbons at commercial rates.

To complete the evaluation of the well, the Joint Venture intends to carry out a final combined test of two deeper zones, the R1 (between 11,753 feet and 11,773 feet) and Z6 (between 11,190 feet and 11,210 feet). These deeper zones did not exhibit obvious signs of hydrocarbon saturation during drilling and are considered to have a relatively low chance of proving up commercial quantities of hydrocarbons.

Following completion of the two deeper zones, the Joint Venture will consider the implications of this well result on the wider Windgap project prospectivity.

Partners in the Windgap project post earning will be:-

Salinas Energy (Operator)	42.50%
Statesman Resources Ltd	21.25%
Laris Oil & Gas, LLC	15.00%
Transerv Australia Ltd	12.75%
Solimar Energy, LLC	8.50%

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