



Salinas  
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 17 JANUARY 2007

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### **OPERATIONS UPDATE**

#### **Windgap #42-36 – Salinas Energy Operator**

Testing operations have been completed on the Windgap #42-36 well without resulting in a commercial flow of hydrocarbons.

Salinas does not consider a second well on the project is warranted, which would otherwise be required by the governing Acquisition Agreement, and will be withdrawing from the various agreements and two associated lease areas.

Commenting on the well result, Salinas Managing Director John Begg said:

*“Although disappointed in the results of the well, we have made a clear-cut decision to exit this project and we will now be able to focus attention on our other prospective leases in the San Joaquin Basin, confident of our operating ability to drill and evaluate challenging wells.”*

#### **North Yowlumne 1-26 Testing – Salinas Energy earning 25%**

Salinas Energy advises that all zones of interest in the North Yowlumne 1-26 well have now been tested, without at this stage the well being completed as a commercial producer.

The well is shut in pending a recommendation by the Operator as to the future program.

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