



Salinas
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 7 MARCH 2007

Further Successful Oil Appraisal Drilling at North San Ardo

Salinas Energy advises that the Lombardi 2-27 well has been successfully drilled to a total depth of 2,460 feet and has been completed as a potential future oil producer. The Lombardi 2-27 is the third successful vertical appraisal well to be drilled by the Company on the North San Ardo oil project since last August and is the second well in the current drilling program.

Lombardi 2-27 was designed to appraise the southern flank of the northern extension of the North San Ardo oil field and has confirmed the existence of an oil pool in the northern extension. This additional data, combined with the results of the other two wells drilled by Salinas, the recently acquired 3D seismic and historic well data, will support certification of reserves and planning for a full field development post completion of the current first stage program.

The Ensign 508 rig has been moved to the location of the Company's next well in the current drilling program, the Lombardi 4-27H which will be the first horizontal production well in the southern lobe of the oil field. This well is designed to intersect a 1,000 foot horizontal section in the main Lombardi sandstone reservoir. The Lombardi 4-27H has commenced drilling and is expected to take approximately 20 days to drill and complete.

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