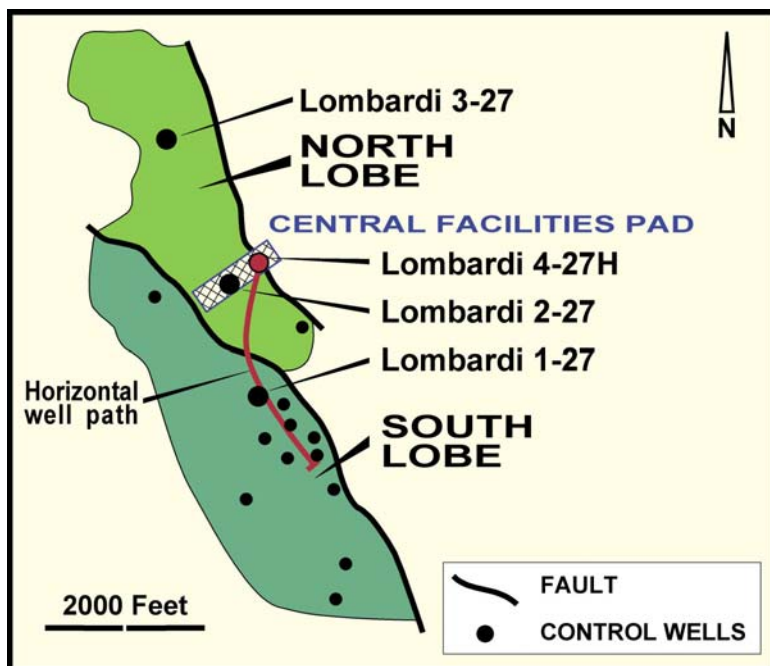




FURTHER SUCCESSFUL OIL PRODUCTION TEST AT NORTH SAN ARDO

Salinas Energy is pleased to advise that initial production testing of the Lombardi 2-27 well has been successful and the well is currently producing oil and no water. It is the first oil production from the 3 wells that were recently drilled by Salinas on the Lombardi lease, and most importantly, is the first production from the northern lobe of the oil field. The well has been completed between 2,100' and 2,120' with a gravel pack completion and a beam pump. The production test commenced on the 10 of April 2007. After warming up the well bore with a small amount of steam to initiate flow, the well has been producing at average rates of almost 100 bopd on primary production.

This test follows the production test of the Lombardi 1-27, the company's first vertical well that is located on the southern lobe of the field, and produced consistently through temporary facilities at 80 bopd after initial rates of over 110 bopd. The well is shut in pending installation of permanent production facilities. Fabrication of these facilities is well advanced and commissioning is scheduled for July/August this year.



Schematic Map of North San Ardo Oil Field

The Company's first horizontal well, the Lombardi 4-27H, will be production tested shortly. The well has been completed with a 900 foot horizontal section in the oil reservoir and will also be tested for its primary production capability without the need for steam injection. Initial results of the production test are expected within the next week.

The results of these production tests will be an important factor in the booking of reserves over the North San Ardo Field. Reserve certification is currently being undertaken by an independent consultancy group based in the USA.

Commenting on the most recent results, Salinas Energy's Managing Director John Begg said:

"The initial results from this well are very pleasing from two aspects. It is the first production from the northern lobe of the field, which was confirmed by our recent seismic and drilling activities. Further, the rate is being achieved through pump assisted primary production, without the need for injection of steam into the reservoir. This means we may not need as much steam as initially thought to produce the field which would reduce operating costs and improve project economics."

So far the field seems to be out performing analogue projects and we are now looking forward to seeing what we can produce from the horizontal well."

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