



STRONG OIL PRODUCTION RATES FROM NORTH SAN ARDO HORIZONTAL WELL

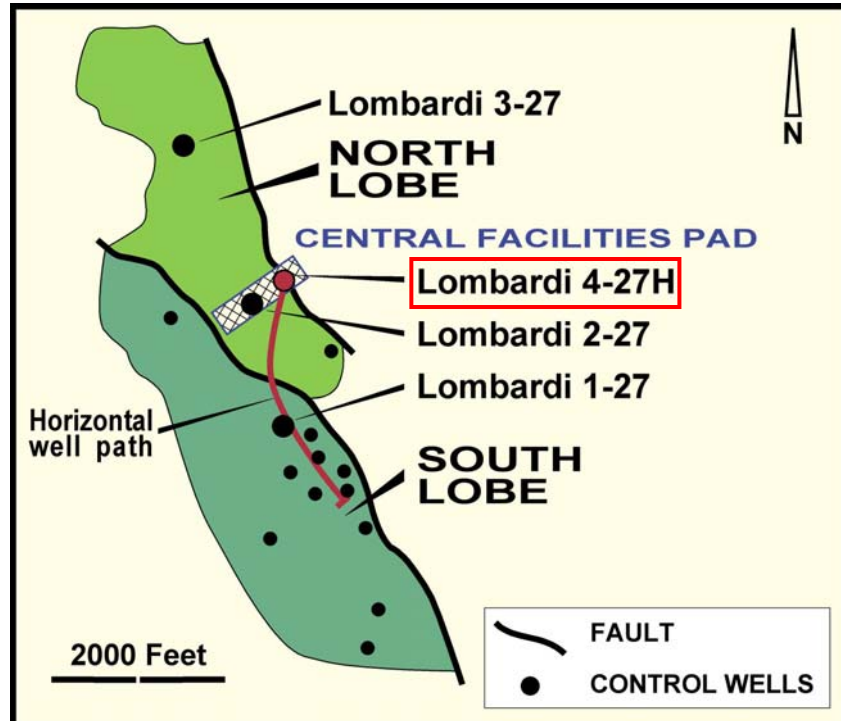
Salinas Energy is pleased to advise that initial production testing of the Lombardi 4-27H horizontal production well has, during two separate two hour production periods, achieved rates of 500 bopd and 1,000 bopd respectively. The latter test was accompanied by as yet unmeasured quantities of gas prompting the well to be temporarily shut in while surface equipment is modified to handle the higher than expected gas content.

Further testing over more prolonged periods will be carried out to determine stabilised flow rates (which may not be as high as these initial rates) and the longer term potential of the well.

The test program is expected to resume within the next few days.

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

"So far all the results of our testing at North San Ardo have been very, very good. These initial results from the horizontal well strongly indicate that stabilised rates will be achieved many times higher than the two tested vertical wells which have each produced on test at about 100 bopd. This should have a beneficial effect on the economics of the project and our focus will now be on completing the fabrication and installation of the permanent production facilities. These facilities are being built with capacity to handle over 2000 bopd"



Schematic Map of the North San Ardo oil field

Enquiries:

Managing Director:

John Begg

Telephone:

08 9380 2111

Website:

www.salinasenergy.com