



## CERTIFIED 2P RESERVES OF 5.5 MILLION BARRELS ASSESSED AT NORTH SAN ARDO OIL FIELD

Salinas Energy is pleased to announce that the proved plus probable reserves (2P) for its 100% owned North San Ardo Oil Project (NSA) onshore Southern California, have been independently certified at 5.5 million barrels of oil. The original oil in place at NSA has been determined at over 15.0 million barrels indicating an approximate 37% recovery factor. Steam flood techniques being used at the geologically similar, giant San Ardo oil field immediately to the south of NSA, have so far recovered approximately 40% of the oil in place and ultimate recoveries from that field are expected to be higher.

Salinas is undertaking a full field development with wells and facilities capable of over 2,000 bopd. Following a primary production phase, the development will involve cyclic steaming of production wells, followed by steam flood of the heavy oil reservoir to optimise long term oil recovery. The field is scheduled to be commissioned by early September 2007 providing a long term material revenue stream for the Company.

NSA will be the Company's base for activities in the San Ardo area where Salinas has identified significant resource potential and is well advanced with a new venture program to capture these additional resources. The recent acquisition of a 100% interest in the adjacent McCool oil pool, which has a potential recoverable resource of approximately 1 million barrels, is the first of such acquisitions. The McCool oil field is located less than a mile from the NSA facilities site and has historical production from the same sandstone oil reservoir.

The certified reserves assessment has been undertaken by SI International, a Denver based consultancy with specific expertise in modelling recovery from heavy crude oil fields similar to NSA.

Salinas Managing Director Mr John Begg said:

*"Certification of the reserves at NSA is another major step forward in our Californian Business Plan and we are hopeful of capturing further upside in the field. We will soon be generating significant long term cash flows from NSA which will allow us to vigorously pursue growth opportunities in the San Ardo area and in the San Joaquin Basin. This will lead to an expansion of our asset base in both areas and an active drilling program in the second half of this year, targeting both heavy oil and light oil prospects."*

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Schematic Map of the North San Ardo Oil Field

