



ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 15 OCTOBER 2007

## NORTH YOWLUMNE FOLLOW UP WELL COMMENCES DRILLING

Salinas Energy (SAE) is pleased to advise that the North Yowlumne 2-26 well commenced drilling on Saturday and is at a depth of approximately 1,500 feet.

The North Yowlumne 2-26 is located some 0.5 miles north of the first well (North Yowlumne 1-26) which last year tested light oil (32<sup>o</sup>-36<sup>o</sup> API) from Miocene age reservoir targets. The well has a planned total depth of 13,000 feet.

The location has been chosen after review of 3D seismic and, based on SAE's in house mapping, should encounter the reservoir section structurally up dip and in a position where thicker sands are present.

SAE has remapped the North Yowlumne prospect with the benefit of an improved local and regional seismic and well database. The Company has recently completed a 12 month comprehensive mapping project in the Southern San Joaquin Basin using this database and has identified a range of attractive prospects. The North Yowlumne follow up well will be the first prospect tested of the Company's expanded project inventory in this area.

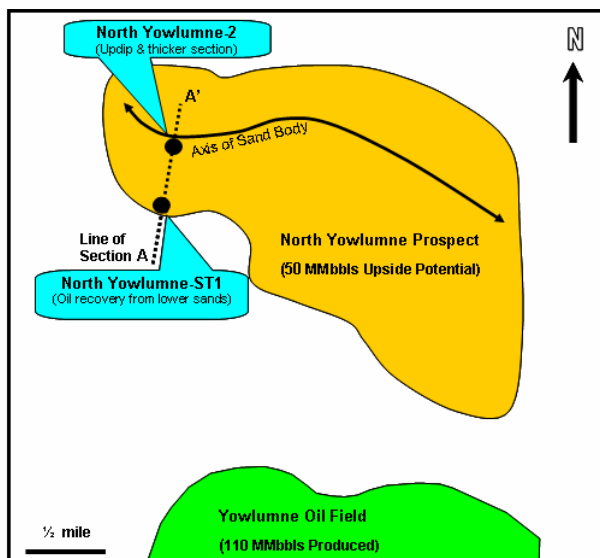
Participants in the project are:

Salinas Energy	25.000%
Nahabedian Exploration Group	43.125% (operator)
Nations Petroleum	20.000% (earning)
Statesman Resources	11.875% (earning)

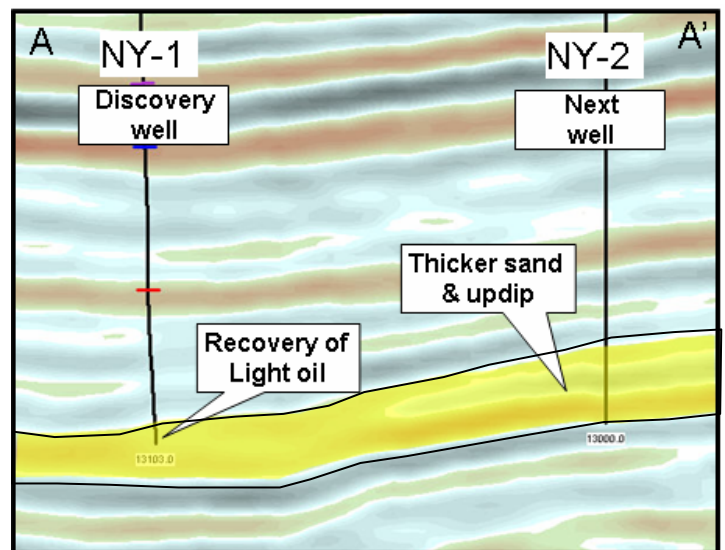
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North Yowlumne Prospect & Proposed North Yowlumne 2 Location



Section A-A' showing a seismic section across North Yowlumne Prospect