



Salinas  
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 23 OCTOBER 2007

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## **SALINAS 2 RIG DRILLING PROGRAM PROGRESSING WELL**

- Third horizontal production well drilled at North San Ardo
- North Yowlumne 2-26 drilling ahead at 5,658 feet

### NSA Horizontal Well

Salinas Energy is pleased to advise that the third horizontal production well (the Lombardi 9-27H) has been drilled into the Lombardi Sandstone oil reservoir of the Company's 100% owned North San Ardo, heavy oil field (NSA).

A slotted production liner has been run in the well over a 966 foot horizontal section in the reservoir and as per the previous well, suspended without the need for testing pending clean up and direct tie in to the permanent production facilities.

The Ensign 508 drilling rig has been released to the McCool Ranch project and a smaller completion rig will be brought to NSA within the next week to commence tie-in of the new wells for production. This process is expected to take 3 to 4 weeks.

Salinas expects to have 3 horizontal and 2 vertical wells on production at NSA before the end of November with a corresponding increase in oil production from current, equipment limited production of approximately 300 bopd.

### North Yowlumne 2-26

The North Yowlumne 2-26 is drilling ahead at approximately 5,658 feet towards a planned total depth of 13,000 feet. Progress since the last report on 15 October has been over 4,100 feet.

The well is testing a large oil prospect and is located approximately 0.5 miles north of the North Yowlumne 1-26 well which last year recovered light oil from Miocene age reservoir.

According to Salinas mapping on 3D seismic, the first well was drilled on the edge of the trap and better sandstone reservoir development is expected at the current well location.

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