



Salinas
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 13 DECEMBER 2007

SALINAS HITS 1,000 BOPD OIL PRODUCTION MILESTONE

Salinas Energy is pleased to advise that oil production from the Company's 100% owned North San Ardo oil field (NSA) yesterday reached 1,017 bopd, meeting the Company's interim production target of 1,000 bopd.

The oil is being produced from two vertical and three horizontal production wells which have been progressively brought on line over the past month and processed through the Company's recently commissioned permanent production facilities. The oil is transported by road tanker to sale at a refinery located some 80 miles away.

Sales revenues in excess of A\$1.7 million are expected in January for the December production. This figure should increase for January production reflecting the first full month of production with all current producing wells tied in.

Salinas is planning to drill another batch of horizontal production wells in the first quarter next year which will further increase production and cash flow. The Company is targeting 2,000 bopd prior to mid year.

Commenting on the production milestone, Salinas Managing Director John Begg said:

"This is a great result. Within 2 years we have established the Company as a fast growing oil producer adding value in the best way available to our industry, via the drill bit. Our first production milestone at NSA has been achieved with less wells than we had originally planned at this stage of the project, a very positive economic outcome. We have built a strong foundation for the Company and now have the cash generating capacity, technical capability and quality in our projects to attain the very substantial growth targets we have set for next year."

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Production well manifold and tank farm at NSA