



Salinas
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 12 NOVEMBER 2008

NEW PRODUCTION DRILLING AT NORTH SAN ARDO

Salinas Energy is pleased to advise that drilling of the eighth horizontal production well, the Lombardi 14-27H in the Company's 100% owned North San Ardo oil field (NSA) has commenced.

The horizontal production well follows the successful drilling of a second water disposal well at NSA. The combination of the new production well and increased water disposal capability should increase field production levels close to 1,000 bopd by the end of November.

No further drilling will occur in the field prior to the end of the calendar year, but operations are scheduled to re-commence early in 2009 with up to two additional production wells planned.

Commenting on the latest drilling activity, Salinas Managing Director John Begg said;

"The Salinas operations group has been working hard to maximise the value of the NSA asset over the past few months with the focus on increasing production from our existing wells, reducing operating costs and completing the production facilities. The single bottleneck in the system, water disposal capacity, has now been alleviated and this combined with an additional horizontal production well will see production levels increase".

Enquiries:

Managing Director:

Finance Director:

Telephone:

Website:

John Begg

Dougal Ferguson

08 9380 2111

www.salinasenergy.com