

Salinas Consolidates California Interests

Salinas Energy has completed its first phase of asset building in California, which began late last year, with the recent acquisition of four new leases in the San Joaquin Basin.

The new leases at Wheeler Road, Tejon Ranch, Lamont and Button Willow are all located near producing oil and gas fields and have targets in Miocene to Eocene aged sandstones, consistent with the company's exploration strategy for the area, Managing Director, John Begg, said.

Since initiating its California oil and gas strategy, Perth based Salinas has acquired 10 highly prospective lease areas adjacent to oil and gas production, covering over 13,759 ha and has participated in a new oil discovery at North Yowlumne which is being tested.

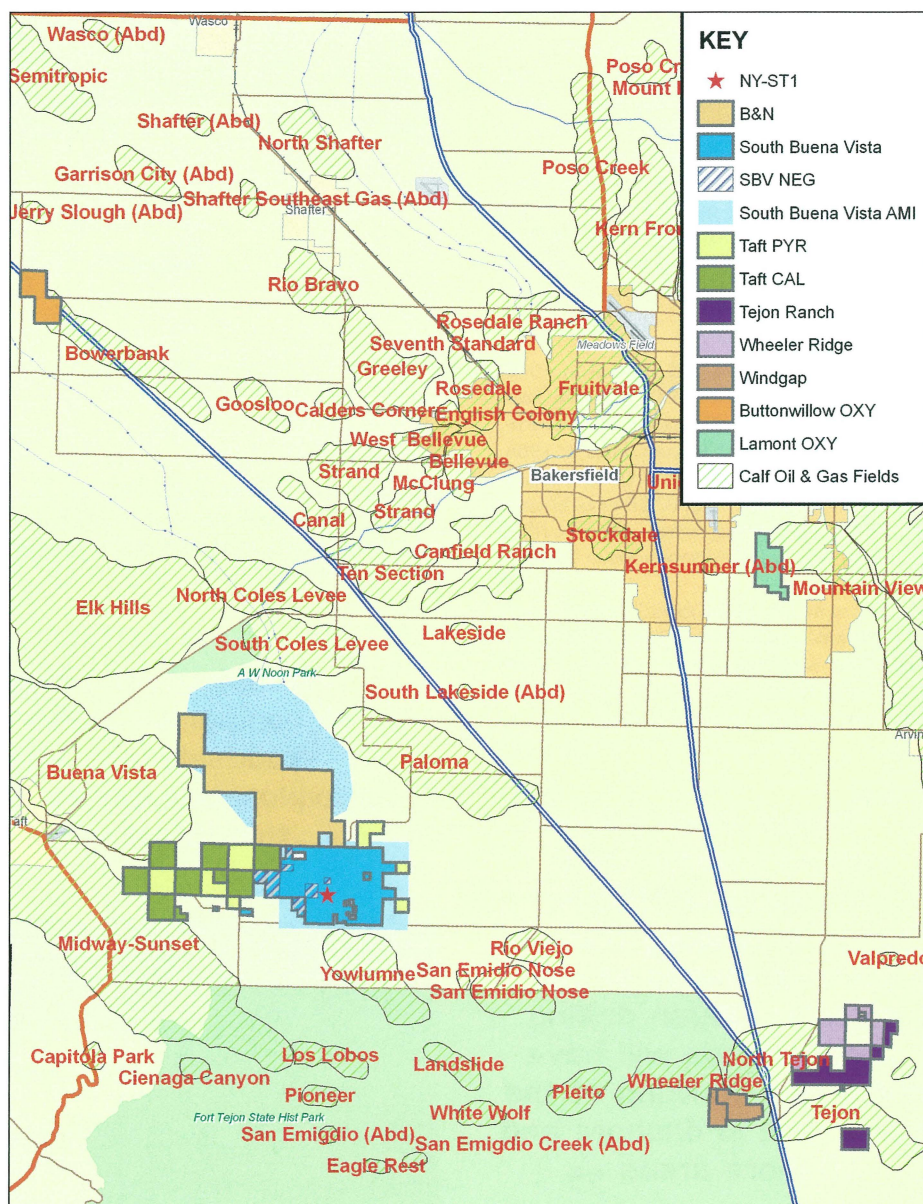
“Salinas has acquired 10 highly prospective lease areas adjacent to oil and gas production, covering over 13,759 ha”

It has also established a California operating base and is preparing to drill its first operated well on the Wind Gap gas and oil prospect; has secured a drilling rig to drill four wells on its 100% owned North San Ardo oil development project; and has acquired and begun interpretation of a large California database that currently includes information from over 870 wells, 16 3D seismic surveys covering more than 2200 km², and over 32,000 line km of 2D seismic. Salinas's cash reserves have also been strengthened with a \$9 million capital raising.

“The Wheeler Road and Tejon Ranch leases have been acquired from the Tejon Ranch Company, one the largest landholding and mineral (petroleum) rights owners in California. The acreage is surrounded by a number of small to medium sized oil and gas fields”, Begg said.

“A number of prospective structures are mapped from well control and 2D seismic. Salinas is in the process of acquiring a 3D seismic data set which will support better definition of the prospects and leads. Target sizes are expected to be in the 10 – 20 MMbbl recoverable range.”

The Lamont acreage is located structurally in a shelfal position on the southeast flank of the San Joaquin Basin, close to the ‘oil city’ of Bakersfield,



General location map highlighting Salinas's interests in California. The company has acquired 10 highly prospective lease areas adjacent to oil and gas production, covering over 13,759 ha.

population approximately 400,000. “The lease is surrounded by producing fields with the 90 MMbbl Mountain View oil field immediately to the east. Salinas is acquiring all the well data and available seismic data, including 3D, to re-evaluate the block and select a target for drilling in 2006.”

Begg said Button Willow is the second of a package of leases, including Lamont, acquired from one of the largest oil producers and mineral (petroleum) rights owners in the San Joaquin Basin. “Salinas is in the process of acquiring available seismic data to better define the targets in this lease which are still at the concept stage”, he said.

“Salinas's initial evaluation indicates that a shallow gas trend is present in the block (the boundary of the 36 Bcf Bowerbank gas field which produces from relatively shallow reservoirs to which Salinas does not have the rights, extends across part of the lease area) as well as deeper targets in Miocene deep water sandstones between 3,352 m and 3,657 m.

A number of offset wells outside the lease area that have penetrated to the deeper levels have tested oil (and gas) without resulting in extended commercial production.” ■