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Manager Announcements  
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SYDNEY NSW 2000

## **New Exploration Project – Aliso Canyon Prospect**

### **Highlights**

- Solimar Energy has secured a 12% working interest in a new prospect at Aliso Canyon.
- The Aliso Canyon prospect is located in the oil and gas rich Ventura Basin in the Santa Susana Mountains just north of the San Fernando Valley in the Los Angeles County, California. An un-drilled fault block has been identified next to the Aliso Canyon Field which has produced 60 million barrels of oil and 18 billion cubic feet of gas before being converted to a gas storage unit.
- The Project has estimated potential P50 recoverable resources of approximately 3 million barrels of oil on an 1,200 acre position. A discovery of this size, given Solimar Energy's equity position, would represent a material event for Solimar Energy.
- The project involves re-entering an existing well bore and drilling a new 2,500 feet directional section down to approximately 9,500 feet to evaluate the primary objectives involving the hydrocarbon charged Sesnon and Frew Sands on an undrilled up thrown side of an adjacent fault block to the Aliso Canyon oil field.
- Work on the existing well bore has already begun. Once complete, a drilling rig has been contracted to start new drilling operations in the next ten days.
- This project adds to Solimar Energy's growing portfolio of petroleum projects in California, which includes: oil production at Maricopa; the recent Nesbitt discovery at Silverthread and the soon to be completed gas development at Southeast Lost Hills.

## Overview of the Acquisition

Solimar Energy Limited (“Solimar Energy”) (ASX Code: SGY) is pleased to announce the acquisition of a 12% working interest in an exciting new exploration prospect, in the Aliso Canyon field, which is located in the Santa Susana Mountains just north of the San Fernando Valley in the Los Angeles County, California (refer to Figure 1).

Solimar Energy was offered a combined 20% interest in the prospect by the two US partners which included an up front payment, some well conversion costs to prepare for the redrill and a promoted portion of the cost to do a 2,500 feet directional redrill.

Separately, Solimar Energy has also entered into an agreement with Sunset Energy Limited (“Sunset Energy”; ASX Code: SEY), its partner at the Maricopa Project, covering the Aliso Canyon prospect. The new agreement has Sunset Energy taking an 8% working interest in the project and paying a share of the cost to earn their working interest. This will leave Solimar Energy with a 12% working interest in the prospect.

The Aliso Canyon prospect is estimated by Solimar Energy’s Geologic Consultant, Mr Dale Kunitomi, to have potential P50 recoverable resources of approximately 3 million barrels of oil on the 1,200 acre position acquired.

Work has already begun by the project partner providing the existing well bore. The existing well has been recently used as an injection well for gas storage in the adjacent fault block. The partner who owns the existing well bore has already begun preparing the well for re-entry. The plan is to directionally drill 2,500 feet of new hole to a proposed bottom hole location 9,500 feet deep that will evaluate the primary objectives involving the Seson and Frew Sands which are estimated to be on the up thrown side on an un-drilled fault block where there may be approximately a 300+ feet thick section high to the oil water contact in the adjacent fault block.

Total dry hole costs for this well are estimated at US\$1.0m, with a successfully completed well expected to cost approximately US\$1.5m. In the success case, Solimar Energy, and its partners in the project, will have access to existing oil facilities and gas pipeline without having to participate in the construction of separate facilities. Trio Petroleum will be the operator of the new drilling operations. A US Utility Company will do the preparation of the existing well bore and, in the success case, operate the well while producing into their production facilities.

## Background to the Aliso Canyon Field Prospect

The Aliso Canyon oilfield was discovered by Tidewater Associated Oil Company in 1938. Cumulative production at Aliso Canyon oilfield exceeds 60 million barrels of oil and 180 million cubic feet of gas. The field is currently operated by Southern California Gas Company as one of the ten largest gas storage fields in the United States.

The Aliso Canyon structure is primarily a southeast-dipping nose with Pliocene oil zones trapped up dip to the north by the Santa Susana fault and to the west by the Frew fault. The deeper Miocene and Eocene productive oil sands are trapped up dip by the south dipping Ward reserve fault in the centre of the field. These deeper sands, known as the Seson and Frew sands are the primary gas storage zones in the main Aliso Canyon field.

**Partners in the Aliso Canyon Prospect (and their respective working interests) are:**

US Utility Company (Operator):	50.0%
Trio Petroleum:	25.0%
Solimar Energy Limited (ASX Code: SGY):	12.0%
Sunset Energy Limited (ASX Code: SEY):	8.0%
Other Partners:	5.0%

Yours sincerely,



Frank Petruzzelli  
**Chairman**  
Solimar Energy Limited

The geological information included in this announcement has been reviewed and signed off by **Mr Dale Kunitomi (B.S. (Geology)** University of California, Los Angeles), a qualified geologist with over 40 years experience, mostly involving oil and gas exploration and development geology in California. Mr Kunitomi is employed as a consultant by Solimar Energy, LLC.

**Forward Looking Statements**

This announcement contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause the actual results to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserves and resources estimates, loss of market, industry competition, environmental risks, physical risks, legislative changes, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

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**Figure 1:** Location of the Aliso Canyon field in the Santa Susana Mountains just north of the San Fernando Valley in the Los Angeles County, California



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