



ABN 42 112 256 649

566 Elizabeth Street  
Melbourne Victoria 3000

Tel: +61-3-9347-2409

Fax: +61-3-9349-1186

[www.solimarenergy.com.au](http://www.solimarenergy.com.au)

18 August 2009

Manager Announcements  
Company Announcements Office  
Australian Securities Exchange  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

*Via electronic lodgement*

### **Operations Update**

Solimar Energy Limited ("Solimar Energy") (ASX Code: SGY) is pleased to provide an update on operations.

#### **Southeast Lost Hills ("SELH")**

The lessor at SELH has provided their consent to the assignment of Quest Petroleum Limited's ("Quest") (ASX Code: QPN) 50% working interest to Solimar Energy which was the key condition needing to occur for the acquisition to proceed.

Once the formal agreement is signed, Solimar Energy will have a 100% interest in the Southeast Lost Hills Project as well as being the Operator.

At this time Solimar Energy anticipates drilling to occur on its exploratory well in October 2009 after allowing for the surface owner to complete harvesting.

#### ***About the Southeast Lost Hills Project***

The Southeast Lost Hills Project is located in the San Joaquin Basin, California, along the southern flank of the large Lost Hills Anticline. The Lost Hills structure is a large feature that has already produced in excess of 400 million barrels of oil equivalent ("MMboe") to date to the north of the Jack Hamar 3-13 discovery.

The Southeast Lost Hills gas accumulation is a combination structural and stratigraphic trap. The reservoir targets are shallow Pliocene sands that pinch out around the flanks of the Lost Hills Anticline. Seismic amplitude anomalies are associated with the presence of these hydrocarbons. Since the Southeast Lost Hills project is a shallow play, with target depths of not greater than around 4,000ft, it is expected that commercial development costs will be relatively low.

Solimar Energy believes there is potential for a substantial gas accumulation in the shallow Pliocene reservoirs around the Lost Hills structure. The commercial development potential of the project is enhanced by low drilling costs due to the shallower reservoirs, strong gas demand in the area and local infrastructure.

## **Maricopa**

Wellington Maricopa #6 is currently producing approximately an average of 30 barrels of oil per day and Wellington Maricopa #7 remains shut in.

Plans are also progressing on installing a water disposal line which would substantially reduce water disposal costs. A preliminary right of way agreement has been reached with one land holder and discussions are occurring with other land holders on Right of Way agreements. Solimar Energy is also looking at the possibility of approaching other producers in the area to ascertain if they would be interested in participating in the costs of installing a water disposal line which they would then have access to.

Solimar Energy has a 50% interest and is operator of the Maricopa Project. Sunset Energy Limited also has 50% interest in the project.

### ***About the Maricopa Project***

Solimar Energy currently has a 50% interest in a 120 acre lease located two miles east of the town of Maricopa within the southeast end of the Midway-Sunset Oil Field. The Midway Sunset field is one of the largest onshore oil fields in the world with reserves in excess of 3 billion barrels. The lease already contains five wells completed as producers with close to 1 million barrels being produced from the lease and some 2.2 million barrels from immediate adjoining leases since 1930.

Solimar Energy and its joint venture partner, Sunset Energy Limited, have drilled two oil wells at the Maricopa Project.

The Wellington Maricopa #7 well was the first appraisal well drilled in September 2008 at the Maricopa Project and follows the discovery well, Wellington Maricopa #6, which was drilled in March 2008. Production of oil from the Maricopa Project in the June 2009 quarter was 3,044 barrels.

Additional follow-up locations in the Maricopa Project have been identified, including up to 3 vertical well locations and possibly 2 horizontal locations. A new geologic review has also been undertaken to identify further new drilling locations to increase potential production.

## **Silverthread**

In recent months Solimar Energy has followed up Mirada Petroleum Inc (“Mirada”) on outstanding items and received minimal co-operation. As a result Solimar Energy instructed its attorney to send Mirada a “Notice of Pendency of Action” (“Notice”) in regards to the Silverthread leases. The Notice protects Solimar Energy’s interest in the leases and instructs Mirada to action the outstanding items.

Once the outstanding items are provided the joint venture partners will be able to proceed with plans for a testing operation at the Nesbitt #5 well.

Partners in the Silverthread Project (and their respective working interests) are:

Mirada Petroleum Inc. (Operator) and Partners:	63.0% to 60.0%
Solimar Energy Limited (ASX Code: SGY):	18.5% to 20.0%
Sunset Energy Limited (ASX Code: SEY):	18.5% to 20.0%

### ***About the Silverthread Project***

Solimar Energy has a 18.5 to 20% working interest in the Silverthread Project, which is located in the prolific Ojai oil and gas producing area in the Ventura Basin, about 100 kilometres northwest of Los Angeles, California. This area contains several producing fields which include Silverthread, Sisar Creek, Lion Mountain, Sulphur Mountain and Sulphur Crest.

### **Search for Business Development Manager**

Solimar Energy is currently undertaking a search for a Business Development Manager to assist the company in identifying new opportunities as well as review and strengthen the existing assets.

Yours sincerely,



Frank Petruzzelli  
**Chairman**  
Solimar Energy Limited

### **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.