

### **3-D Seismic Program Begins on Chevron Joint Venture in California**

SPOKANE, Wash., Oct. 30 /PRNewswire-FirstCall/ -- Daybreak Oil and Gas, Inc. ("Daybreak") a Washington Corporation today announced that the previously announced 3-D seismic survey is underway on its East Slopes project area in the San Joaquin basin in Southern California.

The 35.2 square mile survey (approximately 22,500 gross acres) will cover an Area of Mutual Interest (AMI) established by Daybreak and its partners ("Partners") and Chevron U.S.A., Inc. ("Chevron"). Under the terms of the Seismic Option Farm-In Agreement (the "Agreement"), Chevron will fund 100% of the cost of the 3-D seismic survey to earn a 50% interest in the approximately 19,000 acres of leases contributed to the AMI by the Partners.

The Partners will then have the option to earn a 50% interest in the approximately 3,000 acres of leases Chevron contributed to the AMI, by drilling four initial test wells on mutually agreed prospects. After earning, the Partners and Chevron would each own a 50% interest in the leased AMI lands.

The 3-D high definition survey will be the first modern data acquisition over the survey area. Drilling targets are highly porous and permeable sandstone reservoirs containing 15 degree API to 25 degree API crude oils at depths of 1,200 feet to 3,000 feet, and therefore the targets are relatively inexpensive to drill.

It is expected that the seismic survey data acquisition phase will be completed before the end of November, 2007. Processing and interpretation will follow, with drilling expected to commence in the first quarter of 2008.

Daybreak has no cost associated with the seismic survey program and will pay 50% of the cost of the initial four test wells; to retain a 25% interest in the AMI leases. After drilling, the wells drilled on the AMI lands will be operated by Chevron. The produced crude oil will be sold to Chevron at posted market prices. Daybreak will retain a 50% interest in its other oil and gas assets in California.

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#### **Safe Harbor Statement**

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