

## **Daybreak to Participate in North Colgrade Prospect**

Spokane, Washington – October 23, 2006 - Daybreak Oil and Gas, Inc. (OTC Bulletin Board: DBRM. OB) a Washington Corporation, today announced it has entered into an agreement to participate in the drilling of a test well in the North Colgrade Prospect located in Winn Parish, Louisiana. Daybreak will have a 19% working interest in this project. Drilling costs are estimated to be \$374,000.

The principal targets of the well will be the First Wilcox oil sands and surrounding gas sands. The total depth for the test well is planned for 2,990 feet. The North Colgrade Prospect is approximately 1,500 acres. The first well is anticipated to be drilled by the end of this year.

The Colgrade field, three miles to the south, has produced approximately 22 MMB (million barrels) of oil. The Joyce field, four miles to the northwest of the North Colgrade prospect, has produced 1.9 MMB of oil from the First Wilcox Sand and 3.5 Bcf (billion cubic feet) of gas from multiple Wilcox gas sands. Mapping by Frank Davis Exploration, Inc., indicates many of the Lower Wilcox sands have untested oil and gas potential.

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