

## Daybreak Initiates Oil and Gas Sales in Texas

Spokane, Washington - August 23, 2006 - Daybreak Oil and Gas, Inc. (OTC Bulletin Board: DBRM. OB) a Washington Corporation, today announced that Daybreak has begun selling both oil and gas production from the Weil 8-C well in Corpus Christi, Texas. The Weil 8-C well is one of five rework wells that Daybreak is anticipating completing before the end of this calendar year. Daybreak has a 33% working interest in the Weil 8-C well.

Flournoy Oil and Gas, Inc, the operator of the Saxet Field project in Corpus Christi, has recently completed a pipeline capable of handling the gas production from all five wells in the project. Storage capacity of approximately 1,400 barrels is already in place for oil production.

Daybreak has also begun advanced planning for several other project locations to be drilled this year in the Gulf Coast region.

In other news, Daybreak continues to increase its land position interests in the San Joaquin Basin project in California and is planning to conduct a 3-D seismic study within the next 180 days on this project.

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