

Daybreak Partners With Monarch Gulf Exploration on California Project

SPOKANE, Wash., Oct 25, 2006 /PRNewswire-FirstCall via COMTEX/ -- Daybreak Oil and Gas, Inc. (OTC Bulletin Board: DBRM.OB) a Washington Corporation, today announced it has entered into an agreement with Monarch Gulf Exploration, Inc. (OTC Pink Sheets: MGFY.PK) to jointly develop Daybreak's fifty percent (50%) interest in their East Slopes Project, located in the San Joaquin Valley of California.

Daybreak and Monarch along with other industry partners plan to conduct a 3-D seismic survey this year. The \$1,750,000 survey will encompass approximately 15,000 acres. A nine well drilling program is planned to begin in the first quarter of 2007.

The San Joaquin Basin is a prolific oil producing area with a long history of production. In the vicinity of the East Slopes Project, two prominent fields produced 435.5 MMB (million barrels) and 20.6 MMB of oil respectively from the Pyramid Hills and Vedder Sands. Historic production has been from shallow depths of 1,000 to 3,000 feet and the oil is of low to medium gravity (13 to 22 degrees API).

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