

Daybreak Announces Successful Drilling of Three Wells at its East Slopes Project in Kern County, California

SPOKANE, Washington, January 8, 2010 -- Daybreak Oil and Gas, Inc., (OTC Bulletin Board: DBRM) (“Daybreak” or the “Company”) a Washington Corporation, is pleased to announce the successful drilling of three wells at its East Slopes Project in Kern County, California.

Bear #2

The Bear #2 began drilling on December 15, 2009 and was drilled to 2,509 feet and completed in the Vedder sand between 2,104 and 2,138 feet. This well has been completed and is initially producing at a rate of 50 barrels of oil per day. This rate may be increased over time depending on the initial performance of the well. Further development wells, which may include a horizontal well, will be drilled after evaluating the performance of this well.

Sunday #4-H

On December 26, 2009, drilling began on the Sunday #4-H, the Company’s first horizontally drilled well. The well encountered 375 feet of horizontal oil pay in the 20 foot vertical section of the Vedder Sand. This well is currently being completed.

Black #1

The Black #1 exploratory well began drilling on January 2, 2010 and was drilled to 2,300 feet and encountered 20 feet of oil pay in the Vedder sand between 2,141 and 2,161 feet. This well is currently being completed. The Marshall lease, where this well was drilled, was obtained through a farm-in arrangement from another operator. This lease is located approximately one-half mile from our tank battery and will be connected to it. The well is located in a separate reservoir from our two previously discovered reservoirs, which we identified through interpretation of our 3-D Seismic.

James F. Westmoreland, President and Chief Executive Officer, stated, “We are pleased with the successful drilling of the Sunday#4–H horizontal well. The use of horizontal drilling technology here at East Slopes will allow us to drain our reservoirs quicker with fewer well bores. This will allow us to deploy the capital saved from fewer development well bores to other areas within our East Slopes Project. The continuing review and refinement of our 3-D Seismic resulted in our new reservoir discovery in the Black #1 well. While the reservoir in the Black #1 well is not as large as the Sunday and Bear reservoirs, it will generate good rates of return from the Company’s investment. We are continuing to review our seismic data for similar-type reservoirs, as well as further refining our existing prospects that we have yet to drill. An update will be issued when the completion results are known and production rates are established on the Sunday #4-H and Black #1 wells.

Daybreak Oil and Gas, Inc. is an independent oil and gas company engaged in the exploration, development and production of oil and gas, with participating interests in projects located in California and Alabama.

For more information about Daybreak Oil and Gas Inc., please visit its website at www.daybreakoilandgas.com.

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