



Daybreak Updates California Drilling Operations

SPOKANE, Washington, February 4, 2009 -- Daybreak Oil and Gas, Inc. (OTCBB: DBRM) (“Daybreak” or the “Company”), a Washington Corporation, began drilling operations in November 2008 at its East Slopes Project in the San Joaquin Basin near Bakersfield, California. The East Slopes Project is comprised of approximately 35 square miles of oil and gas leases in the San Joaquin Basin. Chevron U.S.A. Inc. (“Chevron”) earned a 50% working interest in approximately 19,000 acres contributed by Daybreak and its partners, by funding the 35 square mile 3-D seismic survey. Daybreak and its partners will earn a 50% working interest, in approximately 3,500 acres contributed from Chevron, by funding the drilling of the four initial exploratory wells. To date, three earning wells have been drilled by Daybreak and its partners, the results which are reported below. One well remains to be drilled to complete the earning of the Chevron acreage.

Sunday # 1 Well

The Sunday # 1 well, the initial well in the program, was completed for production in January 2009. The well is producing at a restricted rate of 52 barrels of oil per day on pump. Production may be increased in the future depending upon reservoir performance. Further evaluation of this reservoir is being performed and additional off-setting wells will likely be drilled in the future.

Olancha # 1 Well

The Olancha # 1 well was drilled to 3,990 feet in December 2008. No hydrocarbons were found in the well bore, and the well was plugged and abandoned. This well may be considered for a re-entry at a later date pending a reinterpretation of the 3-D Seismic data.

Piute # 1 Well

The Piute # 1 well began drilling in December 2008. Mechanical difficulties were encountered during the initial drilling of the well, and a portion of the drill string was lost in the hole. The well was re-entered in January 2009, and drilled to 3,856 feet. No hydrocarbons were found in the well bore, and the well was plugged and abandoned.

Bear # 1 Well

The Bear # 1 is the last of the four-well commitment that the Company and its partners must drill to earn into the Chevron acreage. This prospect is highly-ranked in the prospect portfolio but required additional time to secure necessary regulatory approvals. The Company and its partners have received the final environmental permits required to obtain a drilling permit. Location work has begun and is expected to be completed during the second week in February 2009. An Ensign Drilling Company rig is expected to move onto the location and begin drilling immediately following the completion of the location.

Future Drilling Plans

The Company and its partners continue to evaluate the 35 square mile 3-D seismic data in light of the past results and have identified a number of future drilling locations within the East Slopes Prospect area. The locations will continue to target the Vedder sands and shallower horizons.

James F. Westmoreland, President & Chief Executive Officer, stated, “We are very encouraged by the early success of the exploration drilling program with the discovery at the Sunday Prospect. The ability to quickly move from exploratory drilling to a producing asset validates the Company’s East Slopes business model of exploring in a proved productive area where existing infrastructure and markets are well-established. All three wells encountered excellent quality sandstone reservoirs and we are confident that the 3-D survey will afford the opportunity to identify additional exploration drilling prospects. Daybreak looks forward to beginning the drilling operation at the Bear Prospect in the coming weeks.”

Daybreak Oil and Gas, Inc. is an independent oil and gas company engaged in the exploration, development and production of oil and gas. The Company holds projects in Alabama, California, Louisiana, and Texas.

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

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