



NEWS RELEASE

HIGHPINE OIL & GAS LIMITED PROVIDES OPERATIONAL UPDATE AND 2007 OUTLOOK

Calgary, Alberta, December 21, 2006 - Highpine Oil & Gas Limited (TSX: HPX) ("**Highpine**" or the "**Company**") is pleased to provide the following operational update, most notably in the Pembina Nisku core area, and 2007 capital budget and production guidance.

Operational Update

Drilling and Completions

Drilling momentum has continued into the fourth quarter during which, to date, 18 gross (13.3 net) wells have been drilled, with an overall success rate of 94%. Included in this total are 6 gross (5.3 net) wells that targeted Pembina Nisku prospects which resulted in 5 gross (4.3 net) potential producers at an 83% success rate.

Seven (7) Nisku wells have been completed and tested on a short term basis at rates ranging from 300 to 500 boe/d per well. Four (4) additional Nisku wells are scheduled to be completed and tested early in the new year.

A minimum of two drilling rigs will be drilling Highpine's Nisku prospect inventory throughout 2007 where the Company currently has 16 gross (13.4 net) approved Nisku drilling licenses in place and anticipates receiving an additional 5 gross (3.8 net) Nisku drilling licenses by the end of the first quarter of 2007. Highpine has recently identified several high quality drilling anomalies on its Crossfire acreage and is in the process of procuring drilling licenses in this area.

Production and Pressure Maintenance

Highpine's current production is approximately 14,000 boe/d, which includes only partial production restoration from the recent restart of a Dominion operated facility at Violet Grove. In order to ensure that this non-operated production remains on-stream, Highpine has initiated measures to install a pipeline interconnect to its operated facilities, which installation is expected to be completed by the end of January 2007.

Highpine's existing production capability is approximately 23,000 boe/d when accounting for full production from the Dominion operated facility, ongoing tie-ins and expected regulatory approvals. Seventeen (17) Pembina Nisku wells are at various stages of being tied-in and/or awaiting commencement of water injection. These wells, combined with the curtailed Dominion operated volumes, and eight (8) wells in the West Central Alberta Gas Fairway, represent in excess of 9,000 boe/d behind-pipe production net to Highpine. Substantially all of this production is anticipated to be on-stream by the end of the first quarter of 2007.

Final regulatory approval has been granted to inject water for pressure maintenance into the non-operated Nisku "SS" pool and Highpine understands that water injection has commenced. Final regulatory approval for pressure maintenance has also been granted for the Highpine operated Nisku

"WW" pool. Water source and injection wells, with associated facilities, are in place to commence water injection into the "WW" pool.

2007 Outlook

2007 Capital Budget and Production Guidance

Highpine's 2007 capital budget program will be \$200 million, including the drilling of approximately 50 to 60 gross (42 to 50 net) wells. Approximately \$150 million (75%) of the capital budget is targeted for exploration and development activity in Highpine's Pembina Nisku Fairway, including the drilling of approximately 30 to 35 gross (25 to 30 net) wells that will target production from the Nisku formation. This focus offers the highest potential production growth and economic returns when coupled with Highpine's drilling inventory depth and its success in procuring drilling licenses in Pembina.

Highpine is estimating an average 2007 production rate in excess of 20,000 boe/d.

2007 Financial Outlook and Commodity Hedges

Highpine is well positioned to finance its 2007 capital program with cash flow and credit facilities and expects to exit 2007 with a debt to cash flow ratio of less than one. In addition, Highpine has in place the following commodity hedges for 2007 to support its capital budget:

Oil	Jan 07 to Dec 07	Oil Collar	1,750 bbls/d	US \$55.00 to \$86.15/bbl
	Jan 07 to Dec 07	Oil Collar	1,750 bbls/d	US \$60.00 to \$80.70/bbl
	Jan 07 to Dec 07	Swap	500 bbls/d	Cdn \$73.00/bbl
	Jan 07 to Dec 07	Swap	500 bbls/d	Cdn \$73.70/bbl
	Jan 07 to Dec 07	Swap	500 bbls/d	Cdn \$74.70/bbl
Gas	Jun 06 to Mar 07	Gas Collar	5,000 GJ's/d	Cdn \$5.40 to \$12.00/GJ
	Jul 06 to Mar 08	Gas Collar	5,000 GJ's/d	Cdn \$6.00 to \$11.10/GJ
	Jan 07 to Dec 07	Swap	2,500 GJ's/d	Cdn \$7.55/GJ
	Jan 07 to Dec 07	Swap	2,500 GJ's/d	Cdn \$7.62/GJ

Highpine is a Calgary-based oil and natural gas company engaged in exploration for and the acquisition, development and production of natural gas and crude oil in western Canada. Highpine's current exploration and development efforts are focused in the West Pembina Nisku and West Central Alberta Gas Fairway, both located in Central Alberta. The Company's class "A" common shares trade on the Toronto Stock Exchange under the symbol "HPX".

READER ADVISORY

Boes may be misleading, particularly if used in isolation. A boe conversion ratio of six mcf to one bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Statements in this news release contain forward-looking information including expectations of future production, procurement of drilling permits, plans for and results of exploration and development activities and other operational developments and components of cash flow and earnings. Readers are cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. These risks include, but are not limited to; the risks associated with the oil and gas industry, commodity prices, and exchange rate changes. Industry related risks include, but are not limited to; operational risks in exploration, development and production of oil and gas and production risks associated with sour hydrocarbons, dependence on third party owned and operated production facilities, availability of skilled personnel and services, failure to obtain industry partner, regulatory and other third

party consents and approvals, delays or changes in plans, risks associated with the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of reserves, production, costs and expenses. The risks outlined above should not be construed as exhaustive. Readers are cautioned not to place undue reliance on this forward-looking information. The Company undertakes no obligation to update or revise any forward-looking statements except as required by applicable securities laws.

For further information, please contact:

A. Gordon Stollery, Chairman and Chief Executive Officer
Greg N. Baum, President and Chief Operating Officer
Harry D. Cupric, Vice President, Finance and Chief Financial Officer

Telephone: (403) 265-3333
Facsimile: (403) 265-3362

Media Contact: Shauna MacDonald (403) 538-5645

*The Toronto Stock Exchange has neither approved nor disapproved
the information contained herein.*