



North Peace Files Cyclic Steam Stimulation Pilot Application with EUB

Calgary, Alberta, October 19, 2007 North Peace Energy Corp. ("**North Peace**" or the "**Company**") announces it has formally filed its application with the Alberta Energy and Utilities Board ("EUB") for a two well, 1,000 bbl/d Cyclic Steam Stimulation ("CSS") pilot on Block B South of its Red Earth landholdings.

The principal objective of the CSS pilot is to demonstrate the feasibility of producing economic quantities of bitumen from the Bluesky formation in the Red Earth field by thermally decreasing the bitumen viscosity. The pilot test will be conducted on Sections 26 and 35-88-09 W5M.

High pressure CSS with horizontal wells was chosen for a variety of key attributes the Red Earth property demonstrates based on results to date. Namely,

- Net Pay typically less than 16 metres,
- Viscosities average 227,000 cp,
- Thin discontinuous minor clay laminations inhibiting vertical flow paths,
- The depositional environment is that of a coarsening up sequence with degrading permeability and oil quality towards the bottom of the reservoir,
- Absence of thief zones,
- Thick continuous capping shale,
- Encouraging numerical modelling results, and
- A comparable commercial producing analogue at Canadian Natural's Primrose South CSS project.

The pilot will be used to gather key data such as:

- Injection rates,
- Injection pressures,
- Production rates,
- Production temperatures,
- Base sediment and water measurements,
- Steam to oil ratios,
- Produced gas rates and qualities,
- Temperature profiles on the horizontal wells,
- Temperature profiles on the observation wells, and
- Pressure responses on the observation wells.

The pilot will be used to fine tune several other key operational assumptions that will affect a commercial development strategy. Namely,

- Horizontal inter-well spacing,
- Length of horizontal sections,
- Design specifications for heat exchange systems,
- Design specifications for water recycle systems, and
- Gas handling requirements.

Before beginning construction of the pilot project, North Peace will complete its previously announced Q4-2007/Q1-2008 \$10 million capital program on the Red Earth property. This includes the drilling of three wells in October/November that will be used to gather more information on the resource and to position the two horizontal wells for the pilot project. These wells will also be used as observation wells to gather temperature information from the pilot to better understand steam chamber development. The Q1-2008 portion of the capital budget includes the drilling of five delineation wells in the vicinity of the pilot area to provide resource information for future commercial development. These wells will be supplemented with two exploration wells in other areas of Block B South.

Subject to EUB and Board of Directors approval, the Company plans to begin construction of the pilot project in the third quarter of 2008, which would allow steam injection to commence in the fourth quarter of 2008. Prior to receipt of approvals, the Company is advancing the required engineering work and is in the process of securing long-lead items including a 50 mmBTU steam generator. Total costs for the pilot facilities including the two horizontal wells will be in the range of \$15 to \$20 million.

North Peace's President and CEO, Louis Dufresne, commented "Submitting the pilot application is a major milestone for North Peace. With the predictable nature of the geological setting, a marine depositional environment, and the existing well logs through the Company's reservoir, geological risk is very low. Our next step is to demonstrate that the technological application of CSS is suitable to our resource. The pilot project will allow us to do just that. We are moving through well-defined, prudent strategic steps to unlock the full value of our resource."

The full application can be found on the Company's website: (www.northpec.com).

Forward-Looking Statements: Certain statements contained in this release including statements relating to future development plans including the application of CSS, anticipated costs and expenditures, anticipated production capacity and business strategies, constitute forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Actual results will differ and could differ materially as a result of changes in North Peace's plans, changes in commodity prices, regulatory changes including but not limited to changes in royalty regimes, tax laws and environmental regulations, general economic, market and business conditions, ability to access sufficient capital in the future, failure to obtain required regulatory approvals, as well as production, development and operating performance and other risks associated with oil and gas operations including anticipated success of resource prospects and the expected characteristics of resource prospects; anticipated capital requirements, project rates of return and estimated project life; estimates of original discovered resource; estimates of recovery factors; estimates of the geologic and other attributes and characteristics of the Company's property; the effectiveness and economic feasibility of utilizing CSS; lack of diversification; and overall technical and economic feasibility of the Company's project. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect North Peace's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or at North Peace's website (www.northpec.com). These statements speak only as of the date of this release or as of the date specified in the documents accompanying this release, as the case may be. The Company undertakes no obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities laws.

North Peace Energy is an early stage oil sands company with land and assets bridging the Athabasca and Peace River oil sands areas of northern Alberta.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this news release.

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