



PRESS RELEASE

February 2, 2007

CONNACHER OPERATING TEN RIGS; CONTINUED SIGNIFICANT PROGRESS AND FAVORABLE RESULTS AT ITS GREAT DIVIDE OIL SANDS PROJECT; FINAL CONSIDERATION BEING GIVEN TO SUBMISSION OF APPLICATION TO DEVELOP SECOND POD AT GREAT DIVIDE

CALGARY, - Connacher Oil and Gas Limited (CLL - TSX) is presently in the midst of the most active drilling program in the history of the company.

The company recently had ten rigs working on its properties, including five core hole rigs and one surface hole rig on its exploration and delineation core hole drilling program at the company's Great Divide project. Additionally, one drilling rig is now drilling the fifth horizontal production well of the company's initial five SAGD well pairs from Pad 102 at the Great Divide Pod One project. Also, three drilling rigs are being utilized to drill conventional natural gas prospects at Marten Creek and Simonette, Alberta. A second drilling rig, which will be utilized on Pad 101 at the Great Divide Pod One project, is scheduled to arrive shortly and together with the Tri City No. 36 rig presently on location, will be utilized to drill the next ten additional production and steam injection SAGD horizontal well pairs. This will bring to fifteen the total number of well pairs that will be available for steam injection and subsequently bitumen production targeted to reach 10,000 bbl/d, once the plant presently under construction is commissioned, start-up occurs in the summer of 2007 and bitumen begins to flow from the horizontal wells.

To date, the drilling of the horizontal production wells has proceeded extremely favorably with no drilling complications. Connacher has been able to drill horizontal production wells to a measured length approaching 650 meters, approximately 150 meters longer than the original prognosis. This was done because the wells continued to penetrate consistently excellent bitumen-saturated reservoir, and accordingly by extending the reach of the well bore, more reservoir will be opened up for prospective production and recoveries once production is initiated. The company has also been successful in positioning the horizontal production well bores in close proximity to the Paleozoic basement, thus minimizing the standoff from basement. This accordingly increases the amount of the reservoir above the production wells which can yield producible bitumen and should therefore increase recoverable reserves. Connacher also anticipates extending the horizontal length of the steam injection horizontal wells as a consequence of the continuous high quality reservoir encountered to date in the drilling of the horizontal production wells.

Significant progress is also being made in the construction of the plant and facilities at Great Divide Pod One. Readers are referred to our website at www.connacheroil.com; click on Operations/Great Divide/Photo Gallery for up-to-date pictures of the advances being made in the construction program. Connacher has scheduled a field trip for invited analysts, institutional and other large shareholders, its bankers and various lenders who provided funds pursuant to the company's US \$195 million Term Loan B

project financing in October 2006. These funds, including a US\$15 million working capital facility for the company's Montana Refining operation, are being utilized in the construction of the Pod One facility.

Elsewhere at Great Divide, the company is progressing very favorably with its core hole drilling program which is focused on an extension to the east of Pod One and on Pods Two, Four and Five as well as various other exploratory areas within Connacher's main lease block surrounding Pod One. Prior to year end 2006, a total of six new core holes were completed; results of these wells will be incorporated into the company's year end reserve determination for Great Divide. This information will be included in Connacher's report of year end 2006 financial and operating results, scheduled for release on March 23, 2007.

During 2007, a total of 28 additional core holes have now been drilled with positive and in some cases very encouraging results. Several core holes have penetrated reservoir thicknesses up to 30 meters, which is thicker than that encountered at Pod One. In the opinion of Connacher's management, reservoir quality is considered encouraging and similar to that generally encountered in the region. All the cores and logs from the current program will be analyzed in detail and the results will be forwarded to the company's independent engineer for their assessment and utilization in the preparation of a mid-year 2007 update of their estimate of bitumen reserves and resources. Seventy (70) core holes have been planned for this year's program, leaving 36 to be drilled prior to break-up.

Connacher's extensive 68 square kilometer 3D program over the balance of its main lease block is also underway. The results of this program are expected to further assist the company in designing its 2008 core hole program, which will likely include approximately the same number of new core holes as are contemplated in this year's program.

Connacher also wishes to advise that it is in the final stages of concluding a decision to apply for commercial development of Pod Two at Great Divide. This determination is expected to occur shortly, following additional and continuous consultation with relevant regulatory agencies and authorities and final review and appraisal of available technical data. An application would also entail extensive consultation with all relevant stakeholders at the appropriate time. A near-term application and subsequent timely approval would enable Connacher to minimize the period between completion of current drilling and of the Pod One plant, and subsequent commencement of the development at Pod Two. This would be consistent with the company's strategy of repeatability and sustainability in the growth of its production base in the oil sands. Sequential planning and development is anticipated to assist in continuing cost control and compression of the time taken from pod discovery to production start up.

Since the commencement of the winter drilling season in 2007, Connacher has also drilled 13 conventional wells at Simonette and at Marten Creek in northern Alberta. Of the total wells drilled, six are indicated natural gas wells and two are suspended awaiting further evaluation, one is drilling and four were plugged and abandoned. A further five wells are anticipated in these areas before breakup and subject to weather conditions, the company will be conducting testing, completion and tie-in activity to enhance daily production and its conventional reserve base. As these areas are winter-only access regions, efforts must be focused on a quick turnaround from drilling to the production stage or otherwise these developments must await the next drilling season in December 2007 or January 2008.

Connacher is extremely pleased with developments at Great Divide and is satisfied with the results to date of its conventional exploratory drilling program. The progress at the Pod One plant is on schedule and the company is benefiting from its modular approach which is helping to keep plant costs within budgetary limits and construction on schedule. Drilling results from the horizontal SAGD production wells are most encouraging and reinforce earlier interpretations from analysis of cores and logs. New core hole results are also positive and are serving to reinforce Connacher's continued enthusiasm for the long-term potential for

production expansion from its landholdings in the area. Specific results at Pod Two would seem to support a near-term application for development, subject to final deliberations. New oil sands opportunities are also emerging, which if captured would enable Connacher to capitalize on its experience and performance to date as it focuses on future growth and development.

Connacher Oil and Gas Limited is a public Canadian oil and gas exploration and production company. Its principal asset is its interest in the Great Divide Pod One 10,000 bbl/d oil sands project and surrounding or proximate 90,000 acres of oil sands leases which are situated in northeastern Alberta. Connacher also owns producing crude oil and natural gas properties at Battrum, Saskatchewan and at Marten Creek, Simonette and Three Hills, Alberta, a 10,000 bbl/d refinery at Great Falls, Montana and a 26 percent equity interest in Petrolifera Petroleum Limited (PDP -TSX), a public Canadian oil and natural gas company active in Argentina, Peru and Colombia. Connacher anticipates releasing its final year end 2006 operating and financial results on March 23, 2007.

Forward-Looking Statements: This press release contains certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”:, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration and development of oil sands properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating oil prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors including unforeseen delays. As an oil sands enterprise in the development stage, Connacher faces risks, including those associated with exploration, development, approvals and the ability to access sufficient capital from external sources. Anticipated exploration and development plans relating to Connacher’s properties in 2007 are subject to change. For a detailed description of the risks and uncertainties facing Connacher and its business and affairs, readers should refer to Connacher’s Annual Information Form for the year ended December 31, 2005. Connacher undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change, unless required by law. The reader is cautioned not to place undue reliance on forward-looking statements.

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