

NEWS RELEASE

December 14, 2007

CALVALLEY PETROLEUM INC. (TSX: CVI.A)

CALVALLEY PROVIDES OPERATIONAL UPDATE ON DRILLING AND PROJECT DEVELOPMENTS

Calvalley Petroleum Inc. ("Calvalley"), an international oil and gas exploration and production company based in Calgary, Alberta, is pleased to provide an operational update on recent drilling and project developments, on Block 9, in the Republic of Yemen. Calvalley has completed drilling and has commenced testing of the Malik 1 exploration well. Additionally, the exploration well, Qarn Qaymah 2, was spudded on December 6, 2007, and the evaluation well, Hiswah 22, has completed an extensive coring program. As well, Calvalley has completed the evaluation of Engineering, Procurement and Construction Management ("EPCM") bids for its export pipeline and, pending government approval, anticipates awarding the contract prior to the end of the year.

Drilling of Malik 1

Malik 1 is located in the southern part of Wadi Hadramut, in the central portion of Block 9. The well was drilled to 3,426 meters of total measured depth (3,168.6 meters of total vertical depth) in order to evaluate a large east-west trending structural closure that encompasses a thick stratigraphic succession having numerous reservoir-seal combinations. The well was spudded on July 27, 2007 and intersected the Qishn clastics, at a depth of 1,233 meters, which demonstrated excellent reservoir characteristics. The reservoir zone, to 1,280 meters, displayed light brown oil staining and fair to good oil shows, with light yellow direct fluorescence, over a fourteen meter interval. The fluorescence suggests the presence of a medium to light oil. Some oil staining was also present in drill cuttings from the underlying Saar limestone.

Drilling into the basement was conducted through the primary hole as well as through a deviated hole, in order to evaluate the potential for fractured basement production. Such basement drilling has proven to be successful in other blocks in the Masila basin. Gas shows were encountered in the basement of the primary hole, between 3,120 meters and 3,160 meters. Image logs, run over the primary basement granite section, confirmed the presence of open fractures and the potential for a fractured basement play but testing of three fracture zones failed to recover hydrocarbons. The deviated hole penetrated 338 meters of granitic basement without encountering any additional significant hydrocarbon shows or fractures and this section of the well was subsequently abandoned.

Log analysis of the upper zones, by an independent third party, indicates the presence of four meters of hydrocarbon potential in the upper Qishn clastics, and two meters of hydrocarbon potential in the Upper Saar limestone. A service rig has been moved on to the Malik 1 location and is preparing to commence testing of both zones.

Drilling of Qarn Qaymah 2

Qarn Qaymah 2, an exploration well located in the northeastern part of Wadi Hadramut, was spudded on December 6, 2007 and is being drilled as a follow up to the original Qarn Qaymah 1 well, which was successfully tested as a gas-condensate discovery in the basal Kohlan sandstone. The well will also evaluate hydrocarbon potential in the fractured basement. Drilling is progressing on schedule.

Drilling of Hiswah 22

Hiswah 22, a vertical well, is located in the northwestern portion of the field and has successfully completed an extensive coring program. It is Calvalley's intention to test and analyze these core samples to improve the quality of the reservoir parameters being input into a reservoir simulation model of the Hiswah field. Calvalley believes such testing and analysis will ultimately improve the reservoir exploitation strategy. Oil was also encountered in the Qishn formation, improving the understanding of this formation in the Hiswah area. Calvalley intends to case this well for future completion as either a production or injection well. Calvalley intends to drill a second vertical evaluation well, Hiswah 23, in the

southeastern portion of the field. Again, the Company intends to core the entire reservoir section and case the well for completion as either a production or injection well. It is expected that Hiswah 23 will be spudded prior to year end.

Export Pipeline

Calvalley continues to progress its pipeline project to transport crude oil production from Block 9. The Company has received and evaluated tenders for the pipeline EPCM and the successful bidder has been selected. The Company will be making a recommendation to the Operating Committee and anticipates governmental approval and awarding of the contract prior to the end of the year. Calvalley is in the process of surveying the pipeline route and also expects to complete this effort by the end of the year. Additionally, Calvalley has received tenders for the supply of the mainline pipe.

Calvalley is listed on the Toronto Stock Exchange, trading under the symbol "CVI.A".

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