



Emerald Bay Energy

For Immediate Release: Thursday, October 7, 2010

**SUCCESSFUL FRACTURE STIMULATION ON FOUR LEASES;
ADDED OIL PRODUCTION COMING IN SOUTH TEXAS FOR EMERALD BAY**

Calgary, Alberta, October 7 – Emerald Bay Energy Inc. (TSX Venture: EBY) (the “Company” or “Emerald Bay”) is pleased to provide an operational update on activities in Texas.

SOUTH TEXAS

Completion operations are well underway on four oil leases in Medina County. Fracture stimulation operations took place during the past week and have now been completed on the Lenora Schmidt, JN Wilson, Clara Gray, and Oscar C leases in the Olmos formation. Pipelines and tank batteries have been installed. The production lifting equipment installation has now begun, starting with the Lenora Schmidt lease, and it is expected that we will have this lease on production by the end of this week. The equipment installation will then proceed to the remaining three leases and is expected to be completed as soon as October 15th.

During drilling operations, a second zone was encountered above the Olmos formation on multiple leases. The Escondido zone is producing in the area and shows great promise. While drilling through this zone, it produced a good oil “show” in the drilling fluids. The open-hole and cased-hole logs confirmed that the zone has hydrocarbon potential. We will now apply for Rule 37 drilling permits with The Texas Railroad Commission to directly offset these wells and drill a separate wellbore and test the Escondido formation during this current month.

The Company anticipates the combined initial production rates to be in a range of 75 to 175 barrels of oil per day for the four leases in the Olmos zone (20 to 44 net to EBY). The discovery of the Escondido zone could provide another 50 boepd gross (12 net to EBY) in these newly drilled wells.

“This is significant in that we could possibly have this Escondido zone productive in close to 100 existing wellbores in Medina County that have never been produced. Phase 2 of the Medina County capital program will consist of seven development wells, and one exploratory well to test the Anacacho, Austin Chalk, Eagle Ford, and Buda formations,” explained Shelby Beattie, Company President.

ABOUT EMERALD BAY

Emerald Bay Energy Inc., based in Calgary, is a junior oil and gas producer with production properties in Western Canada and South Texas. The common shares of Emerald Bay trade on the TSX Venture Exchange under the symbol “EBY”. Please visit www.emeraldbayenergy.com.

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