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PRESS RELEASE

DEE – TSX

DELPHI ENERGY CLOSES \$16.3 MILLION DISPOSITIONS AND COMMENCES WINTER DRILLING PROGRAM

CALGARY, ALBERTA – December 4, 2006 – Delphi Energy Corp. is pleased to announce the closing of its dispositions of non-core assets announced on November 14, 2006 and provide an update on its winter drilling program.

NON-CORE ASSET DISPOSITIONS

Delphi has now closed the \$16.3 million dispositions of two minor non-core assets in North East British Columbia, allowing the Company to strengthen its balance sheet and position itself for continued growth. The mature assets were producing approximately 250 barrels of oil equivalent per day (boe/d) and included approximately 630 mboe of proved and probable reserves. Disposition metrics achieved were \$65,200 per flowing boe, \$25.85 per boe of proved and probable reserves and 9.6 times expected 2006 operating income. The dispositions are part of Delphi's ongoing strategy to rationalize mature non-core assets in order to reduce bank debt and allocate capital into properties with low operating costs and high-growth potential such as Bigstone in North West Alberta and Bigfoot in North East British Columbia. The Company's revolving credit facility of \$115 million and the \$10 million Bigfoot development facility have been reconfirmed after the dispositions.

WINTER DRILLING PROGRAM

The winter drilling program has commenced in the Bigstone area where Delphi plans to drill two wells prior to year-end and up to six wells during the first quarter of 2007.

The Company has commenced drilling operations on a 3,000 metre well to follow-up on a discovery last winter that tested three million cubic feet per day (mmcf/d) of sour natural gas. The well will also test up to four Cretaceous zones that are on trend with previous discoveries made by the Company and partners on adjacent lands. Two contingent locations have been licensed and would be drilled in the first quarter of 2007 depending upon the results of the initial well.

Following completion of the above well, the Company will commence drilling a 2,400 metre horizontal well targeting light oil in the Cardium formation. The Company has a 55 percent working interest in a vertical well in the adjacent spacing unit producing approximately 80 boe/d of 47 degree light oil and solution gas. Delphi has completed a reservoir simulation study based on cores taken during the summer drilling program and anticipates a twofold to threefold increase in production rates and recoverable reserves utilizing horizontal well technology. Up to four follow-up horizontal wells will be drilled before the end of the first quarter of 2007, depending on the results of the first well. The Company has identified approximately 20 drilling locations on its lands targeting this light oil play.

As part of the above-noted dispositions, the Company also acquired a 50 percent working interest in a four kilometre pipeline capable of transporting both sweet and sour natural gas. The acquired pipeline provides access to additional plant processing capacity for the Bigstone area. It is anticipated Delphi's capacity in the 80 mmcf/d (26 percent net working interest) Bigstone gas plant will be fully utilized as the winter drilling program

progresses. Access to additional processing capacity will mitigate existing constraints and operational downtime at the Bigstone plant and field.

The Company is finalizing plans to drill up to four wells in the Bigfoot area this winter. Field operations have commenced to optimize the existing producing wells and gathering system.

RISK MANAGEMENT PROGRAM

Delphi continues to be active through its risk management program for 2007. Although natural gas prices have risen from the lows experienced in September, natural gas storage remains above historic trends. Delphi expects continued volatility in natural gas pricing until there is a clearer outlook on winter heating demand. As a result, the Company has increased its hedged volumes to approximately 55 percent of its current production at a minimum floor price of Cdn \$9.66 per thousand cubic feet (mcf) until the end of March 2007. Approximately 47 percent of Delphi's current production is hedged at a minimum floor price of Cdn \$8.23 per mcf from April 2007 to the end of October 2007 and approximately 28 percent is hedged at a minimum floor price of Cdn \$9.32 per mcf for the winter months of November 2007 to March 2008. During the third quarter of 2006, the Company's hedging program increased cash flow by 47 percent. At current market prices for natural gas, Delphi is realizing incremental revenue of approximately \$750,000 per month or \$1.00 per mcf on its hedging program.

OUTLOOK

With Delphi's strengthened balance sheet, the Company forecasts bank debt plus working capital of approximately \$120 million at the end of the year. Delphi anticipates cash flow for 2006 of approximately \$50 million (\$0.85 per share) on average production volumes of 5,400 boe/d.

Delphi Energy is a Calgary-based company that explores, develops and produces oil and natural gas in Western Canada. The Company is managed by a proven technical team. Delphi trades on the Toronto Stock Exchange under the symbol DEE.

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This news release contains forward-looking statements with respect to Delphi. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. These statements speak only as of the date of this news release.

A barrel of oil equivalent (boe), derived by converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil, may be misleading, particularly if used in isolation. A boe conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.