



Pyramid Oil Company

FOR IMMEDIATE RELEASE

Pyramid Oil Company Announces Fourth Quarter and Full-Year Financial Results

Company reports fourth quarter net income of \$427,000, or \$0.11 per share, on 61% increase in Q4 revenue; Full-year net income improves 58% to \$1.5 million, or \$0.40 per share

BAKERSFIELD, Calif – Mar. 31, 2008 – Pyramid Oil Company (Amex: PDO) today announced financial results for its fourth quarter and full fiscal year ended December 31, 2007.

Fourth quarter revenue increased 61% to \$1,399,276 versus \$868,514 in the fourth quarter of fiscal 2006. Operating income was \$593,792 versus a loss from operations of \$240,154 in the same quarter a year ago. Net income was \$427,371, or \$0.11 per diluted share, versus a net loss of \$33,313, or \$0.01 per diluted share, in the comparable year-ago quarter. The Company's improved fourth quarter financial performance is primarily attributable to a sharp increase in revenue from oil and gas sales.

John Alexander, president and CEO, said, "We are encouraged by the improved strength of our financial performance, and by the steps we have taken to position Pyramid for continued success during the coming year. We have been very active in our Carneros Creek field, where we recently completed drilling efforts on a new well and have been enhancing the performance of several older wells. We recently completed work-over programs on four previously drilled wells in the field, and have seen significant improvements in daily oil production from each. We are now evaluating additional wells in the area on which we can perform similar fracturing stimulation."

Alexander added, "During the coming year, we intend to drill additional wells in our California fields, as well as in Texas, where we are participating with a joint venture group in a natural gas prospect. During recent testing of the initial Texas well, excellent gas shows were encountered, and post-frac testing indicated natural gas rates of more than 4 million cubic feet per day. The well has been shut in while we await installation of a 3.8-mile gas sales pipeline, and the JV group now expects to commence gas sales by mid-year."

Pyramid owns a gross 12.5% working interest (before payout) in the Texas prospect. The JV also holds oil and gas leases on approximately 5,700 contiguous acres surrounding the initial well, and plans to commence additional drilling operations on the acreage shortly after completion of the gas sales pipeline.

For the full-fiscal year, Pyramid reported revenue of \$4,944,782, an increase of 25% versus revenue of \$3,957,588 in fiscal 2006. Fiscal 2007 revenue included a gain of \$441,927 on the sale of fixed assets. Operating income advanced 92% to \$1,767,090 from \$922,695 in 2006, and net income increased 58% to \$1,495,061, or \$0.40 per diluted share, from \$948,872, or \$0.25 per diluted share, in the prior year.

Pyramid ended fiscal 2007 with cash and short-term investments of \$2,097,427, working capital of \$2,251,635, long-term debt of \$44,542 and total stockholders' equity of \$6,603,955.

About Pyramid Oil Company

Pyramid Oil Company has been in the oil and gas business continuously since incorporating in 1909. Pyramid acquires interests in land and producing properties through acquisition and lease, and then drills and/or operates crude or natural gas wells in an effort to discover or produce oil and/or natural gas. More information about the Company can be found at: <http://www.pyramidoil.com>.

Safe Harbor Statement

Certain statements and information included in this press release constitute "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995, including statements regarding the completion and testing of wells. Forward-looking statements involve known and unknown risks and uncertainties, which may cause the Company's actual results in future periods to differ materially from forecasted results. Factors that could cause or contribute to such differences include, but are not limited to the value of crude oil or the performance of wells.

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(Financial tables follow)

Pyramid Oil Company
Statements of Operations

	Three months ended December 31,		Twelve months ended December 31,	
	2007	2006	2007	2006
REVENUES:				
Oil and gas sales	1,397,822	868,514	\$4,502,855	\$3,957,588
Gain on sale of fixed assets	1,454	0	441,927	0
	<u>1,399,276</u>	<u>868,514</u>	<u>4,944,782</u>	<u>3,957,588</u>
COSTS AND EXPENSES:				
Operating expenses	422,055	425,117	1,611,269	1,538,227
Exploration Costs	0	348,132	6,687	348,132
General and administrative	208,132	165,357	924,746	637,120
Taxes, other than income and payroll taxes	32,997	21,457	111,909	81,712
Provision for depletion, depreciation and amortization	131,575	111,659	464,128	322,909
Accretion expense	5,548	5,004	22,135	20,343
Other costs and expenses	5,177	31,942	36,818	86,450
	<u>805,484</u>	<u>1,108,668</u>	<u>3,177,692</u>	<u>3,034,893</u>
OPERATING INCOME	<u>593,792</u>	<u>-240,154</u>	<u>1,767,090</u>	<u>922,695</u>
OTHER INCOME (EXPENSE):				
Interest income	21,950	18,475	85,003	67,988
Other income	3,600	28,600	19,886	41,219
Interest expense	104	-434	-1,768	-7,205
	<u>25,654</u>	<u>46,641</u>	<u>103,121</u>	<u>102,002</u>
INCOME BEFORE INCOME TAX PROVISION	<u>619,446</u>	<u>-193,513</u>	<u>1,870,211</u>	<u>1,024,697</u>
Income tax provision	192,075	-160,200	375,150	75,825
NET INCOME	<u>\$427,371</u>	<u>-\$33,313</u>	<u>\$1,495,061</u>	<u>\$948,872</u>
BASIC INCOME PER COMMON SHARE	<u>\$0.11</u>	<u>-\$0.01</u>	<u>\$0.40</u>	<u>\$0.25</u>
DILUTED INCOME PER COMMON SHARE	<u>\$0.11</u>	<u>-\$0.01</u>	<u>\$0.40</u>	<u>\$0.25</u>
Weighted average number of common shares outstanding	<u>3,741,721</u>	<u>3,741,721</u>	<u>3,741,721</u>	<u>3,741,721</u>

**PYRAMID OIL COMPANY
BALANCE SHEETS**

ASSETS

	December 31, 2007 (Unaudited)	December 31, 2006 (Unaudited)
CURRENT ASSETS:		
Cash	\$618,448	\$619,001
Short-term investments	1,478,979	1,450,910
Trade accounts receivable	643,340	324,495
Interest receivable	2,251	0
Crude oil inventory	71,298	56,539
Prepaid expenses	170,914	152,899
Income taxes receivable	0	193,130
	<u>2,985,229</u>	<u>2,796,974</u>
PROPERTY AND EQUIPMENT, at cost		
Oil and gas properties and equipment (successful efforts method)	14,734,929	12,891,756
Capitalized asset retirement costs	310,579	304,199
Drilling and operating equipment	2,050,556	2,008,397
Land, buildings and improvements	1,010,847	978,702
Automotive, office and other property and equipment	1,141,451	1,068,670
	<u>19,248,362</u>	<u>17,251,724</u>
Less: accumulated depletion, depreciation, amortization and valuation allowance	-14,040,610	-13,620,171
	<u>5,207,752</u>	<u>3,631,553</u>
OTHER ASSETS		
Deposits	250,000	250,000
Other Assets	7,380	7,380
Assets held for resale	9,633	9,633
	<u>\$8,459,994</u>	<u>\$6,695,540</u>

**PYRAMID OIL COMPANY
BALANCE SHEETS**

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2007 (Unaudited)	December 31, 2006 (Unaudited)
CURRENT LIABILITIES:		
Accounts payable	\$108,500	\$69,060
Accrued professional fees	54,165	50,114
Accrued taxes, other than income taxes	61,684	45,570
Accrued payroll and related costs	57,647	60,374
Accrued royalties payable	212,916	136,826
Accrued insurance	65,999	62,857
Accrued income taxes	145,815	0
Accrued termination costs	0	142,157
Current maturities of long-term debt	26,868	25,965
TOTAL CURRENT LIABILITIES	733,594	592,923
LONG-TERM DEBT, net of current maturities	44,542	11,334
LIABILITY FOR SHARE BASED COMPENSATION	67,000	0
LIABILITY FOR ASSET RETIREMENT OBLIGATION	1,010,903	982,389
COMMITMENTS		
STOCKHOLDERS' EQUITY:		
Preferred stock-no par value; 10,000,000 authorized shares; no shares issued or outstanding	0	0
Common stock-no par value; 50,000,000 authorized shares; 3,741,721 shares issued and outstanding	1,071,610	1,071,610
Retained earnings	5,532,345	4,037,284
	6,603,955	5,108,894
	\$8,459,994	\$6,695,540