



FOR RELEASE: THURSDAY, NOVEMBER 6, 2008; 9:00 AM Eastern Time

PACIFIC ASIA PETROLEUM, INC. SIGNS GAS DISTRIBUTION AGREEMENT

Hartsdale, New York, November 6, 2008. - Pacific Asia Petroleum, Inc. (PFAP.OB), a US-based publicly traded company, announced today that it has entered into a Letter of Intent to acquire a 51% ownership interest in the Handan Changyuan Gas Co., Ltd. (HCG) from the Beijing Tai He Sheng Ye Investment Company Limited.

Commenting on the proposed acquisition, Frank C. Ingriselli, President & CEO of Pacific Asia Petroleum, Inc., said: "We anticipate that this venture will help to deliver on Pacific Asia's strategy to invest in high-quality, early cash flow investments in the Chinese energy sector and to become a significant asset owner across China's energy value chain. We believe that China's commitment to dramatically expand its environmentally clean gas production and distribution in its energy sector will provide the commercial framework for a partnership to deliver economic value for all of our stakeholders. This project, if concluded, is expected to bring immediate positive cash flow to our Company."

HCG owns and operates gas distribution assets in and around Handan City (which has a population of 8.8 million). HCG was founded in May, 2001, and is the primary gas distributor in Handan City, which is located 250 miles south of Beijing, in the Hebei Province of the People's Republic of China.

HCG has over 300,000 customers and owns 35 miles of a main gas pipeline, and more than 450 miles of delivery gas pipelines, with a delivery capacity of 3×10^8 m³/day. HCG also owns a 80,000 sq. ft. field distribution facility. Gas is being supplied by Sinopec and PetroChina from two separate sources. Revenues for HCG have been increasing at an average rate of over 40% per year over the last 3 years.

Pacific Asia Petroleum, Inc. will continue its final legal and financial due diligence with an objective of entering into a mutually agreed final sale and purchase agreement during the first quarter of 2009. The financial advisor representing Pacific Asia Petroleum, Inc. in this deal is Somerley Limited, which is an established financial advisory firm with offices in Hong Kong and Beijing.

About Pacific Asia Petroleum, Inc.

Pacific Asia Petroleum, Inc. is engaged in the business of oil and gas exploration, development, production and trading in Asia and the Pacific Rim countries, with a specific focus on developing a broad range of energy opportunities, including clean and environmentally-friendly natural gas ventures, in China. The company's executive offices are located in Hartsdale, New York, and the company also has offices located in Beijing, China and California.

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Statements contained in this press release that state the intentions, hopes, beliefs, anticipations, expectations or predictions of the future of Pacific Asia Petroleum, Inc. and its management are forward-looking statements. It is important to note that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. Actual results could differ materially from those projected in such forward-looking statements. Factors that could cause actual results to differ materially from those projected in such forward-looking statements include: the preliminary nature of well data, including permeability and gas content, and commercial viability of the wells; risk and uncertainties associated with exploration, development and production of oil and gas; drilling and production risks; our lack of operating history; limited and inadequate cash resources; expropriation and other risks associated with foreign operations; anticipated pipeline construction and transportation of gas; matters affecting the oil and gas industry generally; lack of availability of oil and gas field goods and services; environmental risks; changes in laws or regulations affecting our operations, as well as other risks described in our filings with the Securities and Exchange Commission.

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