



EXCO Resources, Inc.

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EXCO RESOURCES ANNOUNCES REVISED 2007 CAPITAL BUDGET

DALLAS, TEXAS, May 22, 2007...The Board of Directors of EXCO Resources, Inc. (NYSE: XCO) has approved a revised 2007 capital spending budget of \$502.9 million. This budget amount is approximately 24% more than the previously approved budget of \$405.0 million. The revised 2007 capital budget provides funding for activities including the drilling of 577 wells, a 57-mile extension of our intrastate TGG Pipeline in East Texas, implementation of other operations and development exploitation projects and initiatives, and upgrades to our information technology systems. The budget will be fully funded through cash flow from operations. Consistent with EXCO's stated strategy, we will retain a significant amount of our cash flow to either provide funding for acquisitions or for payment of debt.

As EXCO makes acquisitions, the Board of Directors typically approves additional capital to fund development of acquisition-related drilling and development opportunities. The capital as identified at the time of evaluation for both of our recent acquisitions from Anadarko Petroleum Corporation (APC), including the Vernon/Ansley Field acquisition in North Louisiana and the retained, Mid-Continent portion of the multi-field Southern Gas acquisition, was included in the previously approved budget of \$405.0 million. However, Vernon is providing significant cash flow to allow for additional drilling in other areas, so we are accelerating development drilling of the Holly-Caspiana Fields in DeSoto Parish, Louisiana, as well as funding certain other capital initiatives as a result.

The \$502.9 million 2007 capital spending budget will be distributed among our different categories as follows:

	<u>\$ Millions</u>
Drilling	402.9
Exploitation	9.4
Operations	31.0
Midstream	48.6
IT and other	<u>11.0</u>
Total	502.9

We currently have 24 rigs drilling across our portfolio, and more than 30 wells are in various stages of completion. We anticipate that our rig count will peak at more than 30 rigs during the third quarter of this year. The capital will be allocated primarily among the following regions:

	Total Capital \$ Millions	Drilling Capital \$ Millions	Wells to be Drilled	Exploitation Capital \$ Millions	Number of Exploitation Projects
East Texas/North LA Midstream	304.3 48.6	278.2	169	26.1	39
Region Sub-Total	<u>352.9</u>				
Permian	33.4	29.9	92	3.5	4
Appalachia	70.3	61.8	271	8.5	44
Mid-Continent	34.7	32.4	42	2.3	10
Gulf Coast/Rockies	0.6	0.6	3	0	0
IT & Other Capital	<u>11.0</u>	*	*	*	*
Total	502.9	402.9	577	40.4	97

East Texas/North Louisiana - We are drilling primarily Cotton Valley formation targets at depths averaging between 10,000 and 11,000 feet in most of our properties except the Vernon Field, where depths can reach 15,000 feet. In this region, we have budgeted to spend nearly \$353.0 million for drilling 169 wells (including 109 wells in Holly/Caspiana, and at least 12 wells at Vernon), extending our pipeline system, implementing refracs on approximately 12 wells at Vernon, and recompleting approximately 12 wells in our Holly/Caspiana area in DeSoto Parish, Louisiana. The pipeline system extension is designed to be 57 miles long, will vary in diameter between six and 20 inches, and will provide capacity to transport an additional 125 million cubic feet per day of natural gas, most of which will be third party volumes. With additional compression, the throughput volumes can be increased.

Appalachia - We are planning to spend \$70.3 million to drill 271 wells, primarily targeting shallow, conventional Appalachian formations at depths typically between 3,000 and 6,000 feet, and to carry out 44 exploitation and operations projects.

Permian - We plan to spend \$33.4 million, including plans to drill 92 wells primarily targeting Canyon formation sands at depths of approximately 7,500 feet. Of these 92 wells, 84 are in our Sugg Ranch area where we have grown production from 4 million cubic feet equivalent per day (Mmcfed) of natural gas to approximately 11 Mmcfed in the 12 months since our Sugg Ranch interests were acquired.

Mid-Continent - We plan to spend \$34.7 million and drill 42 wells, primarily in three fields with stacked pays at depths ranging from 7,000 to 17,000 feet. Several of these drill wells will be in the areas acquired from APC.

We also plan to spend \$11.0 million on other activities, including the consolidation and upgrade of our information technology systems supporting our accounting, production and general business activities, and capitalized costs associated with our acquisitions.

EXCO Resources, Inc. is an oil and natural gas acquisition, exploitation, development and production company headquartered in Dallas, Texas with principal operations in Texas, Louisiana, Ohio, Oklahoma, Pennsylvania and West Virginia.

Additional information about EXCO Resources, Inc. may be obtained by contacting EXCO's Chairman, Douglas H. Miller, or its President, Stephen F. Smith, at EXCO's headquarters, 12377 Merit Drive, Suite 1700, Dallas, TX 75251, telephone number (214) 368-2084, or by visiting EXCO's website at <http://www.excoresources.com>. EXCO's SEC filings and press releases can be found under the Investor Relations tab.

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This release may contain forward-looking statements relating to future financial results or business expectations. Business plans may change as circumstances warrant. Actual results may differ materially from those predicted as a result of factors over which EXCO has no control. Such factors include, but are not limited to: acquisitions, recruiting and new business solicitation efforts, estimates of reserves, commodity price changes, the extent to which EXCO is successful in integrating recently acquired businesses, regulatory changes and general economic conditions. These risk factors and additional information are included in EXCO's reports on file with the Securities and Exchange Commission.