



EXCO Resources, Inc.

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EXCO RESOURCES ANNOUNCES SECOND QUARTER 2007 OPERATIONS ACTIVITY

DALLAS, TEXAS, July 20, 2007...EXCO Resources, Inc. (NYSE:XCO) is providing certain operational information regarding its second quarter ended June 30, 2007.

We continue to implement our stated strategy of acquiring long-lived natural gas and oil reserves and actively drilling to develop upside opportunities.

Second quarter 2007 net production volumes are the highest in the company's history and averaged 383 Mmcfe per day, a 209% increase over the prior-year period production of 124 Mmcfe per day. Our gross productive well count has increased from approximately 7,900 wells at the end of the second quarter of 2006 to approximately 10,300 wells at the end of the second quarter of 2007. A comparison of our second quarter 2007 production volumes with those from second quarter 2006 follows:

	Quarter ended June 30, 2006			Quarter ended June 30, 2007			Change in Total
	Oil Bopd	Gas Mmcf/d	Total Mmcfe/d	Oil Bopd	Gas Mmcf/d	Total Mmcfe/d	
East Texas/North Louisiana	356	33	35	1,110	252	259	636%
Appalachia	338	39	41	418	40	43	4%
Mid-Continent	552	21	24	2,042	49	61	152%
Permian	476	11	14	722	13	17	25%
Rockies	502	5	8	302	1	3	-65%
Gulf Coast/Other	109	1	2	66	-	-	-80%
Totals	2,333	110	124	4,660	355	383	209%

Recent Acquisitions and Divestments

Mid-Continent/South Texas/Gulf Coast: We closed our second acquisition from Anadarko Petroleum Corporation on May 2, 2007, acquiring approximately 1,327 producing wells and associated assets spread across multiple fields, primarily in Oklahoma and Texas, for \$860 million less customary closing adjustments resulting in a net cash price of \$745 million, subject to contractual post closing adjustments. The majority of the assets acquired complement EXCO's current position in the Mid-Continent. We allocated a net cash price of \$500 million, subject to contractual post closing adjustments, to the Mid-Continent assets. The Mid-Continent wells acquired from Anadarko are primarily located in the Golden Trend, Watonga-Chickasha, Mocane-Laverne and Reydon areas in Oklahoma, and the assets contain an estimated 337 Bcfe of Proved Reserves as well as 21 Bcfe of probable and possible reserves, all calculated as of the acquisition date using constant NYMEX pricing of \$8 per Mcf natural gas and \$60 per barrel of oil, adjusted for

differentials. We believe the Mid-Continent assets contain 259 drilling locations (196 proved). Net production consists of approximately 50 Mmcfe per day from 1,062 wells in the Mid-Continent area, and these volumes added approximately 33 Mmcfe per day to the Company's average daily production of 383 Mmcfe per day for the quarter. We have hired approximately 40 new employees to support these assets.

In addition to the Mid-Continent assets, we also acquired wells and associated acreage and infrastructure in South Texas and the Gulf Coast region of Southeast Texas and Louisiana. The key South Texas/Gulf Coast fields or areas include Felicia, Speaks and the Cage Ranch areas. On May 8, 2007, we closed the sale of the South Texas/Gulf Coast assets to Crimson Exploration, Inc. for \$285 million less customary closing adjustments resulting in a net cash price of \$245 million, subject to contractual post closing adjustments, and 750,000 shares of Crimson's common stock.

On July 13, 2007, we completed the sale of substantially all of our interests in the Cement Field, located in Caddo and Grady Counties, Oklahoma in our Mid-Continent area, to a field operator for \$105 million, before customary purchase price adjustments. The adjusted purchase price we received was \$102.8 million. We owned only non-operated interests in this area, where we held an estimated 29.1 Bcfe of total proved reserves, based upon NYMEX strip pricing and internal engineering estimates, as of December 31, 2006. Net production volumes at the time of the sale were approximately 7.5 Mmcfe per day.

Our headcount has grown from 391 employees on June 30, 2006 to 592 employees on June 30, 2007. Approximately 349 of our employees directly support field operations.

Reserves:

We continue to realize organic growth on our base properties excluding the effect of acquisitions at a rate of 5-6% through our drilling and exploitation program efforts.

Our proved reserves remain in the range of 2.0 Tcfe. Our engineers are preparing the mid-year reserve report and we will provide mid-year reserve details in our third quarter operations update. Included in this mid-year work, our engineers and geoscientists are evaluating undeveloped acreage throughout our portfolio.

Development and Drilling Activity:

Operationally, our drilling program continues to make solid progress with 23 drilling rigs running at the end of the second quarter of 2007. This compares with 20 rigs running at the end of the first quarter of 2007. Today, we have 25 rigs (19 operated) under contract, representing the highest rig count in company history, and we plan to continue adding additional rigs in the third quarter of 2007.

During the second quarter of 2007, our development expenditures totaled \$114.7 million and funded the drilling and completion of 121 gross (97.5 net) new wells as well as other capital activities. Our drilling success rate was 98%. The revised capital budget, approved by our Board of Directors subsequent to our recent acquisitions from Anadarko of the Vernon and Mid-Continent assets, totals

\$502.9 million. This budget includes \$402.9 million for drilling and completion, \$48.6 million of midstream capital, \$40.4 million for exploitation and other operations projects, and \$11.0 million for information technology and miscellaneous capitalized costs. Under this revised budget, we currently have plans to drill and complete 545 gross (427.6 net) wells. Of the wells, 230 (226.3 net) are in Appalachia, 170 gross (128.4 net) are in East Texas/North Louisiana, 92 gross (46.7 net) are in the Permian area, 50 gross (24.3 net) are in the Mid-Continent, with the remainder in other areas.

A summary of our activity for the quarter ended June 30, 2007 includes:

<u>Area</u>	<u>June 30, 2007</u> <u>Rig Count</u>	<u>Wells drilled and</u> <u>and completed (Q2)</u>	
		<u>Gross</u>	<u>Net</u>
East Texas/North Louisiana	13	36	29.6
Appalachia	4	50	49.3
Mid-Continent	3	14	8.1
Permian/Rockies	3	21	10.5
Totals	23	121	97.5

East Texas/North Louisiana: In the second quarter of 2007, we drilled and completed 36 gross (29.6 net) wells in East Texas and North Louisiana. We achieved a 100% drilling success rate. Our primary targets are the upper and lower Cotton Valley and, at times, the Travis Peak, Pettet, and Hosston formations. Currently 14 rigs are running in the area, which is an increase of two rigs when compared to the first quarter of 2007. Eight rigs are running in our Holly/Caspiana Field area in North Louisiana, which we acquired in October 2006, three rigs are running in the Gladewater area of East Texas, two rigs are running in the Vernon Field, which we acquired in March 2007, and one non-operated rig is running in East Texas. Plans are to add a third rig in the Vernon Field early in the fourth quarter. The current 2007 forecast calls for drilling 170 gross (133.4 net) wells in the region. In the Vernon Field, we anticipate drilling and completing 13 (12.1 net) wells between March 31, 2007 and year-end. The Vernon Field production is currently 145 Mmcfe per day, which is approximately 10 Mmcfe per day more than forecast at the time of acquisition. Volumes are above original forecast due to the identification and implementation of drilling and exploitation projects. At Vernon, we completed three new wells during the second quarter, and initial production per well averaged approximately 5.9 Mmcfe per day gross (4.4 Mmcfe per day net). In addition, we continue to implement a refrac program at Vernon, having completed seven projects. To date, our refracs are adding in excess of 1.0 Bcfe of incremental reserves per well. As anticipated, the incremental cash flow from the Vernon wells has allowed us to increase the activity in the entire East Texas/North Louisiana region while staying aligned with our strategy of only spending approximately half of our cash flow on capital projects.

Our Midstream operations in East Texas/North Louisiana continue to grow from both third party and company-owned production throughput. Current throughput is approximately 440 Mmcf per day, with approximately 70% of the volumes from equity production and approximately 30% from third parties. We have budgeted a 71-mile expansion of our TGG Pipeline in East Texas, planning to add 20-inch, 12-inch and 8-inch pipeline segments. We have begun the first phase of the expansion by laying 4.5 miles of 8-inch line to gather and transport both company and third party production.

Appalachia: During the second quarter of 2007 we achieved a 96% drilling success rate on the 52 gross (49.3 net) wells drilled on our Appalachian properties. In Appalachia, our major areas are in Pennsylvania, Ohio and West Virginia, where we typically drill conventional plays, particularly targeting the Clinton/Medina, Upper Devonian, Devonian Shale, and Berea, among other formations. For the year, 230 gross (226.3 net) wells are forecast to be drilled in the region. This number of gross wells forecast to be drilled is down from our original forecast of 271, as we have adjusted our program to allow for permitting delays and high grading of our activity. Currently, four drilling rigs are active, with plans to add four additional rigs by the end of August. In Appalachia, we hold in excess of 800,000 acres. We continue to evaluate how best to exploit the various shale plays on this extensive acreage position.

Mid-Continent: For the second quarter of 2007 we drilled and completed 14 (8.1 net) wells in our Mid-Continent area and achieved a 100% success rate. We mainly target the Chester, Morrow, Cherokee, Cisco, Springer, and Bromide formations. We plan to drill 50 gross (24.3 net) wells in 2007. We anticipate participating in a number of outside operated drilling opportunities during the remainder of the year.

Permian: During the second quarter 2007 we drilled and completed 20 gross (10.4 net) wells in the Permian Basin and achieved a 100% drilling success rate. We plan to drill 92 gross (46.7 net) wells in the region during 2007. Most of the drilling has been and will continue to be in the Sugg Ranch Canyon Sand area, where we plan to drill 84 gross (43.5 net) wells during 2007. Production at Sugg Ranch has increased from an average of 21.5 Mmcfe per day gross (8.0 Mmcfe per day net) in the fourth quarter of 2006 to an average of 28.7 Mmcfe per day gross (11.1 Mmcfe per day net) during the second quarter of 2007. We only had one rig drilling at Sugg Ranch during the second quarter of 2007, but we now have two rigs drilling, with plans to add a third drilling rig by September 1, 2007.

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 our 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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We believe that it is important to communicate our expectations of future performance to our investors. However, events may occur in the future that we are unable to accurately predict, or over which we have no control. You are cautioned not to place undue reliance on a forward-looking statement. When considering our forward-looking statements, keep in mind the risk factors and other cautionary statements in this presentation, and the risk factors included in the Annual Report on Form 10-K for the year ended December 31, 2006.

Our revenues, operating results, financial condition and ability to borrow funds or obtain additional capital depend substantially on prevailing prices for oil and natural gas. Declines in oil or natural gas prices may materially adversely affect our financial condition, liquidity, ability to obtain financing and operating results. Lower oil or natural gas prices also may reduce the amount of oil or natural gas that we can produce economically. A decline in oil and/or natural gas prices could have a material adverse effect on the estimated value and estimated quantities of our oil and natural gas

reserves, our ability to fund our operations and our financial condition, cash flow, results of operations and access to capital. Historically, oil and natural gas prices and markets have been volatile, with prices fluctuating widely, and they are likely to continue to be volatile.

The SEC has generally permitted oil and natural gas companies, in filings made with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use the terms “probable,” “possible,” “potential,” “unproved,” or “developing potential, to describe volumes of reserves potentially recoverable through additional drilling or recovery techniques that the SEC’s guidelines strictly prohibit us from including in filings with the SEC. These estimates are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being actually realized by the company. While we believe our calculations of unproved drillsites and estimation of unproved reserves have been appropriately risked and are reasonable, such calculations and estimates have not been reviewed by third party engineers or appraisers. Investors are urged to consider closely the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2006 available on our website at www.excoresources.com under the Investor Relations tab or by calling us at (214) 368-2084.

In addition, the SEC mandates the use of spot cash prices only when estimating reserves disclosed in filings made with the SEC. The reserve estimates provided in this release reflect, where stated, either NYMEX strip futures or our acquisition pricing (\$8 per Mcf natural gas/\$60 per barrel oil), which is not consistent with SEC case pricing.