



EXCO Resources, Inc.

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EXCO RESOURCES ANNOUNCES FIRST QUARTER 2007 OPERATIONS ACTIVITY AND SCHEDULES EARNINGS RELEASE AND CONFERENCE CALL

DALLAS, TEXAS, May 8, 2007...EXCO Resources, Inc. (NYSE:XCO) is providing certain operational information regarding its first quarter ended March 31, 2007.

EXCO continues implementing its stated strategy of acquiring long-life oil and natural gas reserves and actively drilling to develop its upside opportunities.

First quarter 2007 net production volumes were 192 Mmcfe per day, a 114% increase over the prior-year period production of 90 Mmcfe per day. A comparison of our first quarter 2007 production volumes with those from first quarter 2006 follows:

	Quarter ended March 31, 2006			Quarter ended March 31, 2007			Change In Total Mmcfe/d
	<u>Oil</u> Bopd	<u>Gas</u> Mmcfd	<u>Total</u> Mmcfe/d	<u>Oil</u> Bopd	<u>Gas</u> Mmcfd	<u>Total</u> Mmcfe/d	
East TX/North LA	199	20	21	1,010	98	104	83
Appalachia	251	36	38	370	40	42	4
Mid-Continent	487	12	15	803	21	26	11
Permian	153	7	8	645	12	16	8
Rockies	443	4	7	239	2	3	(4)
Gulf Coast/Other	101	<1	1	89	<1	1	--
Total	<u>1,634</u>	<u>80</u>	<u>90</u>	<u>3,156</u>	<u>173</u>	<u>192</u>	<u>102</u>

We continue to realize organic growth at a rate of 5-6% through our drilling and exploitation program efforts.

Recent Acquisitions

Vernon Field: In November 2006, EXCO announced its agreement with Anadarko Petroleum Corporation (Anadarko) to acquire the Vernon Field in Jackson Parish, Louisiana. On March 30, 2007 we closed the acquisition from Anadarko for \$1.5 billion in cash, subject to customary purchase price adjustments. The acquisition consisted of producing and undeveloped natural gas properties with estimated Proved Reserves as of the acquisition date based on March 29, 2007 NYMEX strip pricing adjusted for differentials, of 456 Bcfe and an estimated 133 Bcfe of probable and possible reserves. Current net production totals approximately 160 Mmcfe per day from approximately 360 operated

approximately 360 operated wells. The acquisition also included 167 miles of gathering lines, approximately 23,000 HP of compression, a 180 Mmcfe per day treating facility, and 500 Mmcfe per day of dehydration capacity, primarily at two major sites. The property contains over 40 drilling locations in the lower Cotton Valley formation, which is an increase over the 21 locations identified at the time of acquisition, as our engineers and geologists continue to evaluate additional opportunities. Two 1,500 HP drilling rigs are currently operating in the field, and evaluations for adding a third are on going. In the western sections of the field, we recently initiated production from the Stuart Harrison 26-1 well, which had initial production of 9.6 Mmcfe per day and the Bell 20-1 well, which had initial production of 11.8 Mmcfe per day. These wells allow us to identify additional proved locations which were not identified at the time of acquisition. In addition, we are continuing to implement a program to re-frac many of the existing wells in the field and enhance production. We are currently testing the results of two recent re-fracs. We believe the re-fracs can increase production rates by 200% or more on appropriate wells, and we are planning to implement a program to re-frac approximately 25 existing wells per year over the next several years. We have hired 33 field employees and eight technical personnel to support the Vernon assets. With the addition of the Vernon Field, EXCO now has more than 9,000 wells in its portfolio.

Mid-Continent/South Texas/Gulf Coast (Southern Gas): EXCO closed a second acquisition from Anadarko effective May 2, 2007, acquiring approximately 1,327 producing wells and associated assets spread across multiple fields, primarily in Oklahoma and Texas, for \$860 million adjusted for customary closing adjustment for a net cash price of \$749 million, subject to post closing adjustments.

The majority of the assets acquired complement EXCO's current position in the Mid-Continent. 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 of natural gas and \$60 per barrel of oil, adjusted for differentials. We believe the Mid-Continent assets contain 259 drilling locations (196 proved). The net production consists of approximately 51 Mmcfe per day from 1,062 wells in the Mid-Continent area. We have hired approximately 40 field personnel to support these assets.

In addition to the Mid-Continent assets, EXCO 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, EXCO closed the sale of the South Texas/Gulf Coast assets to Crimson Exploration, Inc. for \$285 million adjusted for customary closing adjustments for a net cash price of \$245 million, subject to post closing adjustments and 750,000 shares of Crimson's common stock.

Reserves:

Our pro forma proved, probable and possible reserves as of March 31, 2007 are as follows:

	Total Proved Reserves (1) <u>(Bcfe)</u>	Probable Reserves (1) <u>(Bcfe)</u>	Possible Reserves (1) <u>(Bcfe)</u>	Total Reserves <u>(Bcfe)</u>
East TX/North LA (2)	1,027.2	381.4	98.5	1,507.1
Appalachia	459.5	45.0	64.3	568.8
Mid-Continent (3)	448.2	34.9	39.6	522.7
Permian	91.9	68.5	65.4	225.8
Rockies	15.2	6.2	10.5	31.9
Gulf Coast/Other (4)	<u>2.5</u>	<u>2.8</u>	<u>4.1</u>	<u>9.4</u>
Total	<u>2,044.5</u>	<u>538.8</u>	<u>282.4</u>	<u>2,865.7</u>

- (1) Estimated as of December 31, 2006 using constant NYMEX pricing of \$8 per Mcf of natural gas and \$60 per barrel of oil adjusted for differentials.
- (2) Includes Vernon acquisition reserves using pricing based on March 29, 2007 NYMEX strip pricing, adjusted for differentials; 456 Bcfe Proved Reserves, 589 Bcfe Total Reserves.
- (3) Includes Mid-Continent acquisition reserves using constant NYMEX pricing of \$8 per Mcf of natural gas and \$60 per barrel of oil, adjusted for differentials; 337 Bcfe Proved Reserves, 358 Bcfe Total Reserves.
- (4) Excludes Anadarko South Texas/Gulf Coast properties.

In addition to the reserves detailed above, EXCO's engineers and geoscientists are evaluating the undeveloped acreage throughout our portfolio. We believe this developing potential contains 1.0 Tcfe or more of possible upside, particularly in our East Texas/North Louisiana, Rockies, and Appalachian areas.

Development and Drilling Activity:

Operationally, EXCO's drilling program continues to make solid progress with 20 rigs running at the end of the first quarter of 2007. This compares with 15 rigs running at the end of the fourth quarter of 2006. The 20 rigs represent the highest rig count in company history, and we plan to add at least four rigs in the second quarter of 2007.

First quarter 2007 development expenditures totaled \$87.2 million and funded the drilling and completion of 87 gross (70.3 net) new wells as well as other capital activities. The currently approved capital budget includes \$314.7 million for drilling and completion, exploitation, midstream and other operations capital, and \$10 million for information technology and miscellaneous capitalized costs. Under this approved budget, we are on schedule to drill and complete at least 529 gross (422 net) wells as weather improves to allow increased drilling and workover activity. Of the

wells, 271 (267.3 net) are in Appalachia, 125 gross (86.7 net) are in East Texas/North Louisiana, 92 gross (46.7 net) are in the Permian area, 38 gross (19.4 net) are in the Mid-Continent, with the remainder in other areas.

A summary of our activity for the quarter ended March 31, 2007 includes:

<u>Area</u>	March 31, 2007	<u>Wells Drilled and Completed</u>	
	<u>Rig Count</u>	<u>Gross</u>	<u>Net</u>
East TX/North LA	11	21	14.3
Appalachia	5	46	46.0
Mid-Continent	2	4	2.1
Permian	2	16	7.9
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>20</u>	<u>87</u>	<u>70.3</u>

Activity and capital expenditures for the year will be affected by our acquisitions, particularly those from Anadarko. Subject to approval by our Board of Directors, we are anticipating an increase of approximately \$175 million in our capital program. The new budget will total slightly more than \$500 million and will be allocated across our portfolio as follows:

<u>Area</u>	Budgeted	<u>Budgeted Wells</u>	
	<u>Drilling & Completion Capital (in millions)</u>	<u>Gross</u>	<u>Net</u>
East TX/North LA	\$278.2	169	127.5
Appalachia	61.8	271	267.3
Mid-Continent	32.4	42	21.4
Permian	29.9	92	46.7
Other	<u>0.6</u>	<u>3</u>	<u>1.9</u>
Total drilling and completion	402.9	<u>577</u>	<u>464.8</u>
Midstream, IT, etc.	<u>100.0</u>		
Total	<u>\$502.9</u>		

Including non-drilling capital of \$40.4 million, midstream capital of \$48.6 million, and information technology and other capitalized items of \$11.0 million, the new 2007 budget will total approximately \$502.9 million.

East Texas/North Louisiana: In the first quarter of 2007, EXCO drilled and completed 21 gross (14.3 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 12 rigs are running in the area. Six 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 recently acquired Vernon Field, and one rig is running in a prospective area of North Louisiana which has been the subject of an extensive leasing project. Plans are to add an additional rig in our Holly/Caspiana Fields in DeSoto Parish, Louisiana in the second quarter. The current 2007 forecast drilling of 125 gross (86.7 net) in the region will be increased when the recently acquired Vernon Field is added to the forecast, where we anticipate

forecast, where we anticipate drilling and completing 12 (11.5 net) wells between March 31, 2007 and year-end 2007. The incremental cash flow from the Vernon wells allows us to ramp up the activity in the entire East Texas/North Louisiana region.

Our Midstream operations have continued to see strong growth from third party and company owned production. The TGG Pipeline system in East Texas saw a 6% increase in throughput volumes from December 31, 2006 to the end of the first quarter 2007. We have also experienced a 2% growth in throughput volumes during the first quarter 2007 on our Talco gathering system, located in East Texas and North Louisiana. We are in the process of signing up producers to expand our TGG pipeline in the fourth quarter of 2007 by extending the system with 57 miles of pipe. This extension will cost approximately \$37 million and will add 125 Mmcfe per day of capacity to our system.

Appalachia: During the first quarter of 2007 EXCO achieved a 98% drilling success rate on the 46 wells drilled on its 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 2007, 271 gross (267.3 net) wells are planned for the region. Currently five operated drilling rigs are active, with plans to add three additional rigs during the summer months. In addition, we have an extensive acreage position totaling in excess of 800,000 acres. We are evaluating how best to exploit the various shale plays through proper application of new technologies and business alliances with industry partners.

Mid-Continent: For the first quarter 2007 EXCO drilled and completed four (2.1 net) wells in our Mid-Continent area and achieved a 100% success drilling rate. We spud 12 (6.4 net) wells during the period. We mainly target the Chester, Morrow, Cherokee, Cisco, Springer, and Bromide formations. Plans are to drill 38 gross (19.4 net) wells in 2007. We anticipate participating in a number of outside operated drilling opportunities during the remainder of the year.

Permian: During the first quarter 2007 EXCO drilled and completed 14 gross (6.85 net) wells in the Permian area 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 26.1 Mmcfe per day gross (9 Mmcfe per day net) at the end of 2006 to 29.3 Mmcfe per day gross (10.6 Mmcfe per day net) at the end of the first quarter 2007.

In the Ackerly 9080 Canyon Reef Field we are continuing to see positive drilling results. In the first quarter 2007, we drilled two wells. The Snell 3605 initially produced 150 barrels of oil per day (40 net) and 70 mcf per day (18 net).

Earnings Release and Conference Call:

EXCO will be releasing 2007 first quarter earnings on Thursday, May 10, 2007, after market close, and will host a conference call on Friday, May 11, 2007 at 9:00 A.M. (Dallas time) to discuss the contents of this release and respond to questions. Please call (800) 309-5788 if you wish to participate, and ask for the EXCO conference ID# 6974821. The conference call will also be webcast live on EXCO's website at www.excoresources.com under the Investor Relations tab.

Presentation materials related to this release will be posted on EXCO's website on Thursday, May 10, 2007, after market close.

A digital recording will be available starting two hours after the completion of the conference call until 11:59 P.M., May 18, 2007. Please call (800) 642-1687 and enter conference ID # 6974821 to hear the recording. A digital recording of the conference call will also be available on EXCO's website and can be found under the Investor Relations tab.

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.

The Securities and Exchange Commission has generally permitted oil and 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 have used herein the terms "probable", "possible" or "unproven" to describe volumes of reserves potentially recoverable through additional drilling or recovery techniques that the SEC's guidelines may 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.