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## ARCAN PROVIDES OPERATIONAL UPDATE AND ANNOUNCES RECORD WELL RESULTS

CALGARY, Alberta, Canada, July 20, 2011 – Arcan Resources Ltd. (TSXV (Tier 1) – "ARN") ("**Arcan**") announces that it has achieved excellent 30-day initial production rates from two new Ethel wells at 1-04-68-8W5 ("**1-04**") and at 5-35-67-8W5 ("**5-35**"). In addition, Arcan is providing an operational update on its 2011 capital program.

### **Ethel Well Results**

Arcan's 1-04 and 5-35 single leg horizontal wells in the Swan Hills Beaverhill Lake play were drilled from the pad-site at 5-34-67-08W5 and were completed using 14 separate, 100 cubic meter hydrochloric acid fracture stimulation treatments. Arcan is pleased to announce that over its first 30 days of production, the 1-04 well averaged approximately 732 barrels of oil equivalent ("**BOE**") per day of 40 API light sweet oil with approximately five percent associated solution gas and cumulative production of 21,946 BOE. The 5-35 well averaged approximately 681 BOE per day of 40 API light sweet oil with approximately five percent associated sweet solution gas and cumulative production of 20,437 BOE in the first 30 days. Both wells are in the Ethel area and do not have the benefit of pressure support from the anticipated fourth quarter 2011 waterflood implementation.

Arcan's 1-04 and 5-35 wells reflect a change in stimulation volume size from the previous 600 cubic meter stimulation to a heightened 1,400 cubic meter hydrochloric acid stimulation. Both wells were drilled from the same pad-site as Arcan's second horizontal well 10-27-67-8W5 ("**10-27**"), which came on-stream in May 2010. The 10-27 well produced approximately 11,650 BOE over the first 30 days, 36,300 BOE over the first six months and has had cumulative production of approximately 53,000 BOE on primary recovery in the first fourteen months. Arcan estimates that the 1-04 and 5-35 wells each cost \$4.4 million to drill, complete, and equip. Both wells are expected to reach payout at approximately 60,000 BOE of production. (assuming \$100 per barrel Edmonton Light Sweet oil price). The initial results from Arcan's new wells are very encouraging and Arcan will continue adapting and improving its operational efficiency to enhance the productive and economic capabilities of its capital program.

### **Operational Update**

Arcan has experienced a significant turnaround and continued operational success after a challenging first half of 2011 which included the rupture of a third party natural gas pipeline and forest fires. Significant changes and additions to Arcan's technical and operational team have helped ensure the successful execution of Arcan's 2011 capital program to date. The addition of new personnel to the Arcan team has also resulted in numerous operational efficiencies including the implementation of Arcan's waterflood application, securing necessary services to execute Arcan's 2011/2012 drilling program, increased organization allowing for the fracing and completion of a new well approximately every ten days as well as further facilitation of Arcan's long term plan for future growth in the Swan Hills Beaverhill Lake light oil resource play and the development of approximately 400 incremental horizontal wells in the area.

Presently, Arcan has two drilling rigs operating and has recently spudded its 36<sup>th</sup> horizontal well. Of Arcan's 36 horizontal wells, 15 were fractured in 2010, 12 were fractured in 2011, seven are awaiting fracture completions and two are presently drilling. Arcan's 2011 drilling focus continues to be in the Ethel area (100 percent working interest for Arcan) where Arcan has applied for approval for a waterflood as well as a pipeline to connect the Ethel area wells to Arcan's existing infrastructure. Arcan has also identified numerous horizontal re-entry candidates whereby it can apply new horizontal technology to wells that were drilled prior to Arcan's ownership and the advent of multi-stage fracturing.

Recent wet weather conditions in the Swan Hills area have only marginally hampered Arcan's drilling operations but have caused significant third party oil pipeline issues. As a result, Arcan has trucked a substantial amount of its oil production to unaffected pipeline terminals which has allowed Arcan to experience only minimal curtailment of its current 4,400 BOE per day of production. These current pipeline issues are expected to be resolved in the third quarter of 2011 but will temporarily elevate Arcan's operating costs as a result of required trucking operations until the issues are resolved. Arcan is also trucking oil from its Hamburg area due to the temporary shut down of the Rainbow pipeline. Despite forest fires, weather and pipeline issues, production volumes have shown significant growth and Arcan continues to execute on its drilling and fracture program and approach its 5,000 BOE per day 2011 exit volumes guidance.

### **About Arcan**

Arcan Resources Ltd. is an Alberta, Canada corporation that is principally engaged in the exploration, development and acquisition of petroleum and natural gas located in Canada's Western Sedimentary Basin. Arcan has 88,425,946 common shares, 8,623,333 stock options and \$86,250,000 aggregate amount of 6.25% convertible unsecured subordinated debentures currently outstanding.

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BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

### **Advisory Regarding Forward-Looking Information and Statements**

This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains forward-looking information and statements pertaining to, among other things: Arcan's future drilling program and execution thereof; expectations respecting initial production and payout on the 1-04 and 5-35 wells; the potential implementation of a waterflood; potential re-entry candidates; expected ultimate recoveries in the Ethel area; expectations respecting Arcan's operational efficiency and future growth; expectations respecting Arcan's new Ethel wells; the resolution of third party pipeline issues; expectations and assumptions concerning success of future exploration, operational and development activities; and the performance and viability of new wells.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Arcan including, without limitation: that Arcan will continue to conduct its operations in a manner consistent with past operations; that the production from new wells will be comparable to the results realized from Arcan's existing horizontal wells; the general continuance of current or, where applicable, assumed industry conditions; the accuracy of current horizontal production data, historical well production and waterflood results from Arcan's other operations; the continuity of reservoir conditions in waterflooded producing properties; availability of debt and/or equity sources to fund Arcan's capital and operating requirements as needed and on terms acceptable to Arcan; the continuance of existing and, in certain circumstances, proposed tax and royalty regimes; the accuracy of the estimates of Arcan's reserve volumes; and certain commodity price and other cost assumptions. Arcan believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking information and statements included in this press release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; unanticipated operating results or production declines; changes in tax or environmental laws or royalty rates; increased debt levels or debt service requirements; inaccurate estimation of Arcan's oil and gas reserves volumes; limited, unfavorable or no access to debt or equity capital markets; increased costs and expenses; the impact of competitors; reliance on industry partners; the current pipeline issues Arcan is experiencing may not be resolved in the timelines anticipated or at all; unforeseen circumstances could arise which would require Arcan to modify or curtail its exploration, operational and drilling activities; and certain other risks detailed from time to time in Arcan's public disclosure documents including, without limitation, those risks identified in this press release, and in Arcan's Annual Information Form for the year ended December 31, 2010, a copy of which is available under Arcan's SEDAR profile at [www.sedar.com](http://www.sedar.com).

The forward-looking information and statements contained in this press release speak only as of the date of this press release, and Arcan does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

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