



---

## **ARCAN RESOURCES LTD. ANNOUNCES 3,947 BOE PER DAY EXIT RATE FOR 2010 AND RESULTS FROM THE 30 KILOMETRE BEAVERHILL LAKE DELINEATION DRILLING PROGRAM**

CALGARY, Alberta, Canada, January 24, 2011 – Arcan Resources Ltd. (TSXV – "ARN") ("**Arcan**") is pleased to announce that it had three additional horizontal wells on-stream by December 31, 2010 for a total of 15 horizontal wells in 2010. The recent drilling and re-entry results have successfully delineated productive reservoir over a 30 kilometre segment of Arcan's land base. Arcan's first multi-leg horizontal has been fractured and is commencing production testing and four additional horizontal wells, three of which are in the Ethel pool, have now been drilled. The first of these three Ethel wells was fractured on January 22, 2011. Arcan also drilled a 100% interest well offsetting its Hamburg GG pool before the end of 2010. Finally, Arcan is pleased to announce its year end production rate was 3,947 barrels of oil equivalent ("**BOE**") per day.

### **Drilling Update**

The recent drilling and re-entry program was executed to delineate the prospectivity of Arcan's 160 section contiguous land base by testing the productive capability of the Beaverhill Lake formation over a 30 kilometre distance. Arcan is pleased with the results which confirm Arcan's estimation of reservoir quality of the Beaverhill Lake formation. By the end of 2010 Arcan had completed and tested three new horizontal multistage fractured wells, totalling 15 wells for 2010 with a 100% success rate. These three wells were each approximately 10 kilometres apart along the western edge of Arcan's lands. The first of these wells, Arcan's well number 13 at 02-02-68-9W5 (surface location) 04-02-68-9W5 (bottom hole location) in the Beaverhill Lake Swan Hills reef development program, tested over 500 BOE per day over a 14 day production test and is now tied in and on production. Well number 14 is the first horizontal well in Arcan's Morse River Unit #1 (75% interest) at 2-31-66-9W5 (surface location) 13-31-66-9W5 (bottom hole location) and tested over 550 BOE per day over a 14 day production test and is on production. Well number 15 is the first horizontal re-entry well successfully performed by Arcan on a 350 meter leg 100% interest well that had been drilled in 2003 and was producing approximately 40 BOE per day before the five stage fracture and was producing approximately 200 BOE per day after the fracture. This re-entry well at 07-02-66-10W5 (surface location) 02-02-66-10W5 (bottom hole location) is over 30 kilometres south-west of Arcan's first horizontal well at 9-29-68-8W5, which is still producing over 250 BOE per day after almost one year on production. Arcan continues to develop and exploit the different areas of its 160 gross (150 net) square miles (220 net square kilometres) of land base.

Well number 16, at 13-30-68-8W5 (surface location) 16-30-68-8W5 and 07-30-68-8W5 (bottom hole locations) is currently undergoing production testing operations. This is the thirteenth horizontal multi-stage fractured well drilled within Deer Mountain Unit #2 (the "**Unit**") and is Arcan's first dual leg horizontal well. Wells number 17, 18, and 19 have been drilled in the Ethel pool (67-8) with the first of these wells being fractured on January 22, 2011. Well number 20, drilled inside of the Unit at 10-19-68-8W5 (surface location) 04-20-68-8W5 (bottom hole location) is awaiting completion operations and the drilling rig from this well has moved south of the Unit to Arcan 100% lands. Arcan currently has two additional drilling rigs drilling in its 100% owned Ethel 67-8W5 lands. Arcan is currently shooting a 3D seismic program over the bulk of its southern lands covering Township 67 Range 8W5 and anticipates completion of the program by the end of February.

Arcan also drilled and successfully completed one well in its Hamburg area, adjacent to Arcan's GG light oil pool, on expiring lands. This well is currently being tied into Arcan's operated facilities in at 96-09-W6 and will be produced on MRL's (Maximum Rate Limitation) until expected GPP (Good Production Practice) is granted.

## **Production Update**

With the inclusion of some very strong year end well tests Arcan exited 2010 at 3,947 BOE per day. Arcan estimates production for the fourth quarter at 2,600 to 2,800 BOE per day. Arcan is presently experiencing temporary production curtailments due to the explosion and subsequent shut down of the Pengrowth gas gathering system on January 1<sup>st</sup> 2011, with estimated resumption of service by the middle of February 2011. Also for November, December and into 2011 Arcan has had eight horizontal wells that have been rate restricted over this time period due to the fracture ball drill out operations that have been performed. After completing the drill out operation Arcan has also identified, through down hole tests, that at least six of these wells have been mechanically rate restricted due to fines liberated during completions causing plugging of existing fracture production ports. Arcan has begun a program to perforate the production string on either side of the existing fracture production ports on all six wells and is awaiting results from this operation to alleviate mechanical flow issues. Arcan estimates that, including wells that have been completed and are being tied in, current production capacity is over 4,000 BOE per day. Arcan expects to spend the majority of its capital for 2011 in its Swan Hills play, drilling 20 to 25 new wells. Arcan estimates that it will focus drilling operations in its Ethel land base in Township 67 Range 8W5 and anticipates following up with waterflood implementation.

## **Stock Options**

On January 4, 2011, pursuant to the provisions of its stock option plan, Arcan granted an aggregate of 500,000 options to acquire an equivalent number of common shares of Arcan to certain officers and employees of Arcan. The options have an exercise price of \$5.50 per share and expire on January 4, 2016. All stock option grants of Arcan are subject to receipt of the necessary regulatory and TSX Venture Exchange approvals.

## **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 88,090,446 common shares and 8,470,500 stock options outstanding at a weighted average exercise price of \$4.03 per share.

***Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.***

Readers should be aware that historical results are not necessarily indicative of future performance.

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 the following: Arcan's future drilling program, expectations regarding drilling and completion of new wells and expanding facilities, expectations and assumptions concerning success of future exploration 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; 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; unanticipated problems or delays in wellbore operations; unanticipated delays in the easing of rate restrictions; 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; inaccurate estimation of Arcan's production levels; limited, unfavorable or no access to debt or equity capital markets; increased costs and expenses; the impact of competitors; reliance on industry partners; 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, 2009, a copy of which is available on 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.

For further information, please contact either:

Ed Gilmet  
Chief Executive Officer and President  
[egilmet@arcanres.com](mailto:egilmet@arcanres.com)

Douglas Penner  
Chief Financial Officer & Vice President, Finance  
[dpenner@arcanres.com](mailto:dpenner@arcanres.com)

Arcan Resources Ltd.  
Suite 3200, 450 – 1<sup>st</sup> Street S.W.  
Calgary, AB T2P 5H1  
Telephone (403) 262-0321

**NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES  
OR DISSEMINATION IN THE UNITED STATES**