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## **ARCAN RESOURCES LTD. ANNOUNCES SUCCESSFUL RESULTS FROM ITS FIFTH AND SIXTH HORIZONTAL MULTI-STAGE FRACTURED WELL**

CALGARY, Alberta, Canada, July 8, 2010 – Arcan Resources Ltd. (TSXV – "ARN") ("Arcan" or the "Company") is pleased to report initial test results from its fifth and sixth horizontal multi-stage fractured wells in its Swan Hills Beaverhill Lake development program.

### **The Swan Hills (10-17) 6-20-68-8W5Hz ("6-20") and (10-29) 5-28-68-8W5Hz ("5-28") Horizontal Multi-Stage Fractured Wells**

The wells were drilled to a vertical depth of 2,450 meters into the Beaverhill Lake carbonate reservoir with horizontal legs of approximately 1,000 meters each. The horizontal sections were successfully completed in June, 2010 using ten separate, 60 cubic meter 28% hydrochloric acid fracture stimulation treatments. Arcan production tested the wells to recover the spent acid from the formation. Arcan is pleased to announce that after nine days of continuous production testing it has been established that the 6-20 well has averaged over the test period approximately 600 boe per day of 40 API light sweet oil and associated sweet natural gas and the 5-28 well has averaged over the test period approximately 500 boe per day of 40 API light sweet oil and associated sweet natural gas. Arcan has an 81% working interest in the wells and anticipates that both wells will both be on-production into permanent production facilities shortly. Completion operations are ongoing on the seventh through tenth recently drilled horizontal wells and Arcan is currently drilling its eleventh and twelfth horizontal wells.

Arcan has drilled eight horizontal wells and is currently drilling one more on the Deer Mountain Unit #2 lands and anticipates it could drill a total of twenty wells on the Deer Mountain Unit #2 lands. To date, Arcan has drilled one horizontal well and is currently drilling its second horizontal well on its 140 net sections of undeveloped lands that extend over twenty miles to the south of the Deer Mountain Unit #2 lands.

### **Production Update**

Arcan has production tested a total of six horizontal wells to date with five being on Deer Mountain Unit 2 and one on the southern lands. The original two wells at (12-29)9-29-68-8W5 ("9-29") and (10-34)10-27-67-8W5 ("10-27") are on-stream with permanent production facilities in place and Arcan anticipates the next four wells will be on permanent production facilities in the next three to four weeks, based on improving weather conditions. Currently the 9-29 well is producing 306 boe per day and the 10-27 well is producing 295 boe per day.

Arcan's internal economic analysis shows a ten to twelve month payout and an estimated one year cumulative production number of over 100,000 boe resulting in a rate of return of 208% per well. Results and economic analysis indicate an estimated average production rate over that first year to be approximately 300 boe per day with the production rate at the end of the first one year period estimated at approximately 200 bbls per day plus solution gas at 0.5 Mcf/bbl or 100 Mcf per day. This estimated production rate at the end of the first year is anticipated to have an arrested decline in subsequent years due to the reservoir pressure maintenance from the existing or anticipated waterflood activities. These estimates are based upon the current horizontal production data and in

excess of 30 years of vertical well production history from the Deer Mountain Unit #2 and adjacent Beaverhill Lake producing units which historically on vertical producers have shown very low production declines over a 30 to 40 year reserve life index.

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 75,190,904 common shares, 230,500 warrants, and 7,313,167 stock options outstanding.

*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.*

**BOE Presentation** – Production and reserve information is commonly reported in units of barrels of oil equivalent ("boe"). For purposes of computing such units, natural gas is converted to equivalent barrels of oil using a conversion factor of six thousand cubic feet to one barrel of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil (i.e., 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.

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

### **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", "guidance", "objective", "ongoing", "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 new wells and expanding facilities, anticipated rates of production, expectations and assumptions concerning success of future exploration and development activities, the performance of existing wells and the performance 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; 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. However, 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: the failure to obtain necessary regulatory approvals or satisfy the conditions to closing the acquisition and the offering, 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; 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, copies of which are 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.

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