



## Approach Resources Inc. Provides 2011 Capital Budget and Guidance

November 8, 2010

### ***\$100 Million Budget to Develop Wolffork Oil Resource Play Production Guidance Increases 25% 53% Oil and NGLs***

FORT WORTH, Texas, Nov 08, 2010 (BUSINESS WIRE) --

Approach Resources Inc. (NASDAQ: AREX) today announced its 2011 capital budget and guidance.

The Company's 2011 capital budget is \$100 million and assumes commodity prices average \$84 per Bbl of oil, \$35 per Bbl of NGLs and \$4.20 per Mcf of natural gas. Substantially all of the 2011 budget is allocated to the Company's Wolffork oil resource play in the Permian Basin. The 2011 budget includes operating:

- One rig to drill approximately 11 gross (7 net) horizontal wells targeting the Wolfcamp Shale,
- One rig to drill approximately 19 gross (19 net) vertical wells targeting the Clearfork, Wolfcamp (referred to together as the "Wolffork") and Canyon Sands,
- One rig to drill approximately 26 gross (16 net) vertical wells targeting the Canyon Sands, which the Company expects to recomplete up hole in the Wolffork in 2012, and
- One workover rig to recomplete 10 gross (10 net) wells in the Wolffork.

The 2011 capital budget also includes \$7 million for lease extensions and renewals across the Company's 98,000 net acres in the Permian.

The Company's 2011 capital budget is subject to change depending upon a number of factors, including additional data on the Company's Wolffork oil resource play, results of Wolfcamp Shale and Wolffork drilling and recompletions, economic and industry conditions at the time of drilling, prevailing and anticipated prices for oil, gas and NGLs, the availability of sufficient capital resources for drilling prospects, the Company's financial results and the availability of lease extensions and renewals on reasonable terms.

#### **Management Comment**

J. Ross Craft, the Company's President and CEO, said, "After months of detailed technical study and encouraging results from our initial pilot program, we are excited about beginning the delineation and development of our Wolffork oil resource play in earnest. We plan to drill a mixture of horizontal Wolfcamp and vertical Wolffork/Canyon wells, and recomplete the Wolffork from existing wellbores, over our 98,000 net acres in the Permian Basin. We estimate that the three-rig program plus recompletions will grow production volumes 25% and increase liquids production to 53% oil and NGLs. I expect the 2011 drilling and recompletion plan to be the start of successive years of production and reserve growth at reasonable finding, development and lifting costs, which is our preferred means for delivering value to our stockholders in the future."

#### **2010-2011 Financial and Operational Guidance**

The table below sets forth the Company's 2010-2011 production and operating costs and expenses guidance. The guidance is forward-looking information that is subject to a number of risks and uncertainties, many of which are beyond the Company's control.

	<b>2010 Guidance</b>	<b>2011 Guidance</b>
<b>Production:</b>		
Total (MBoe)	1,500 - 1,600	1,870 - 2,015
Percent oil and NGLs	31%	53%
<b>Operating costs and expenses (per Boe):</b>		
Lease operating	\$ 5.10 - 5.70	\$ 4.50 - 5.70
Severance and production taxes	5% - 6% of o&g sales	\$ 1.80 - 2.10
Exploration	\$ 1.80 - 2.40	\$ 3.50 - 4.50
General and administrative	\$ 6.60 - 7.20	\$ 5.40 - 6.60
Depletion, depreciation and amortization	\$ 13.50 - 16.50	\$ 12.00 - 15.00

#### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this press release specifically include the expectations of management regarding the Company's 2011 capital expenditures and 2010-2011 production and operating costs and expenses. These statements are based on certain assumptions made by the Company based on management's experience, perception of historical trends and technical analyses, current conditions, anticipated future developments and other factors believed to be appropriate and reasonable by management. When used in this press release, the words "will," "potential," "believe," "estimate," "intend," "expect," "may," "should," "anticipate," "could," "plan," "predict," "project," "profile," "model," or their negatives, other similar expressions or the statements that include those words, are intended to identify forward-looking statements, although not

all forward-looking statements contain such identifying words. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. Further information on such assumptions, risks and uncertainties is available in the Company's Securities and Exchange Commission ("SEC") filings. The Company's SEC filings are available on the Company's website at [www.approachresources.com](http://www.approachresources.com). Any forward-looking statement speaks only as of the date on which such statement is made and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

#### **Glossary of Oil and Gas Terms**

For a glossary of oil and gas terms and abbreviations used in this release, please see the Company's Annual Report on Form 10-K filed with the SEC on March 12, 2010. Natural gas is converted in the table above at the rate of 6 Mcf per one Bbl of oil.

#### **About Approach Resources Inc.**

Approach Resources Inc. is an independent energy company engaged in the exploration, development, production and acquisition of oil and gas properties in the United States. The Company's core operations, production and reserve base are located in the Permian Basin in West Texas. The Company targets multiple oil and liquids-rich formations in the Permian Basin, where the Company operates approximately 98,000 net acres. At June 30, 2010, the Company's estimated proved reserves were 46.4 million barrels of oil equivalent, 50% oil and NGLs and 50% natural gas. For more information about the Company, please visit [www.approachresources.com](http://www.approachresources.com). Please note that the Company routinely posts important information about the Company under the Investor Relations section of its website.

SOURCE: Approach Resources Inc.

Approach Resources Inc.

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