



**For Immediate Release**  
**Monday, January 14, 2008**

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## **TXCO RESOURCES BOARD FILLS VACANT POSITION**

SAN ANTONIO – January 14, 2008 – The Board of Directors of TXCO Resources Inc. (Nasdaq:TXCO) today announced the election and appointment of James L. Hewitt as an independent, Class B director, filling a vacancy created by the retirement of Stephen M. Gose Jr. in December 2006. Mr. Hewitt will complete Mr. Gose’s term as a Class B director, which extends until the Company’s 2009 annual meeting.

Mr. Hewitt, 66, of Orlando, Florida, has an extensive background in finance, banking and business. He is Chairman, President and CEO of Hewitt Financial Consulting Inc. of Orlando. In 2000, he formed United Heritage Bank of Orlando and served as Chairman of the bank and its holding company until their sale to Marshall & Ilsley Bank of Milwaukee, Wisconsin, in 2007. Earlier, he was the founder and a principal owner of the Orlando Magic of the National Basketball Association and founder and CEO of United American Holding Corp., a bank holding company that merged with Colonial BankGroup of Montgomery, Alabama, in 1998. He earned a finance and accounting degree from Florida State University.

“Mr. Hewitt brings valuable expertise to the board,” said Chairman, President and CEO James E. Sigmon. “We have sought out a board member with extensive financial experience, which will be a vital asset to the Company as TXCO continues to grow and develop.”

### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO’s business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq’s Global Select Market under the symbol “TXCO.”

More information about potential factors that could affect the Company’s operating and financial results is included in TXCO’s annual report on Form 10-K for the year ended Dec. 31, 2006, and its Form 10-Q for the period ended June 30, 2007. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO’s Web site at [www.txco.com](http://www.txco.com). Copies are available without charge upon request from the Company.



**For Immediate Release**  
**Thursday, January 24, 2008**

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## **TXCO RESOURCES BELIEVES LAWSUIT WITHOUT MERIT**

SAN ANTONIO – January 24, 2008 –TXCO Resources Inc. (Nasdaq:TXCO) today announced that a lawsuit has been filed against the Company and its directors in the Court of Chancery of the State of Delaware. The action was brought by Third Point LLC and various Third Point affiliates, which claim to collectively own and control more than 8 percent of the outstanding common stock of TXCO.

This lawsuit arises from the appointment of James L. Hewitt as an independent, Class B director on Jan. 11, 2008, to fill the vacancy created by the retirement of Stephen M. Gose Jr. in December 2006. Mr. Hewitt will complete Mr. Gose's term as a Class B director, which extends until TXCO's 2009 Annual Meeting.

The lawsuit alleges that TXCO's board breached its fiduciary duty when it appointed Mr. Hewitt to the board of directors. The plaintiffs seek injunctive and declaratory relief to nullify the appointment of Mr. Hewitt to TXCO's board of directors and to award fees and costs of litigation.

TXCO believes the appointment of Mr. Hewitt as a director was valid and that his extensive background in finance, banking and business brings valuable experience to TXCO's board of directors.

The Company believes the allegations in the Third Point lawsuit are without merit and intends to vigorously defend the suit.

### About TXCO Resources

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### Forward-Looking Statements

Statements in this press release that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include those relating to intended litigation strategies and the outcome of legal proceedings. Investors are cautioned that all forward-looking statements involve risks and uncertainty that are beyond TXCO's ability to control or predict. TXCO undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise. More information about potential risk factors is included in TXCO's annual report on Form 10-K for the year ended Dec. 31, 2006, and its Form 10-Q for the period ended Sept. 30, 2007. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge upon request from the Company.



**For Immediate Release**  
**Wednesday, February 6, 2008**

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## **TXCO RESOURCES COMMENTS ON THIRD POINT LLC**

SAN ANTONIO – February 6, 2008 – TXCO Resources Inc. (Nasdaq: TXCO) today commented on Third Point LLC and its various affiliates’ desire to nominate three directors for election to the Company’s Board of Directors at TXCO’s 2008 Annual Meeting of Stockholders.

“We have always maintained an open dialogue with all of our stockholders,” said CEO James E. Sigmon. “We have had limited contact with Third Point and have listened to their views. To date, the views expressed by Third Point center around or have been limited to their desire to nominate an alternate slate of directors. As we previously stated, we believe the allegations in the lawsuit filed by Third Point are without merit and intend to vigorously defend the suit.

“Additionally, we are prepared to have a continuing and constructive dialogue with all our shareholders regarding our operating strategies,” Sigmon added. “The Board of Directors regularly reviews the value inherent in the Company’s business plan, and will continue to do so in a measured and decisive way. While a disruptive proxy contest is not a preferable course of action, the Company is prepared to do everything necessary to protect the interests of all TXCO stockholders consistent with our goal of delivering high performance and long-term stockholder value.”

### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO’s business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq’s Global Select Market under the symbol “TXCO.”

### Important Information

TXCO plans to file with the Securities and Exchange Commission a proxy statement concerning the solicitation of proxies by the Board of Directors in connection with the election of directors and other actions to be taken at the 2008 Annual Meeting of Stockholders. As required by the Securities and Exchange Commission, you are urged to read the proxy statement when it becomes available because it contains important information. After it is filed with the Securities and Exchange Commission, you will be able to obtain the proxy statement free of charge at the Securities and Exchange Commission’s website, [www.sec.gov](http://www.sec.gov). A proxy statement also will be made available for free to any TXCO stockholder who makes a request to TXCO’s Vice President-Capital Markets, Roberto R. Thomae, at (210) 496-5300 (ext. 214) or 777 East Sonterra Blvd., Suite 350, San Antonio, Texas 78258.

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TXCO and its directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in connection with the 2008 Annual Meeting of Stockholders. Information regarding the interests of these persons in connection with the election of directors and other actions to be taken at the 2008 Annual Meeting of Stockholders will be included in any proxy statement filed by TXCO in connection therewith. In addition, TXCO files annual, quarterly and special reports, proxy and information statements, and other information with the Securities and Exchange Commission. These documents are available free of charge at the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) or from TXCO at [www.txco.com](http://www.txco.com).

#### Forward-Looking Statements

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**For Immediate Release**  
**Monday, February 11, 2008**

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## **TXCO RESOURCES SCHEDULES TWO CONFERENCE WEBCASTS**

SAN ANTONIO – February 11, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced it will webcast two upcoming investor conference presentations by Vice President-Capital Markets Roberto R. Thomae:

- The Independent Petroleum Association of America's Oil & Gas Investment Symposium-Small Cap, set for Feb. 12-14 in Hollywood, Fla. Mr. Thomae's presentation is scheduled to start at 1:30 p.m. EST (12:30 p.m. CST) Wednesday, Feb. 13.
- The Oilservice and International E&P Conference™ VI, sponsored by EnerCom Inc., set for Feb. 21-22 in San Francisco. Mr. Thomae's presentation is scheduled to start at 3:35 p.m. PST (5:35 p.m. CST) Thursday, Feb. 21.

Both webcasts will be available live via the Internet on TXCO's Web site at [www.txco.com/presentation.html](http://www.txco.com/presentation.html) and will be archived for future reference.

### About TXCO Resources

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More information about potential factors that could affect the Company's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended Dec. 31, 2006, and its Form 10-Q for the period ended Sept. 30, 2007. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge upon request from the Company.



**For Immediate Release**  
**Tuesday, February 12, 2008**

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## **TXCO Resources Reports Record Oil and Gas Sales, Drilling, in 2007; Updates Operations**

SAN ANTONIO – February 12, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today reported record sales volumes and drilling activity for 2007 and updated its current operations. Highlights include:

- A 36 percent increase in combined oil and gas sales from the prior year.
- A record 87 wells begun.
- Nine drilling rigs currently operating.

Net oil and gas sales volumes for 2007 were an estimated 7.97 bcfe, a 36 percent increase from 5.85 bcfe in 2006. Oil sales for the year totaled 974,394 barrels, up 23 percent from 791,425 barrels in the prior year. The Company's 2007 production mix was 73 percent oil and 27 percent natural gas. For 2007, TXCO spudded or re-entered a record 87 wells, up from 58 wells during 2006.

<b>TXCO Estimated Yearly and Quarterly Sales Volumes*</b>								
	<u>Annual 2007</u>	<u>Annual 2006</u>	<u>% chg.</u>	<u>4Q 2007</u>	<u>3Q 2007</u>	<u>% chg.</u>	<u>4Q 2006</u>	<u>% chg. 4Q07 / 4Q06</u>
Natural Gas / mmcf	2,125	1,104	+92%	607	652	-7%	240	+153%
Oil /bbls	974,394	791,425	+23%	294,809	287,504	+3%	203,697	+45%
Natural Gas Equivalent mmcfe	7,971	5,852	+36%	2,376	2,377	-	1,462	+63%
Oil Equivalent boe	1,328,494	975,364	+36%	396,024	396,164	-	243,615	+63%
*Unaudited      mmcf=million cubic feet, bbls=barrels, boe=barrels of oil equivalent								

TXCO's sales from the prolific Glen Rose Porosity oil play were 704,891 barrels, or 1,931 bopd, up from 683,285 barrels, or 1,872 bopd, in 2006. Fourth-quarter 2007 Porosity sales totaled 212,762 barrels, or 2,313 bopd, a 20 percent increase from the final quarter of 2006 and 3 percent above third-quarter 2007 results.

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Overall fourth-quarter field activity and sales levels declined from the previous quarter, consistent with the Company's seasonal activity slowdown due to the annual hunting season drilling moratorium on certain Maverick Basin leases.

#### Current Operations

Currently, TXCO has nine rigs operating, including seven on its core Maverick Basin acreage, one in the East Texas Fort Trinidad Field, and one in Oklahoma.

In the San Miguel oil sands pilot, the Company currently is drilling the second horizontal well as it converts its initial pilot to a Steam-Assisted Gravity Drainage (SAGD) process. The SAGD well pair is being drilled in between the existing cyclic steam wells, which will be converted to temperature-monitoring wells. A second 25 mmBtu steam generator is scheduled for delivery this month, doubling steam generation capacity on the pilot.

Drilling will begin shortly on a second oil sands pilot that will utilize the Fracture-Assisted Steamflood Technology (FAST) technique, proven by Conoco in years past. The wells will be drilled on a schedule consistent with expected deliveries of two new 50 mmBtu steam generators in the second quarter.

In the Maverick Basin's Pearsall gas play, the Company continues to evaluate production from the initial vertical completion of the Glass Ranch B 1-77 (100 percent working interest). Placed on production in late December at 2 mmcf/d, through early February the well was flowing at approximately 1.8 mmcf/d. TXCO expects to complete its first multi-stage frac, on the Cage 26-2 H (50% WI) horizontal well, shortly. Originally completed in December, the 3,000-foot lateral is currently being cleared of debris left in the wellbore prior to the five-stage fracturing treatment. Earlier this week, TXCO spudded an additional horizontal Pearsall well, the Comanche 34-1H (38% WI), under its revised joint venture agreement with EnCana USA.

Regarding the Glen Rose Porosity oil play, the time frame for the comprehensive reservoir optimization study started by Schlumberger in late 2007 has been extended and is now expected to be completed in April. After reviewing initial study results, Schlumberger has concluded the reservoir is more complex than Schlumberger originally anticipated and will take at least two additional months to develop the simulation programs targeted by their review.

In the East Texas Fort Trinidad Field, drilling has begun on a second horizontal well, the Forrest 3H (100% WI), targeting the Glen Rose B shoal. In January, TXCO completed its first horizontal B shoal well, the Forrest 2H (100% WI), offsetting a 1960s-era vertical well that had produced 8 bcf. The new horizontal well currently is producing 350 mcf/d, 47 bc/d and 240 barrels per day of water. The well is expected to produce at progressively higher rates as it recovers the 38,300 barrels of water lost to the reservoir while drilling.

#### Management Perspective

"We enter 2008 with record activity," said CEO James E. Sigmon. "TXCO is moving ahead with each of our primary growth catalysts – the San Miguel oil sands project, the Pearsall shale gas resource play, the Fort Trinidad gas shoals in East Texas and the Glen Rose Porosity oil zone. We're confident we will achieve continuing growth in sales, proved reserves and higher shareholder value in 2008 as we move ahead with our record capital program."

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### Earnings Announcement

TXCO's target date to announce 2007 earnings and year-end reserves is March 10, 2008, and it will hold a conference call following the release. Conference call details will be announced later.

### About TXCO Resources

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### Forward-Looking Statements

Statements in this press release that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include those relating to oil and gas prices, capital expenditures, production levels, well test results, drilling plans, including the timing, number and cost of wells to be drilled, projects and expected response, and establishment of reserves. It is important to note that actual results may differ materially from the results predicted in any such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the costs of exploring and developing new oil and natural gas reserves, the price for which such reserves can be sold, environmental concerns affecting the drilling of oil and natural gas wells, as well as general market conditions, competition and pricing. More information about potential factors that could affect the Company's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended Dec. 31, 2006, and its Form 10-Q for the quarter ended Sept. 30, 2007. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge, upon request from the Company.



**For Immediate Release**  
**Monday, February 25, 2008**

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## **TXCO RESOURCES RECEIVES DIRECTOR NOMINATIONS FROM STOCKHOLDER**

SAN ANTONIO – February 25, 2008 – TXCO Resources Inc. (Nasdaq: TXCO) today announced that it received notice from Third Point Offshore Fund Ltd. nominating three candidates to stand for election as Class A directors of the Company at TXCO’s Annual Meeting of Stockholders. The nominees are Jacob Roorda, Todd Q. Swanson, and Anthony Tripodo.

The Company’s annual meeting is currently scheduled for May 9, 2008. The Company is reviewing the notice of nomination.

“TXCO Resources has a strong independent board. Each of its members has more than 30 years of proven experience. Our board remains confident that our business strategy will continue to build long-term value for our stockholders,” said CEO James E. Sigmon. “Additionally, we have been, and continue to be, sensitive to our stockholders’ concerns. We urge our stockholders to continue to focus on the progress we have made and on the prospects we have created for increasing the long-term value of our Company.”

### **Important Information**

The Company plans to file with the Securities and Exchange Commission and mail to its stockholders a proxy statement and WHITE proxy card concerning the solicitation of proxies by the Board of Directors in connection with the election of directors and other actions to be taken at the 2008 Annual Meeting of Stockholders. As required by the Securities and Exchange Commission, you are urged to read the proxy statement when it becomes available because it contains important information. After it is filed with the Securities and Exchange Commission, you will be able to obtain the proxy statement free of charge at the Securities and Exchange Commission's website, [www.sec.gov](http://www.sec.gov). A proxy statement also will be made available for free to any TXCO stockholder who makes a request to TXCO's Corporate Secretary and Vice President-Capital Markets, Roberto R. Thomae, at (210) 496-5300 (ext. 214), or 777 East Sonterra Blvd., Suite 350, San Antonio, Texas 78258.

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The Company and its directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in connection with the 2008 Annual Meeting of Stockholders. Information regarding the interests of these persons in connection with the election of directors and other actions to be taken at the 2008 Annual Meeting of Stockholders will be included in any proxy statement filed by TXCO in connection therewith. In addition, TXCO files annual, quarterly and special reports, proxy and information statements, and other information with the Securities and Exchange Commission. These documents are available free of charge at the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) or from TXCO at [www.txco.com](http://www.txco.com).

#### About TXCO Resources

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**For Immediate Release**  
**Tuesday, February 26, 2008**

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## **TXCO RESOURCES ANNOUNCES CONFERENCE CALL TO DISCUSS 2007 FINANCIAL RESULTS AND CURRENT OPERATIONS**

SAN ANTONIO – February 26, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced a conference call with investors, analysts and other interested parties that is scheduled for 11:00 a.m. EDT on Tuesday, March 11, 2008, to discuss the release of its year-end 2007 financial results and an operations update. You are invited to listen to the call, which will be broadcast live over the Internet at <http://www.txco.com/concall.html>. TXCO will release its results prior to the conference call.

**Date:** Tuesday, March 11, 2008  
**Time:** 11:00 a.m. EDT  
10:00 a.m. CDT  
9:00 a.m. MDT  
8:00 a.m. PDT  
**Call:** (877) 387-9209 (US/Canada) and (706) 643-3820 (International)  
Passcode 34954051  
**Internet:** Live and rebroadcast over the Internet: log on to <http://www.txco.com/concall.html>  
**Replay:** Available through Thursday, March 13, 2008, at (800) 642-1687 (US/Canada) and (706) 645-9291 (International) with passcode 34954051 and for 30 days at <http://www.txco.com/concall.html>.

### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

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**For Immediate Release**  
**Friday, February 29, 2008**

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## **TXCO RESOURCES ANNOUNCES PRIVATE PLACEMENT OF PREFERRED STOCK AND EXCHANGE OF EXISTING PREFERRED STOCK**

SAN ANTONIO – February 29, 2008 – TXCO Resources Inc. (Nasdaq: TXCO) today announced that it has entered into agreements related to the private placement of \$20 million, or 20,000 shares, of its Series E Convertible Preferred Stock, convertible into TXCO common stock at \$17.36 per share. In addition, it announced that in connection with the private placement it has agreed to exchange its shares of Series C Convertible Preferred Stock, which were issued in a private placement in November 2007, for shares of Series D Convertible Preferred Stock. The shares of Series D Preferred Stock are convertible into TXCO common stock at \$14.48 per share, the same conversion price as the Series C Convertible Preferred Stock. Closing and funding are expected to occur on or before March 4, 2008.

“TXCO currently has high-potential growth catalysts and this transaction will help us further expand our growth plans on an opportunistic basis,” said Chairman and CEO James E. Sigmon. “The funds will complement our previously announced plans to accelerate activity this year on the Pearsall shale gas resource play, San Miguel oil sands project and Glen Rose Porosity oil play in our core Maverick Basin area. We also plan to expedite drilling in TXCO’s East Texas Fort Trinidad Field, where we’re targeting the Glen Rose gas shoals. We remain confident that we will be successful in one or more of these prospects so we have also included a convertible hedge overlay to reduce dilution to our current TXCO stockholders.”

The Company intends to use the net proceeds from the sale of the Series E Convertible Preferred Stock to complement its 2008 CAPEX drilling program. In addition, TXCO may use the proceeds in the short term to repay certain outstanding indebtedness, and to pay expenses of the offering and the cost of the convertible hedge transactions discussed below, as well as other general corporate and working capital purposes.

Under the transaction documents, purchasers of the Series E Convertible Preferred Stock are entitled to, among other things, dividends of 6.0 percent per annum and the holders of Series D Convertible Preferred Stock are entitled to, among other things, dividends of 6.5 percent per annum. The conversion price for the Series D Convertible Preferred Stock is \$14.48 per share. No fees will be paid for the exchange of Series C for Series D.

The conversion price for the Series E Convertible Preferred Stock is \$17.36 per share. Subject to certain terms and conditions, the buyers may purchase up to an additional \$30 million of the Series D Preferred Stock by delivering notice to the Company no later than March 20, 2008 (or, at the Company’s option, no later than May 20, 2008).

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The Company will register the shares of common stock issuable on conversion of the Series D Convertible Preferred Stock and Series E Convertible Preferred Stock with the Securities and Exchange Commission at a specified future date.

In connection with the private placement, TXCO also entered into a convertible hedge transaction, which increases the effective conversion price on the Series E Convertible Preferred Stock to \$21.71 per share. These transactions include a purchased call option and sold call option. The Company will pay for the convertible hedge using a portion of the net proceeds of the Series E Convertible Preferred Stock offering.

Details regarding the private placement, the exchange, the terms of the Series D Convertible Preferred Stock and Series E Convertible Preferred Stock, and the convertible hedge transactions are more fully discussed in a Form 8-K, which the Company is filing with the Securities and Exchange Commission later today.

Lazard Frères & Co. LLC served as placement agent in the private offering.

This news release is not an offer to purchase, nor a solicitation of an offer to sell, with respect to any securities. TXCO will make requisite filings as regulated by the Securities and Exchange Commission. All of TXCO's SEC filings may be obtained at no charge from TXCO's web site, [www.txco.com](http://www.txco.com), or the SEC web site at [www.sec.gov](http://www.sec.gov).

#### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

#### Forward-Looking Statements

Statements in this press release that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include those relating to budget and drilling plans, capital expenditures, production levels, the timing, number and cost of wells to be drilled, new projects and expected response, and establishment of reserves. It is important to note that actual results may differ materially from the results predicted in any such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the costs of exploring and developing new oil and natural gas reserves, the price for which such reserves can be sold, environmental concerns affecting the drilling of oil and natural gas wells, as well as general market conditions, competition and pricing. More information about potential factors that could affect the Company's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended Dec. 31, 2006, and its Form 10-Q for the quarter ended Sept. 30, 2007. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge, upon request from the Company.



**For Immediate Release  
Monday, March 3, 2008**

**TXCO Contact Information**

**Investors: Roberto R. Thomae**

**(210) 496-5300 ext. 214, [bthomae@txco.com](mailto:bthomae@txco.com)**

**Media: Paul Hart**

**(210) 496-5300 ext. 264, [pdhart@txco.com](mailto:pdhart@txco.com)**

**DRG&E: Ken Dennard (713) 529-6600**

**MacKenzie Partners: Charlie Koons (800) 322-2885**

## **TXCO RESOURCES ISSUES OPEN LETTER TO STOCKHOLDERS**

SAN ANTONIO – March 3, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today mailed the following letter to all stockholders from James E. Sigmon, Chairman and CEO, in connection with the Company's 2008 Annual Meeting of Stockholders.

Dear Fellow TXCO Stockholder:

We will soon be sending you our proxy statement and annual report for the TXCO Resources Inc. 2008 Annual Meeting of Stockholders. The Annual Meeting is currently scheduled to take place on Friday, May 9, 2008 in San Antonio, Texas. As you may know, a dissident stockholder, Third Point Offshore Ltd., a hedge fund domiciled in the Cayman Islands, and its affiliates have nominated three individuals for election to your Board. **Your Board of Directors strongly urges you NOT to take any action in response to the dissident stockholder until you receive the Company's proxy materials and have a chance to vote the Company's WHITE proxy card.**

**YOUR BOARD IS COMMITTED TO CREATING LONG-TERM VALUE FOR ALL TXCO STOCKHOLDERS.**

**TXCO HAS A HIGHLY EXPERIENCED BOARD OF DIRECTORS IN PLACE.**

TXCO's Board of Directors is independent, diverse and experienced. The Board's interests are closely aligned with those of all stockholders. Each of our seven directors has more than 30 years of proven experience in energy or finance.

Your Board has the depth and breadth of expertise in areas that are critical to TXCO's continued success. Your directors are veterans in the exploration and development of oil and gas properties, finance, management of oil and gas investment portfolios, investment banking and equity analysis, and public company leadership. Each of your directors is a seasoned professional who is actively engaged in building stockholder value and positioning TXCO for long-term profitable growth.

**YOUR BOARD AND MANAGEMENT TEAM REGULARLY AND CAREFULLY EVALUATE THE MOST EFFECTIVE WAY TO CREATE LONG-TERM VALUE FOR ALL OF TXCO'S STOCKHOLDERS.**

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As part of your Board's ongoing commitment to enhancing stockholder value, we regularly evaluate a range of strategies and alternatives to improve the Company's operational and financial performance. TXCO welcomes constructive input from all of its stockholders in pursuit of improved stockholder value. To date, Third Point has not presented a single idea or recommendation to management on how TXCO could increase stockholder value. The views expressed by Third Point Offshore Ltd. and its affiliates have been strictly limited to their desire to nominate an alternative slate of directors.

After careful consideration, your Board has determined that, at this time, the continued execution of the Company's long-term growth plan and maintaining our existing Board of Directors are in the best interests of the Company and its stockholders and provides the greatest opportunity to create long-term stockholder value.

**WE URGE ALL TXCO STOCKHOLDERS TO SUPPORT YOUR BOARD  
AND SENIOR MANAGEMENT TEAM.**

Your Board and management team have demonstrated their commitment to building value for all stockholders and have positioned TXCO for long-term growth. **We strongly urge all stockholders to support your Board of Directors and NOT take any action in response to the dissident stockholder until you receive the Company's proxy materials and have a chance to review them and vote the Company's WHITE proxy card.**

If you have any questions, I encourage you to contact our Corporate Secretary and Vice President-Capital Markets, Roberto R. Thoma, at (210) 496-5300 (ext. 214), or our proxy solicitor, MacKenzie Partners, Inc. at (800) 322-2885.

We will continue to keep you, our stockholders, informed of developments as appropriate. We thank you for your continued support of the Company.

On behalf of the Board of Directors,

/s/James E. Sigmon

James E. Sigmon  
Chairman of the Board and CEO

About TXCO Resources Inc.

TXCO Resources Inc., formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build stockholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

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### Important Information

TXCO plans to file with the Securities and Exchange Commission, and mail to its stockholders, a proxy statement and WHITE proxy card concerning the solicitation of proxies by the Board of Directors in connection with the election of directors and other actions to be taken at the 2008 Annual Meeting of Stockholders. As required by the Securities and Exchange Commission, you are urged to read the proxy statement when it becomes available because it contains important information. After it is filed with the Securities and Exchange Commission, you will be able to obtain the proxy statement free of charge at the Securities and Exchange Commission's website, [www.sec.gov](http://www.sec.gov). A proxy statement also will be made available for free to any TXCO stockholder who makes a request to TXCO's Corporate Secretary and Vice President-Capital Markets, Roberto R. Thomae, at (210) 496-5300 (ext. 214) or 777 East Sonterra Blvd., Suite 350, San Antonio, Texas 78258.

TXCO and its directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in connection with the 2008 Annual Meeting of Stockholders. Information regarding the interests of these persons in connection with the election of directors and other actions to be taken at the 2008 Annual Meeting of Stockholders will be included in the proxy statement filed by TXCO in connection therewith. In addition, TXCO files annual, quarterly and special reports, proxy and information statements, and other information with the Securities and Exchange Commission. These documents are available free of charge at the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) or from TXCO at [www.txco.com](http://www.txco.com).

### Forward-Looking Statements

Statements in this stockholder letter that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward-looking statements involve risks and uncertainty that are beyond TXCO's ability to control or predict. TXCO undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise. More information about potential risk factors is included in TXCO's annual report on Form 10-K for the year ended Dec. 31, 2006, and its Form 10-Q for the period ended Sept. 30, 2007. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's website at [www.txco.com](http://www.txco.com). Copies are available without charge upon request from TXCO.



**For Immediate Release**  
**Wednesday, March 5, 2008**

**Contact Information**  
**Investors: Roberto R. Thomae**  
**(210) 496-5300 ext. 214, [bthomae@txco.com](mailto:bthomae@txco.com)**  
**Media: Paul Hart**  
**(210) 496-5300 ext. 264, [pdhart@txco.com](mailto:pdhart@txco.com)**

## **TXCO RESOURCES CLOSURES PRIVATE PREFERRED STOCK TRANSACTIONS**

SAN ANTONIO – March 5, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced the successful close of its previously announced private placement of Series E preferred stock and related exchange of an existing preferred stock issue, effective February 29, 2008.

The placement consists of 20,000 shares, or \$20 million, of its Series E Convertible Preferred Stock. In connection with the private placement, TXCO also completed its previously announced agreement to exchange its existing shares of Series C Convertible Preferred Stock, originally issued in a November 2007 private placement, for newly issued shares of Series D Convertible Preferred Stock. The newly issued preferred shares have the same conversion price as the Series C Convertible Preferred Stock they replace.

Details regarding the private placement and related exchange of preferred stock are more fully discussed in a Form 8-K filed with the Securities and Exchange Commission on February 29, 2008.

Lazard Frères & Co. LLC served as placement agent in the private offerings.

### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

### Forward-Looking Statements

Statements in this press release that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include those relating to budget and drilling plans, capital expenditures, production levels, the timing, number and cost of wells to be drilled, new projects and expected response, and establishment of reserves. It is important to note that actual results may differ materially from the results predicted in any such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the costs of exploring and developing new oil and natural gas reserves, the price for which such reserves can be sold, environmental concerns affecting the drilling of oil and natural gas wells, as well as general market conditions, competition and pricing. More information about potential factors that could affect the Company's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended December 31, 2006, and its Form 10-Q for the quarter ended September 30, 2007. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge, upon request from the Company.



**For Immediate Release**  
**Thursday, March 6, 2008**

**Contact Information**  
**Investors: Roberto R. Thomae**  
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**Media: Paul Hart**  
**(210) 496-5300 ext. 264, [pdhart@txco.com](mailto:pdhart@txco.com)**

## **TXCO RESOURCES SCHEDULES CONFERENCE WEBCAST**

SAN ANTONIO – March 6, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced Chairman and CEO James E. Sigmon and Vice President-Capital Markets Roberto R. Thomae will update investors and analysts on TXCO's growth and strategy at the 2008 Dahlman Rose & Co. Energy Supply Chain Conference, set for March 12 and 13 in New York and Boston.

Mr. Sigmon's New York presentation is scheduled to start at 11:30 a.m. EDT (10:30 a.m. CDT) Wednesday, March 12. A webcast will be available via the Internet on TXCO's web site, <http://www.txco.com/presentation.html>, and will be archived for future reference.

### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

More information about potential factors that could affect the Company's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended Dec. 31, 2006, and its Form 10-Q for the period ended Sept. 30, 2007. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge upon request from the Company.



**For Immediate Release  
Monday, March 10, 2008**

**Contact Information**  
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## **TXCO RESOURCES INCREASES FORT TRINIDAD-AREA INTEREST**

SAN ANTONIO – March 10, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced it has increased its Fort Trinidad Field-area holdings in East Texas through a \$19.6 million acquisition of acreage and reserves.

Through separate transactions with several private parties, the Company has increased its Fort Trinidad holdings to 36,498 gross acres, or 20,526 net acres. Prior to the acquisition, TXCO had interests in approximately 18,000 gross acres, or 8,000 net acres. The acquisition includes 8.1 bcfe of proved reserves at year end, purchased at an average cost of \$2.06 per mcfe.

The Fort Trinidad Field, part of TXCO's 2007 acquisition of Output Exploration LLC, is located in portions of Houston, Madison and Leon counties and is prospective from multiple producing formations in the East Texas Basin. The Company's current drilling program targets Fort Trinidad's gas-charged Glen Rose shoals. Its first Glen Rose shoal well recently went on production while a second well currently is drilling. The Company plans to have a second rig working in the area by mid April.

"This acquisition adds to the potential TXCO has in East Texas," said Chairman and CEO James E. Sigmon. "Fort Trinidad is a good fit with our core, Maverick Basin area because it is prospective from similar formations that we know well – the Glen Rose, Buda, Austin Chalk and Eagleford/Woodbine formations. Our expertise in underbalanced, horizontal drilling will assist us in developing these reservoirs and unlocking their value. Also, Fort Trinidad is prospective for the prolific down-dip Bossier play."

### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

### Important Information

TXCO will soon be filing with the Securities and Exchange Commission, and mailing to its stockholders, a proxy statement and WHITE proxy card concerning the solicitation of proxies by the Board of Directors in connection with the election of directors and other actions to be taken at the 2008 Annual Meeting of Stockholders. As required by the Securities and Exchange Commission, you are urged to read the proxy statement when it becomes available because it contains important information. After it is filed with the Securities and Exchange Commission, you will be able to obtain the proxy statement free of charge at the Securities and Exchange Commission's website, [www.sec.gov](http://www.sec.gov). A proxy statement also will be made available for free to any TXCO stockholder who makes a request to TXCO's Vice President-Capital Markets, Roberto R. Thomae, at (210) 496-5300 (ext. 214) or 777 East Sonterra Blvd., Suite 350, San Antonio, Texas 78258.

TXCO and its directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in connection with the 2008 Annual Meeting of Stockholders. Information regarding the names, interests and affiliations of these persons in connection with the election of directors and other actions to be taken at the 2008 Annual Meeting of Stockholders will be included in the proxy statement filed by TXCO in connection therewith. In addition, TXCO files annual, quarterly and special reports, proxy and information statements, and other information with the Securities and Exchange Commission. These documents are available free of charge at the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) or from TXCO at [www.txco.com](http://www.txco.com).

### Forward-Looking Statements

Statements in this press release that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include those relating to budget and drilling plans, capital expenditures, production levels, the timing, number and cost of wells to be drilled, new projects and expected response, and establishment of reserves. It is important to note that actual results may differ materially from the results predicted in any such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the costs of exploring and developing new oil and natural gas reserves, the price for which such reserves can be sold, environmental concerns affecting the drilling of oil and natural gas wells, as well as general market conditions, competition and pricing. TXCO undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise. More information about potential factors that could affect the Company's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended December 31, 2006, and its Form 10-Q for the quarter ended September 30, 2007. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge, upon request from the Company.



**For Immediate Release**  
**Monday, March 10, 2008**

**Contact Information**  
**Investors: Roberto R. Thomae**  
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**Media: Paul Hart**  
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## **TXCO RESOURCES REPORTS RECORD RESULTS FOR 2007**

SAN ANTONIO – March 10, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today reported results for its year and quarter ended December 31, 2007. The Company set records for:

- Revenues.
- Oil and gas sales.
- Cash flow.
- Total assets.
- Proved reserves.

For the year, total revenues rose to a record \$93.9 million, a 30 percent increase from \$72.4 million in 2006. Oil and gas sales increased 45 percent from the prior year to \$81.8 million. Assets rose to \$354.6 million, nearly 150 percent above year-end 2006, including the second-quarter 2007 acquisition of Output Exploration LLC.

The Company reported net income attributable to common stock of \$0.9 million, equal to \$0.03 per share, compared with \$7.2 million, \$0.22 per share, in 2006. Operating income, \$10.4 million, was essentially flat with the prior year.

Net cash provided by operating activities was \$69.4 million, partially reflecting accrued acquisition costs, a 181 percent increase from \$24.7 million in 2006. Ebitda – earnings before income taxes, interest expense, depreciation, depletion, amortization, impairment and abandonment expense – was a record \$52.9 million, or \$1.52 per share, a 42 percent increase from \$37.3 million, or \$1.12 per share, in 2006. Ebitdax – Ebitda plus exploration expense – also set a record of \$54.2 million, or \$1.56 per share, compared with \$40.3 million, \$1.21 per share in the prior year. All per-share amounts are on a diluted basis. See the accompanying table for a reconciliation of non-GAAP financial measures.

### Fourth-Quarter Results

For the fourth quarter of 2007, TXCO had net income attributable to common stock of \$1.8 million, or \$0.05 per share, compared with a net loss of \$4.4 million, \$0.13 per share, in fourth-quarter 2006. TXCO's revenues for the three months ended December 31, 2007, were more than double the same period in the prior-year period, \$32.1 million compared with \$15.3 million. Oil and gas sales also were more than double the 2006 quarter, \$28.9 million versus \$12.1 million. Oil and gas volumes increased to 2.4 bcfe, compared with 1.5 bcfe in fourth-quarter 2006.

### Continuing Reserve Growth

Proved reserves increased sharply through both the Output acquisition and drilling. Net proved reserves at the end of 2007 were a record 91.8 bcfe, up from TXCO's estimated proved reserves of 41.4 bcfe at year-end 2006. Combined with record 2007 oil and gas sales of 7.9 bcfe, gross reserve additions were 58.3 bcfe, including 18.5 bcfe via the drillbit, before acquisitions. Overall, TXCO had a 731 percent all-source reserve replacement rate. Estimated, pre-tax future net cash flows discounted at 10 percent (PV-10) for proved reserves at year-end 2007 were \$373 million, based on adjusted commodity prices of \$92.75 per barrel for crude oil and \$6.445 per mmBtu for natural gas. TXCO's year-end 2006 PV-10 stood at \$92.7 million.

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The Company's reserve life index rose to 11.5 years, compared with seven years at year-end 2006. Its reserve mix at year end consisted of 54 percent oil and 46 percent gas, of which approximately 59 percent was proved developed.

All reserve estimates were prepared by the independent engineering firms of DeGolyer and MacNaughton and William M. Cobb & Associates Inc. in accordance with Securities and Exchange Commission and Financial Accounting Standards Board requirements.

### Management Perspective

"We began 2008 as a different company following the landmark changes that followed our acquisition of Output Exploration during 2007," said Chairman and CEO James E. Sigmon. "We continue to build on the valuable assets we gained in the Output transaction. I see more potential than ever before to create greater shareholder value through such exciting projects as the San Miguel oil sands, Pearsall gas resource play, Glen Rose Porosity oil play and Fort Trinidad Glen Rose shoals. I remain confident that we will see stronger continuing growth in production, reserves, profitability and shareholder value in 2008 and going forward."

### Conference Call and Webcast

TXCO has scheduled a conference call for 10 a.m. CDT (11 a.m. EDT) Tuesday, March 11, 2008, to discuss 2007 financial results and current operations. The call will be broadcast live via the Company's Web site at <http://www.txco.com/concall.html> or by telephone at (877) 387-9209 in the U.S. and Canada and (706) 643-3820 for international callers. Passcode is 34954051. A replay will be available through Thursday, March 13, 2008, at (800) 642-1687 (U.S./Canada) and (706) 645-9291 (international) with the same passcode, and for 30 days at <http://www.txco.com/concall.html>.

Also, the Company will webcast its presentation at this week's Dahlman Rose & Co. Energy Supply Chain Conference in New York and Boston. Mr. Sigmon's New York presentation is scheduled to start at 10:30 a.m. CDT (11:30 a.m. EDT) Wednesday, March 12. The webcast will be available via TXCO's Web site at <http://www.txco.com/presentation.html>, and will be archived for future reference.

### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

### Important Information

TXCO Resources filed a preliminary proxy statement with the Securities and Exchange Commission ("SEC") on March 10, 2008, in connection with the election of directors and other actions to be taken at the 2008 Annual Meeting of Stockholders. TXCO Resources will soon be filing with the SEC and mailing to its stockholders a definitive proxy statement and WHITE proxy card in connection with the 2008 Annual Meeting of Stockholders. As required by the SEC, you are urged to read the preliminary proxy statement and the definitive proxy statement (as well as any amendments or supplements thereto) relating to the 2008 Annual Meeting of Stockholders when they become available because they contain important information. After being filed with the SEC, you will be able to obtain the preliminary proxy statement and the definitive proxy statement (as well as any amendments or supplements thereto) and other relevant documents free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov). In addition, copies of the definitive proxy statement and other relevant documents will be made available for free to any TXCO stockholder who makes a request to TXCO's Corporate Secretary and Vice President-Capital Markets, Roberto R. Thomae, at (210) 496-5300 (ext. 214) or 777 East Sonterra Blvd., Suite 350, San Antonio, Texas 78258.

- More -

TXCO Resources and its directors, executive officers and other employees may be deemed to be participants in the solicitation of proxies in connection with the 2008 Annual Meeting of Stockholders. Information regarding the names and interests of these persons in connection with the 2008 Annual Meeting of Stockholders was included in the preliminary proxy statement, filed with the SEC on March 10, 2008, as such information may be supplemented or amended by the definitive proxy statement. In addition, TXCO Resources files annual, quarterly and special reports, proxy and information statements, and other information with the SEC. These documents are available free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov) or from TXCO at [www.txco.com](http://www.txco.com).

#### Forward-Looking Statements

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(Financial Information and Selected Operational Tables Follow)

**TXCO RESOURCES INC.**  
**Condensed Consolidated Balance Sheets**  
(Unaudited)

<i>(in thousands)</i>	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and equivalents	\$9,831	\$3,882
Accounts receivable:		
Joint interest owners	4,167	3,321
Oil and gas sales	13,785	5,811
Federal income tax	4,974	4,468
Prepaid expenses and other	2,989	887
Total Current Assets	35,746	18,369
<b>Property and Equipment</b> , net - successful efforts method of accounting for oil and gas properties	314,941	119,574
<b>Other Assets</b>		
Deferred tax asset	-	5,310
Deferred financing fees	2,613	60
Other assets	1,307	488
Total Other Assets	3,920	5,858
<b>Total Assets</b>	\$354,607	\$143,801

**TXCO RESOURCES INC.**  
**Condensed Consolidated Balance Sheets**  
(Unaudited)

	<b>December 31</b>	
<i>(in thousands, except shares and per share amounts)</i>	<b>2007</b>	<b>2006</b>
<b>Liabilities And Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable, trade	<b>\$11,345</b>	\$7,969
Other payables and accrued liabilities	<b>39,916</b>	6,433
Undistributed revenue	<b>2,401</b>	1,035
Notes payable	<b>399</b>	267
Derivative settlements payable	<b>475</b>	70
Preferred dividends payable	<b>397</b>	-
Accrued derivative obligation - short-term	<b>4,725</b>	321
Total Current Liabilities	<b>59,658</b>	16,095
<b>Long-Term Liabilities</b>		
Long-term debt	<b>100,000</b>	2,351
Deferred income taxes	<b>12,007</b>	-
Accrued derivative obligation - long-term	<b>3,993</b>	-
Asset retirement obligation	<b>4,233</b>	1,703
Total Long-Term Liabilities	<b>120,233</b>	4,054
<b>Commitments and Contingencies</b>	-	-
<b>Stockholders' Equity</b>		
Preferred stock; authorized 10,000,000 shares, Series A, -0- shares issued and outstanding Series B, -0- shares issued and outstanding Series C, 55,000 shares issued and outstanding	<b>1</b>	-
Common stock, par value \$0.01 per share; authorized 50,000,000 shares, issued 34,269,038 and 33,290,698 shares, and outstanding 34,150,619 and 33,190,898	<b>343</b>	333
Additional paid-in capital	<b>177,030</b>	122,108
Retained earnings	<b>3,561</b>	2,619
Accumulated other comprehensive loss, net of tax	<b>(5,754)</b>	(1,162)
Less treasury stock, at cost, 118,419 shares and 99,800 shares	<b>(465)</b>	(246)
Total Stockholders' Equity	<b>174,716</b>	123,652
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$354,607</b>	\$143,801

**TXCO RESOURCES INC.**  
**Condensed Consolidated Statements of Operations**  
(Unaudited)

**Years Ended December 31**

<i>(in thousands, except earnings per share data)</i>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Revenues</b>			
Oil and gas sales	<b>\$81,753</b>	\$56,520	\$38,533
Gas gathering operations	<b>11,958</b>	15,853	28,430
Other operating income	<b>195</b>	45	37
Total Revenues	<b>93,906</b>	72,418	67,000
<b>Costs and Expenses</b>			
Lease operations	<b>14,105</b>	7,248	6,470
Production taxes	<b>4,672</b>	2,551	2,180
Exploration expenses	<b>1,222</b>	2,968	3,266
Impairment and abandonments	<b>1,983</b>	1,722	1,406
Gas gathering operations	<b>13,257</b>	16,255	28,312
Depreciation, depletion and amortization	<b>36,202</b>	23,840	12,597
General and administrative	<b>12,058</b>	7,298	5,439
Total Costs and Expenses	<b>83,499</b>	61,882	59,670
<b>Income from Operations</b>	<b>10,407</b>	10,536	7,330
<b>Other Income (Expense)</b>			
Interest income	<b>329</b>	550	89
Interest expense	<b>(9,686)</b>	(269)	(2,920)
Loan fee amortization	<b>(554)</b>	(216)	(132)
Derivative mark-to-market gain (loss)	-	1,995	(2,128)
Derivative settlements loss	-	(2,686)	(9,115)
Gain (loss) on sale of assets	<b>1</b>	(8)	24,540
Total Other Income (Expense), Net	<b>(9,910)</b>	(634)	10,334
Income before income taxes	<b>497</b>	9,902	17,664
Income tax expense (benefit) -- current	<b>(5,301)</b>	1,232	4,851
deferred	<b>4,458</b>	1,429	(928)
<b>Net Income</b>	<b>1,340</b>	7,241	13,741
Preferred dividends	<b>397</b>	-	-
<b>Net Income Available to Common Stockholders</b>	<b>\$ 943</b>	\$7,241	\$13,741
<b>Earnings Per Share:</b>			
Basic	<b>\$0.03</b>	\$0.23	\$0.48
Diluted	<b>\$0.03</b>	\$0.22	\$0.48
Weighted average number of common shares outstanding:			
Basic	<b>33,422</b>	31,916	28,444
Diluted	<b>34,740</b>	33,247	28,885

**TXCO RESOURCES INC.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

<i>(in thousands)</i>	Years Ended December 31		
	2007	2006	2005
<b>Operating Activities</b>			
Net (loss) income	<b>\$1,340</b>	\$7,241	\$13,741
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	<b>36,756</b>	24,056	12,597
Impairments, abandonments and dry hole costs	<b>2,436</b>	1,722	1,406
(Gain) loss on sale of assets	<b>(1)</b>	8	(24,540)
Deferred tax expense (benefit)	<b>4,458</b>	1,560	(928)
Non-cash interest expense - redeemable preferred stock	<b>-</b>	-	684
Non-cash compensation expense	<b>2,824</b>	1,207	-
Non-cash derivative mark-to market (gain) loss	<b>-</b>	(1,995)	2,128
Non-cash change in components of OCI	<b>1,524</b>	806	-
Payment to terminate cash flow hedge			(2,356)
Changes in operating assets and liabilities:			
Receivables	<b>(8,820)</b>	213	(984)
Prepaid expenses and other	<b>(6,027)</b>	747	(469)
Accounts payable and accrued expenses	<b>35,590</b>	(2,342)	44
Current income taxes (receivable) payable	<b>(688)</b>	(8,499)	4,937
Net cash provided by operating activities	<b>69,392</b>	24,724	6,260
<b>Investing Activities</b>			
Development and purchases of oil and gas properties	<b>(117,311)</b>	(52,927)	(49,672)
Purchase of subsidiary	<b>(95,994)</b>	-	-
Purchase of other equipment	<b>(3,105)</b>	(6,941)	(37)
Proceeds from sale of oil and gas properties and other assets	<b>6,001</b>	23	78,002
Net cash provided (used) by investing activities	<b>(210,409)</b>	(59,845)	28,293
<b>Financing Activities</b>			
Issuance of preferred stock, net of expenses	<b>52,777</b>	-	-
Purchase of lower call option	<b>(21,569)</b>	-	-
Proceeds from sale of upper call option	<b>17,852</b>	-	-
Proceeds from bank credit facility	<b>168,500</b>	13,450	15,001
Payments on bank credit facility	<b>(70,851)</b>	(11,100)	(32,099)
Payments on installment and other obligations	<b>(577)</b>	(489)	(1,761)
Proceeds from installment and other obligations	<b>710</b>	494	356
Redemption of preferred stock		-	(16,000)
Purchase of treasury shares	<b>(219)</b>	-	-
Proceeds from issuance of common stock, net of expenses	<b>343</b>	30,565	2,915
Net cash provided (used) by financing activities	<b>146,966</b>	32,920	(31,588)
Change in Cash and Equivalents	<b>5,949</b>	(2,201)	2,965
Cash and Equivalents at Beginning of Year	<b>3,882</b>	6,083	3,118
Cash and Equivalents at End of Year	<b>\$9,831</b>	\$3,882	\$6,083
<b>Supplemental Disclosures:</b>			
Cash paid for interest	<b>\$7,855</b>	\$213	\$3,224
Cash paid for income taxes	<b>415</b>	10,581	158

**TXCO RESOURCES INC.**  
**SELECTED QUARTERLY FINANCIAL INFORMATION**  
**SELECTED FINANCIAL INFORMATION - BALANCE SHEET**

<i>(in thousands)</i>	<b>2007 4TH QUARTER</b>	<b>2006 4TH QUARTER</b>
Current Assets	\$ 35,746	\$ 18,369
Property and Equipment - Net	314,941	119,574
Other Assets	<u>3,920</u>	<u>5,858</u>
Total Assets	<u>\$ 354,607</u>	<u>\$ 143,801</u>
Current Liabilities	\$ 59,658	\$ 16,095
Long-Term Liabilities	120,233	4,054
Stockholders' Equity	<u>174,716</u>	<u>123,652</u>
Total Liabilities and Stockholders' Equity	<u>\$ 354,607</u>	<u>\$ 143,801</u>

**TXCO RESOURCES INC.**  
**SELECTED QUARTERLY FINANCIAL INFORMATION**  
**SELECTED FINANCIAL INFORMATION - INCOME STATEMENT**

<u>(in thousands, except per share data)</u>	<b>2007</b> <b>4TH</b> <b><u>QUARTER</u></b>	<b>2006</b> <b>4TH</b> <b><u>QUARTER</u></b>
Revenues		
Oil and gas sales	\$ 28,880	\$ 12,131
Gas gathering operations	3,086	3,123
Other	<u>111</u>	<u>6</u>
Total Revenues	32,077	15,260
Costs and Expenses		
Lease operations	4,071	1,920
Production taxes	1,657	381
Exploration expenses	300	2,008
Impairments and abandonments	1,693	628
Gas gathering operations	3,587	3,326
Depreciation, depletion and amortization	10,985	12,948
General and administrative	<u>4,062</u>	<u>1,632</u>
Total Costs and Expenses	<u>26,355</u>	<u>22,843</u>
Income (loss) from Operations	5,722	(7,583)
Other Income (Expense)		
Interest income	91	79
Interest expense	(3,319)	(60)
Loan fee amortization	(210)	(42)
Derivative mark-to-market gain	-	208
Derivative settlements (loss)	-	(146)
Gain on sale of assets	<u>1</u>	<u>3</u>
Total Other Income (Expense)	<u>(3,437)</u>	<u>42</u>
Income (loss) before income tax	2,285	(7,541)
Income tax (benefit) expense	<u>118</u>	<u>(3,138)</u>
Net Income (Loss)	2,167	(4,403)
Preferred dividends	<u>397</u>	<u>-</u>
Net Income (Loss) Available to Common Stockholders	<u>\$ 1,770</u>	<u>\$ (4,403)</u>

**TXCO RESOURCES INC.**  
**SELECTED QUARTERLY FINANCIAL INFORMATION**  
**SELECTED FINANCIAL INFORMATION - INCOME STATEMENT (continued)**

<u>(in thousands, except per share data)</u>	<b>2007</b> <b>4TH</b> <b>QUARTER</b>	<b>2006</b> <b>4TH</b> <b>QUARTER</b>
EBITDA*	\$ <u>20,039</u>	\$ <u>6,227</u>
EBITDAX*	\$ <u>20,339</u>	\$ <u>8,325</u>
Earnings per share – Reported		
Basic	\$ 0.05	\$ (0.13)
Diluted	\$ 0.05	\$ (0.13)
EBITDA per share		
Basic	\$ 0.60	\$ 0.19
Diluted	\$ 0.57	\$ 0.18
EBITDAX per share		
Basic	\$ 0.61	\$ 0.25
Diluted	\$ 0.58	\$ 0.24
Weighted average number of common shares outstanding		
Basic	33,619	32,816
Diluted	34,987	33,908
Sales volumes - Oil and Gas		
Gas (MMcf)	607	240
Oil (MBbl)	<u>295</u>	<u>204</u>
Equivalent (MMcfe)	<u>2,376</u>	<u>1,464</u>

\* See attached table for a reconciliation of these non-GAAP financial measures.

**TXCO RESOURCES INC.**  
**SELECTED QUARTERLY FINANCIAL INFORMATION**  
**SELECTED FINANCIAL INFORMATION - CASH FLOWS**

<i>(in thousands)</i>	<b>2007 4TH QUARTER</b>	<b>2006 4TH QUARTER</b>
Net income (loss)	\$ 2,167	\$ (4,403)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, depletion and amortization	11,194	12,990
Impairments, abandonments and dry hole costs	1,693	628
Gain on sale of assets	(1)	(3)
Deferred tax expense	119	3,079
Non-cash change in components of other comprehensive income	-	806
Non-cash compensation expense	1,640	233
Non-cash derivative mark-to-market (gain) loss	-	(208)
Changes in operating assets and liabilities	<u>25,244</u>	<u>(2,348)</u>
Net cash provided by operating activities	<u>\$ 42,056</u>	<u>\$ 10,774</u>
Capital Expenditures	<u>\$ 49,170</u>	<u>\$ 15,711</u>

**TXCO Resources Inc.**  
**SELECTED OPERATING DATA**

<i>(\$'s in thousands, except average prices)</i>	<b>Year Ended December 31,</b>	
	<b><u>2007</u></b>	<b><u>2006</u></b>
Net cash provided in operating activities	\$ 69,392	\$ 24,724
Ebitdax *	54,162	40,273
Ebitda *	52,939	37,305
Debt to asset ratio	28.3%	1.8%
Sales		
Oil:		
Sales, in mBbl	974	791
Average realized sales price per barrel, excluding hedging impact	\$ 71.11	\$ 62.56
Natural Gas:		
Sales, in mmcf **	2,125	1,104
Average realized sales price per mcf, excluding hedging impact	\$ 7.26	\$ 7.18
Equivalent Basis:		
Sales in mBOE	1,328	975
Average realized sales price per BOE, excluding hedging impact	\$ 63.77	\$ 58.88
Sales in mmcfe **	7,971	5,852
Average realized sales price per mcfe, excluding hedging impact	\$ 10.63	\$ 9.81
Other Operating Data		
Total lifting costs	\$ 18,558	\$ 9,800
Lifting costs per mcfe	\$ 2.33	\$ 1.67
Sales volume - oil properties - mBbl	955	785
Oil prop. lifting costs-oil (Incl Prod & Sev Tax)	\$ 13,742	\$ 7,803
Oil prop. lifting costs per barrel	\$ 14.39	\$ 9.94
Glen Rose Porosity sales volume - mBbl	705	683
Glen Rose Porosity lifting costs per barrel	\$ 8.99	\$ 6.37
Sales volume - gas properties - mcf **	2,048	1,023
Gas prop. lifting costs-gas (Incl Prod & Sev Tax)	\$ 2,354	\$ 1,958
Gas prop. lifting costs per mcf	\$ 1.15	\$ 1.91
Total depletion cost per BOE	\$ 27.06	\$ 24.26
Total depletion cost per mcfe	\$ 4.50	\$ 4.04

\* See attached table for a reconciliation of these non-GAAP financial measures.

**TXCO Resources Inc.**  
**EBITDA And EBITDAX Reconciliation To Net Income**  
**And Net Cash Provided For The Periods Indicated**

(\$ Thousands)	Fourth Quarter of		Full Year	
	2007	2006	2007	2006
Net cash provided by operating activities	42,056	10,774	69,392	24,724
Change in operating assets and liabilities	25,244	(2,348)	20,055	(9,881)
Operating cash flow before change in operating assets & liabilities	16,811	13,123	49,337	34,605
Deferred income taxes	(119)	(3,079)	(4,458)	(1,560)
Interest, net	3,228	(19)	9,357	(281)
Net impact of hedges	-	(660)	-	1,880
Income tax	119	(3,138)	(843)	2,662
Exploration costs	300	2,008	1,222	2,968
Dry hole costs	-	-	(454)	-
EBITDAX	20,339	8,235	54,162	40,273
Less: Exploration costs	300	2,008	1,222	2,968
EBITDA	20,039	6,227	52,939	37,305
<u>Less:</u>				
(Gain) loss on sale of assets	(1)	(3)	(1)	8
Income tax expense	119	(3,138)	(843)	2,661
Impairment & abandonments	1,693	628	1,983	1,722
Derivative (gain) loss	-	(61)	1,524	691
Interest, net	3,228	(19)	9,357	(281)
Non cash compensation	1,639	234	2,824	1,207
DD&A	11,195	12,989	36,756	24,056
Net income (loss)	2,167	(4,403)	1,340	7,241

EBITDAX is earnings before income taxes, interest, depreciation, depletion, amortization, impairment, abandonment and exploration expense. EBITDA equals EBITDAX less exploration expense. We believe EBITDA and EBITDAX provide a more complete analysis of TXCO's operating performance and debt servicing ability relative to other companies, and of our ability to fund capital expenditure and working capital requirements.

These measures are widely used by investors and rating agencies. EBITDA, with certain negotiated adjustments, is referenced in TXCO's financial covenants and required in reporting under our credit facility. EBITDA and EBITDAX are not measures of financial performance under GAAP. Accordingly, they should not be considered as substitutes for net income, income from operations, or cash flow provided by operating activities prepared in accordance with GAAP.

Columns may not foot due to rounding.



**For Immediate Release  
Tuesday, March 18, 2008**

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## **TXCO RESOURCES REACHES SETTLEMENT AGREEMENT WITH STOCKHOLDER THIRD POINT LLC**

SAN ANTONIO, Texas, and NEW YORK, N.Y., March 18, 2008 – TXCO Resources Inc. (Nasdaq: TXCO) and Third Point LLC today announced that they have reached a settlement agreement in a lawsuit pending in the Delaware Court of Chancery and a related proxy contest in which Third Point sought to seat three directors on TXCO’s Board of Directors.

As part of the settlement, TXCO has agreed to appoint two of Third Point’s director nominees – Jacob Roorda and Anthony Tripodo – to the Company’s Board, effective immediately. They will replace current directors James L. Hewitt, J. Michael Muckleroy and Robert L. Foree, Jr., who have agreed to step down. Concurrently, Muckleroy has been re-appointed by TXCO’s Board as a Class B director to fill the vacancy created by Hewitt’s resignation.

Roorda and Tripodo will be among the three Company-nominated Class A directors who will stand for re-election for three-year terms at TXCO’s upcoming annual meeting, according to the agreement. Current director Dennis B. Fitzpatrick also will stand for re-election as a Class A director.

Also as part of the settlement, Third Point has agreed to dismiss its lawsuit seeking to nullify the Company’s January 2008 appointment of Hewitt to TXCO’s Board.

“We believe this settlement agreement is in the best interest of all of our stockholders,” said TXCO Chief Executive Officer James E. Sigmon. “Third Point’s two representatives will bring many years of valuable experience in the exploration and production and oilfield services businesses to our Board. Our goal is to build stockholder value, and we look forward to working with them collaboratively to achieve that goal,” he said.

Daniel Loeb, Third Point’s Chief Executive Officer, added, “We are pleased to have resolved our differences with TXCO amicably. We look forward to working together constructively towards our shared objective of enhancing value for all TXCO stockholders.”

Roorda is President of Harvest Energy Trust, a Calgary-based oil and gas exploration and production trust. Tripodo is Executive Vice President and Chief Financial Officer of Tesco Corp., a Houston-based oilfield services technology company.

– More –

In connection with the settlement agreement, TXCO will be filing an amended Proxy Statement with the U.S. Securities and Exchange Commission listing the new slate of Company-nominated director candidates along with certain other items that require stockholder approval. TXCO stockholders will be asked to vote on these matters at the Company's annual meeting.

#### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build stockholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

#### Important Information

TXCO Resources filed a preliminary proxy statement with the Securities and Exchange Commission ("SEC") on March 10, 2008, in connection with the election of directors and other actions to be taken at the 2008 Annual Meeting of Stockholders. TXCO Resources will soon be filing with the SEC a revised proxy statement and mailing to its stockholders a definitive proxy statement and proxy card in connection with the 2008 Annual Meeting of Stockholders. As required by the SEC, you are urged to read the Company's definitive proxy statement (as well as any amendments or supplements thereto) relating to the 2008 Annual Meeting of Stockholders when it becomes available because it contains important information. After being filed with the SEC, you will be able to obtain the definitive proxy statement (as well as any amendments or supplements thereto) and other relevant documents free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov). In addition, copies of the definitive proxy statement and other relevant documents will be made available for free to any TXCO stockholder who makes a request to TXCO's Corporate Secretary and Vice President-Capital Markets, Roberto R. Thomae, at (210) 496-5300 (ext. 214) or 777 East Sonterra Blvd., Suite 350, San Antonio, Texas 78258.

TXCO Resources and its directors, executive officers and other employees may be deemed to be participants in the solicitation of proxies in connection with the 2008 Annual Meeting of Stockholders. Information regarding the names and interests of these persons in connection with the 2008 Annual Meeting of Stockholders was included in the preliminary proxy statement, filed with the SEC on March 10, 2008, as such information may be supplemented or amended by the definitive proxy statement. In addition, TXCO Resources files annual, quarterly and special reports, proxy and information statements, and other information with the SEC. These documents are available free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov) or from TXCO at [www.txco.com](http://www.txco.com).

#### Forward-Looking Statements

Statements in this press release that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include those relating to intended litigation strategies and the outcome of legal proceedings. Investors are cautioned that all forward-looking statements involve risks and uncertainty that are beyond TXCO's ability to control or predict. TXCO undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise. More information about potential risk factors is included in TXCO's annual report on Form 10-K for the year ended Dec. 31, 2007. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge upon request from the Company.

# # #



**For Immediate Release**  
**Wednesday, April 2, 2008**

**Contact Information**  
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## **TXCO RESOURCES TO PRESENT AT TWO CONFERENCES**

SAN ANTONIO – April 2, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced Chairman and CEO James E. Sigmon and Vice President-Capital Markets Roberto R. Thomae will update investors and analysts on TXCO’s growth and strategy at two upcoming investor conferences:

- The Independent Petroleum Association of America’s Oil & Gas Investment Symposium, set for April 7-9 in New York. Mr. Sigmon’s presentation is scheduled to start at 1:35 p.m. EDT (12:35 p.m. CDT) Monday, April 7. A webcast of his presentation will be available via the Internet on TXCO’s Web site at <http://www.txco.com/presentation.html>, and will be archived for future reference.
- Howard Weil’s 36<sup>th</sup> annual Energy Conference, scheduled for April 6-10 in New Orleans. A copy of Mr. Sigmon’s presentation, scheduled for Thursday, April 10, will be available on TXCO’s Web site at the above address.

### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO’s business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq’s Global Select Market under the symbol “TXCO.”

More information about potential factors that could affect the Company’s operating and financial results is included in TXCO’s annual report on Form 10-K for the year ended Dec. 31, 2007. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO’s Web site at [www.txco.com](http://www.txco.com). Copies are available without charge upon request from the Company.



**For Immediate Release  
Thursday, April 3, 2008**

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## **TXCO RESOURCES ANNOUNCES POSTPONEMENT OF 2008 ANNUAL MEETING OF STOCKHOLDERS**

SAN ANTONIO – April 3, 2008 – TXCO Resources Inc. (Nasdaq: TXCO) announced today that it is postponing its 2008 Annual Meeting of Stockholders to Friday, May 30, 2008, from Friday, May 9, 2008, in order to include additional proposals required to be included in its proxy statement in connection with the previously announced Settlement Agreement with Third Point LLC.

The Company intends to file a new preliminary proxy statement containing the new proposals with the Securities and Exchange Commission (SEC) in the near future and will distribute a definitive proxy statement to its stockholders following the applicable SEC review process. TXCO's Board of Directors decided to postpone the 2008 Annual Meeting to ensure that stockholders have sufficient time to properly evaluate the proposals set forth in the proxy statement and register their votes for the 2008 Annual Meeting.

"We consider the proposals in our proxy statement to be of considerable importance to the future of the Company and the interests of all stockholders and we want to ensure that everyone has the opportunity to carefully evaluate our proposals and cast their votes accordingly," said CEO James E. Sigmon.

TXCO is also resetting the record date for the 2008 Annual Meeting, as postponed. Stockholders of record at the close of business on Monday, April 14, 2008, the new record date for the 2008 Annual Meeting, will be entitled to notice of, and to vote at, the meeting. The time and place of the 2008 Annual Meeting will remain as previously announced at 10 a.m., Central Daylight Time, at The Petroleum Club of San Antonio, 8620 North New Braunfels Avenue, San Antonio, Texas 78217.

### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build stockholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

– More –

### Forward-Looking Statements

Statements in this press release that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward-looking statements involve risks and uncertainty that are beyond TXCO's ability to control or predict. TXCO undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise. More information about potential risk factors is included in TXCO's annual report on Form 10-K for the year ended December 31, 2007. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge upon request from the Company.

– 30 –



**For Immediate Release**  
**Friday, April 4, 2008**

**Contact Information**  
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## **TXCO RESOURCES SIGNS EXPLORATION AGREEMENT EXPANDING ITS MAVERICK BASIN PEARSALL RESOURCE PLAY**

SAN ANTONIO – April 4, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced it has signed an agreement with Anadarko Petroleum Corporation (NYSE:APC) that gives rights to drill the Pearsall and Eagleford shale gas resource plays on Anadarko’s 349,000 gross acres in the Maverick Basin of Southwest Texas. In addition, TXCO has entered into an agreement with St. Mary Land & Exploration Company (NYSE:SM) whereby St. Mary will participate with TXCO in the development of the Anadarko acreage.

Under the joint exploration agreement, TXCO and St. Mary can earn certain interests in Anadarko’s lease block by drilling four horizontal wells in the Pearsall and/or Eagleford formations by year-end 2008. TXCO and St. Mary have the option to extend the drilling program through year-end 2013, at which time TXCO and St. Mary could earn as much as a 50 percent working interest in the acreage that will be split equally. After the wells are completed, Anadarko would retain a 50 percent carried working interest and serve as operator. TXCO will operate the drilling and completing of the four proposed 2008 wells, sharing costs equally with St. Mary. TXCO is preparing to spud the first of these wells in April.

Anadarko’s leasehold of 349,000 gross acres is located in Maverick, Dimmit, Webb and LaSalle counties, generally south and east of the 708,000 gross acres TXCO holds in Maverick, Dimmit and Zavala counties.

“The Pearsall shale gas resource play is one of our key growth catalysts,” said CEO James E. Sigmon. “TXCO’s initial results in drilling the Pearsall shale have been encouraging, and we believe this unconventional, tight gas formation has great potential to create new production and reserves for TXCO and our two fine partners in this promising joint venture. The Eagleford shale is a major source for hydrocarbons in the Maverick Basin and has the potential of developing into a large resource play.”

– More –

### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

### Forward-Looking Statements

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**For Immediate Release  
Monday, April 7, 2008**

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### **TXCO RESOURCES CLOSES ADDITIONAL PRIVATE PREFERRED STOCK TRANSACTION**

SAN ANTONIO – April 7, 2008 – TXCO Resources Inc. (Nasdaq: TXCO) today announced the successful closing of its private placement of an additional 13,909 shares, or \$13,909,000, of Series D Convertible Preferred Stock, effective April 4, 2008. Pursuant to the Securities Purchase Agreement entered into on February 28, 2008, the buyers had an option to purchase additional shares of Series D Convertible Preferred Stock by delivering written notice to the Company on or prior to March 20, 2008. On March 20, 2008, the Company received a notice from one of the buyers electing to exercise its option to purchase an additional 13,909 shares of Series D Convertible Preferred Stock at a purchase price of \$1,000 per share.

Details regarding the private placement are more fully discussed in a Form 8-K filed with the Securities and Exchange Commission on April 7, 2008.

Lazard Frères & Co. LLC served as lead placement agent in the private offering. BMO Capital Markets Corp. served as co-placement agent.

#### About TXCO Resources

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**For Immediate Release**  
**Monday, April 28, 2008**

**Contact Information**  
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## **TXCO RESOURCES ANNOUNCES CONFERENCE CALL TO DISCUSS FIRST QUARTER FINANCIAL RESULTS AND CURRENT OPERATIONS**

SAN ANTONIO – April 28, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced a conference call with investors, analysts and other interested parties that is scheduled for 11:00 a.m. EDT on Tuesday, May 6, 2008, to discuss the release of its first quarter 2008 financial results and an operations update. You are invited to listen to the call, which will be broadcast live over the Internet at <http://www.txco.com/concall.html>. TXCO will release its results prior to the conference call.

Date: Tuesday, May 6, 2008  
Time: 11:00 a.m. EDT  
10:00 a.m. CDT  
9:00 a.m. MDT  
8:00 a.m. PDT  
Call: (877) 387-9209 (US/Canada) and (706) 643-3820 (International)  
Passcode 44595462  
Internet: Live and rebroadcast over the Internet: log on to <http://www.txco.com/concall.html>  
Replay: Available through Thursday, May 8, 2008, at (800) 642-1687 (US/Canada) and (706) 645-9291 (International) with passcode 44595462 and for 30 days at <http://www.txco.com/concall.html>.

### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

More information about potential factors that could affect the Company's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended Dec. 31, 2007. This and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge upon request from the Company.



**For Immediate Release**  
**Monday, May 5, 2008**

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**TXCO RESOURCES REPORTS RECORD FIRST-QUARTER EARNINGS,  
 UPDATES CURRENT OPERATIONS**

SAN ANTONIO – May 5, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today reported financial results for the quarter ended March 31, 2008, and provided an operations update. Highlights include record first-quarter:

- Net income, revenues and assets.
- Oil and gas volumes.
- Drilling activity.

First-Quarter Results

Net income attributable to common stock was \$3.3 million, equal to \$0.09 per share, compared with a net loss of \$1.9 million, or \$0.06 per share, for first-quarter 2007. Total revenues rose to \$32.3 million from \$11.2 million in the earlier period. Assets increased to \$384.1 million from \$354.6 million at year-end 2007.

Ebitda – earnings before income taxes, interest, depreciation, depletion, amortization, impairment and abandonment expense – was a first-quarter record \$19.2 million, up from \$4.4 million in the 2007 quarter. Ebitdax – Ebitda plus exploration expense – also was a quarterly record, \$19.8 million, compared with \$4.8 million a year earlier. Net cash used by operating activities was \$9.9 million, compared with net cash provided from operations of \$1.0 million in the year-earlier period. Before certain changes in operating assets and liabilities, net cash provided by operating activities for the three months was \$15.5 million, compared with \$9.7 million for the 2007 quarter. The changes include increases or decreases in current receivables, payables and prepaid expenses from the prior year-end balances.

All per-share amounts are on a diluted basis. See the accompanying table for a reconciliation of non-GAAP financial measures.

Both crude oil and natural gas volumes rose sharply compared with the 2007 quarter. Oil sales averaged 2,717 bopd, up 61 percent from 1,683 bopd in first-quarter 2007, while gas averaged 7.3 mmcf/d, up 192 percent from 2.5 mmcf/d a year earlier. The Company’s sales mix was 69 percent oil and 31 percent gas.

TXCO Estimated Quarterly Oil and Gas Sales Volumes*					
	1Q 2008*	1Q 2007	% Change	4Q 2007	% Change
Natural gas/mmcf	664,828	220,868	+201.0%	607,289	+9.5%
Oil/Bbls	247,248	151,460	+63.2%	294,809	-16.1%
Natural Gas Equivalent/mmcf	2,148	1,130	+90.0%	2,376	-9.6%
Barrels Oil Equivalent/boe	358,053	188,271	+90.0%	396,024	-9.6%
*1 <sup>st</sup> Quarter 2008 unaudited. mmcf=million cubic feet, mmcf=million cubic feet equivalent, Bbls=barrels, BOE=barrels of oil equivalent					

## Operations Update

TXCO has a record CAPEX program of more than \$125 million planned for this year with more than 100 wells budgeted. Currently, TXCO has a record 11 rigs operating, including seven on its core Maverick Basin acreage, one in the East Texas Fort Trinidad Field, two in Oklahoma and one offshore Louisiana. In the Maverick Basin, two rigs target the Glen Rose Porosity, three the Pearsall shale gas resource play and two target other formations.

On its Pearsall play, TXCO has drilled the first well horizontally and successfully fractured two of five intervals in the Cage 26-2 (50 percent working interest). The well averaged a little more than 1.1 mmcf/d for the first 30 days of production after the fracturing treatment and also is still producing 100 bwpd of fracturing fluid. Management is encouraged with the results in this first attempt at fracturing a horizontal Pearsall well.

A second Pearsall well, the Comanche 34-1 (38% WI) has been drilled horizontally and casing has been run in the lateral. The rig is currently moving to another well, the Meyers 2-683 (50% WI), and should spud shortly. The Briscoe Chupadera Ranch 1 (25% WI), a horizontal re-completion started in late April, and TXCO's third horizontal Pearsall well, is the first on Anadarko Petroleum Corp. acreage in the Maverick Basin, under an agreement announced by the firms in early April.

Glen Rose Porosity oil sales for the first quarter were 152,532 barrels, or 1,676 bopd, a 24percent increase from first-quarter 2007. Porosity sales seasonally declined from the fourth quarter, as in past years, due to an annual hunting season drilling moratorium on certain Maverick Basin leases that halts field activity from November into January. For April, production averaged approximately 2,100 bopd as normal drilling operations resumed during the first quarter, offset by a temporary production curtailment of certain non-operated wells due to a discharge permit renewal delay. Schlumberger presented its comprehensive reservoir optimization study in early May and the study is now under review by TXCO's technical staff with Schlumberger.

On TXCO's San Miguel oil sands pilot projects, installation is nearing completion on a second, 25 mmBtu steam generator for the Company's steam-assisted gravity drainage (SAGD) pilot project (50% WI). SAGD steam injection is expected to begin later in May. On the second, fracture-assisted steamflood technology (FAST) pilot (50% WI), drilling is nearly finished on a second horizontal production well. Two, 50 mmBtu steam generators are now scheduled for delivery in June and steam injection is expected to start in the third quarter.

In the East Texas Fort Trinidad Field, TXCO is completing its second Glen Rose well, the Forrest 3H (100% WI). Its first Glen Rose shoal project, the Forrest 2H (100% WI), went on production during the first quarter and in April averaged approximately 535 mmcf/d and 35 bc/d as it recovered water lost into the reservoir while drilling. The Company is moving in a second rig to expedite drilling in the field.

## Management Perspective

"We had an excellent first quarter," said CEO James E. Sigmon. "Our increased sales volumes, coupled with record oil and gas prices, created strong financial results during what is usually our weakest quarter each year.

"Meanwhile, our drilling activity currently is at a record pace," he added. "We're cautiously optimistic with the results of our initial Pearsall wells as we move ahead in the initial development of this exciting play. Coupled with our continued development of the Glen Rose Porosity play and other targets, I look forward to further growth in shareholder value as TXCO's production, reserves and profitability climb in what I expect to be a record year."

– More –

### Conference Call and Annual Meeting

TXCO has scheduled a conference call for 10 a.m. CDT (11 a.m. EDT) Tuesday, May 6, to discuss first-quarter financial results and current operations. The call will be broadcast live via the Company Web site at <http://www.txco.com/concall.html> or by telephone at (877) 387-9209 in the U.S. and Canada and (706) 643-3820 for international callers. Passcode is 44595462. A replay will be available through Thursday, May 8, at (800) 642-1687 (U.S./Canada) and (706) 645-9291 (international), same passcode, and for 30 days at <http://www.txco.com/concall.html>.

The 2008 annual meeting has been set for 10 a.m. CDT Friday, May 30, at the San Antonio Petroleum Club. All TXCO stockholders are invited to attend.

### About TXCO Resources

TXCO Resources, formerly The Exploration Company, is an independent oil and gas enterprise with interests in the Maverick Basin, the Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

### Forward-Looking Statements

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(Financial Information and Selected Operational Tables Follow)

**TXCO RESOURCES INC.**  
Condensed Consolidated Balance Sheets  
(Unaudited)

<i>(\$ in thousands)</i>	<b>March 31, 2008</b>	December 31, 2007
<b>Assets</b>		
<b>Current Assets</b>		
Cash and equivalents	\$1,469	\$9,831
Accounts receivable, net	22,291	17,952
Accounts receivable, subscribed stock	13,909	-
Federal income tax receivable	4,974	4,974
Prepaid expenses and other	2,720	2,989
Total Current Assets	45,363	35,746
<b>Property and Equipment</b> , net - successful efforts method of accounting for oil and gas properties	333,760	314,941
<b>Other Assets</b>		
Deferred financing fees	3,564	2,613
Other assets	1,458	1,307
Total Other Assets	5,022	3,920
<b>Total Assets</b>	<b>\$384,145</b>	<b>\$354,607</b>

**TXCO RESOURCES INC.**  
Condensed Consolidated Balance Sheets  
(Unaudited)

<i>(\$ in thousands)</i>	<b>March 31, 2008</b>	December 31, 2007
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable, trade	\$12,347	\$11,345
Other payables and accrued liabilities	18,510	39,916
Undistributed revenue	2,716	2,401
Notes payable	263	399
Derivative settlements payable	634	475
Preferred dividends payable	1,381	397
Accrued derivative obligation - short-term	7,336	4,725
Total Current Liabilities	43,187	59,658
<b>Long-Term Liabilities</b>		
Long-term debt	110,700	100,000
Deferred income taxes	10,328	12,007
Accrued derivative obligation - long-term	5,970	3,993
Asset retirement obligation	4,119	4,233
Total Long-Term Liabilities	131,117	120,233
<b>Stockholders' Equity</b>		
Preferred stock: authorized 10,000,000 shares;		
Series A & B, -0- shares issued and outstanding		
Series C, -0- and 55,000 shares issued and outstanding		
Series D, 55,000 and -0- shares issued and outstanding		
Series E, 20,000 and -0- shares issued and outstanding	1	1
Common stock, par value \$.01 per share; authorized 100,000,000 shares; issued 35,078,090 and 34,269,038 shares, outstanding 34,938,224 and 34,150,619 shares	350	343
Additional paid-in capital	198,223	177,030
Retained earnings	6,830	3,561
Accumulated other comprehensive loss, net of tax	(8,782)	(5,754)
Preferred stock subscribed (payment received April 7, 2008)	13,909	-
Less treasury stock, at cost, 139,866 and 118,419 shares	(690)	(465)
Total Stockholders' Equity	209,841	174,716
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$384,145</b>	<b>\$354,607</b>

**TXCO RESOURCES INC.**  
Condensed Consolidated Statements Of Operations  
(Unaudited)

<i>(in thousands, except earnings per share data)</i>	<b>Three Months Ended March 31, 2008</b>	Three Months Ended March 31, 2007
<b>Revenues</b>		
Oil and gas sales	\$28,648	\$8,725
Gas gathering operations	3,225	2,494
Other operating income	453	1
Total Revenues	32,326	11,220
<b>Costs and Expenses</b>		
Lease operations	4,232	2,660
Drilling operations	432	-
Production taxes	1,484	494
Exploration expenses	644	375
Impairment and abandonments	255	686
Gas gathering operations	3,387	2,881
Depreciation, depletion and amortization	11,275	4,916
General and administrative	4,031	1,804
Total Costs and Expenses	25,740	13,816
<b>Income (Loss) from Operations</b>	<b>6,586</b>	<b>(2,596)</b>
<b>Other Income (Expense)</b>		
Interest expense	(2,235)	(277)
Interest income	72	26
Loan fee amortization	(290)	(10)
Total Other Income (Expense)	(2,453)	(261)
Income (loss) before income taxes	4,133	(2,857)
Income tax (benefit) expense -- current	-	(5,266)
deferred	(119)	4,301
<b>Net Income (Loss)</b>	<b>4,252</b>	<b>(1,892)</b>
Preferred dividends	984	-
<b>Net Income (Loss) Available to Common Stockholders</b>	<b>\$3,268</b>	<b>\$(1,892)</b>
<b>Earnings (Loss) Per Share</b>		
Basic	\$0.10	\$(0.06)
Diluted	\$0.09	\$(0.06)

**TXCO RESOURCES INC.**  
Condensed Consolidated Statements Of Cash Flows  
(Unaudited)

<i>(in thousands, except earnings per share data)</i>	<b>Three Months Ended March 31, 2008</b>	Three Months Ended March 31, 2007
<b>Operating Activities</b>		
Net income (loss)	<b>\$4,252</b>	\$(1,892)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	<b>11,565</b>	4,926
Impairment, abandonments and dry hole costs	<b>255</b>	965
Deferred tax benefit/expense	<b>(119)</b>	4,301
Excess tax benefits from stock-based compensation	<b>(1,453)</b>	-
Non-cash compensation expense	<b>1,041</b>	226
Non-cash change in components of OCI	<b>-</b>	1,143
Changes in operating assets and liabilities:		
Receivables	<b>(4,340)</b>	(594)
Prepaid expenses and other	<b>(1,122)</b>	(4,410)
Accounts payable and accrued expenses	<b>(19,929)</b>	1,615
Current income taxes receivable/payable	<b>(1)</b>	(5,280)
Net cash (used) provided by operating activities	<b>(9,851)</b>	1,000
<b>Investing Activities</b>		
Development and purchases of oil and gas properties	<b>(26,404)</b>	(20,950)
Purchase of other equipment	<b>(174)</b>	(825)
Net cash used by investing activities	<b>(26,578)</b>	(21,775)
<b>Financing Activities</b>		
Proceeds from bank credit facility	<b>10,700</b>	20,500
Issuance of preferred stock, net of expenses	<b>19,139</b>	-
Purchase of lower call option	<b>(6,175)</b>	-
Proceeds from sale of upper call option	<b>4,842</b>	-
Cost of shares retired upon option exercises	<b>(2,414)</b>	-
Excess tax benefits from stock-based compensation	<b>1,453</b>	-
Proceeds from exercise of stock options	<b>850</b>	-
Proceeds from issuance of common stock, net of expenses	<b>33</b>	284
Purchase of treasury shares	<b>(225)</b>	(219)
Proceeds from installment and other obligations	<b>-</b>	119
Payments on installment and other obligations	<b>(136)</b>	(123)
Net cash provided by financing activities	<b>28,067</b>	20,561
<b>Change in Cash and Equivalents</b>	<b>(8,362)</b>	(214)
Cash and equivalents at beginning of period	<b>9,831</b>	3,882
<b>Cash and Equivalents at End of Period</b>	<b>\$1,469</b>	\$3,668

**TXCO RESOURCES INC.**  
SELECTED OPERATING DATA

<i>(\$'s in thousands, except average prices)</i>	<b>Three Months Ended</b>	
	<b><u>Mar. 31, 2008</u></b>	<b><u>Mar. 31, 2007</u></b>
Net cash (used) provided in operating activities	\$ (9,851)	\$ 1,000
Ebitdax *	19,801	4,750
Ebitda *	19,156	4,375
Debt to asset ratio	28.9%	13.9%
Sales		
Oil:		
Sales, in mBbl	247	151
Average realized sales price per barrel, excluding hedging impact	\$ 97.33	\$ 54.98
Natural Gas:		
Sales, in mmcf	665	221
Average realized sales price per mcf, excluding hedging impact	\$ 9.07	\$ 7.26
Equivalent Basis:		
Sales in mBOE	358	188
Average realized sales price per BOE, excluding hedging impact	\$ 84.25	\$ 52.74
Sales in mmcfe	2,148	1,130
Average realized sales price per mcfe, excluding hedging impact	\$ 14.04	\$ 8.79
Other Operating Data		
Total lifting costs	\$ 5,716	\$ 3,116
Total lifting costs per BOE	\$ 15.96	\$ 16.55
Total lifting costs per mcfe	\$ 2.66	\$ 2.76
Sales volume - oil properties - mBbl	237	149
Oil prop. lifting costs-oil (Incl Prod & Sev Tax)	\$ 4,223	\$ 2,516
Oil prop. lifting costs per barrel	\$ 17.80	\$ 16.90
Glen Rose Porosity sales volume - mBbl	153	123
Glen Rose Porosity lifting costs per barrel	\$ 10.02	\$ 12.57
Sales volume - gas properties - mmcf	619	209
Gas prop. lifting costs-gas (Incl Prod & Sev Tax)	\$ 981	\$ 544
Gas prop. lifting costs per mcf	\$ 1.60	\$ 2.61
Total depletion cost per BOE	\$ 31.26	\$ 25.78
Total depletion cost per mcfe	\$ 5.21	\$ 4.30

\* Please see the last page of this press release for a reconciliation of these non-GAAP financial measures.

**TXCO RESOURCES INC.**  
**EBITDA and EBITDAX RECONCILIATION TO NET INCOME**  
**AND NET CASH PROVIDED, PERIODS INDICATED**

<i>(\$ Thousands)</i>	<u>1Q08</u>	<u>1Q07</u>
Net cash provided by operating activities per CF Stmt	(9,851)	1,000
Change in operating assets and liabilities	<u>(25,391)</u>	<u>(8,669)</u>
Operating CF before change in operating assets & liabilities	15,541	9,670
Deferred income taxes	119	(4,301)
Cash portion of net interest expense	2,163	251
Excess benefit from stock-based compensation	1,453	-
Derivative settlements loss	-	1,143
Income tax	(119)	(965)
Exploration costs	644	375
Dry hole costs	-	(280)
Change in components of other comprehensive income	<u>-</u>	<u>(1,143)</u>
Ebitdax	19,801	4,750
Less: Exploration costs	<u>644</u>	<u>375</u>
Ebitda	19,156	4,375
Less:		
Loss (Gain) on sale of assets	-	-
Income tax expense	(119)	(965)
Impairment & abandonments	255	686
Derivative Loss (Gain)	-	1,143
Interest, net	2,163	251
Non cash compensation	1,041	226
DD&A	<u>11,565</u>	<u>4,926</u>
Net Income (Loss)	<u>4,252</u>	<u>(1,892)</u>

EBITDAX is earnings before income taxes, interest, depreciation, depletion, amortization, impairment, abandonment and exploration expense. EBITDA equals EBITDAX less exploration expense. We believe EBITDA and EBITDAX provide a more complete analysis of TXCO's operating performance and debt servicing ability relative to other companies, and of our ability to fund capital expenditure and working capital requirements.

These measures are widely used by investors and rating agencies. EBITDA, with certain negotiated adjustments, is referenced in TXCO's financial covenants and required in reporting under our credit facility. EBITDA and EBITDAX are not measures of financial performance under GAAP. Accordingly, they should not be considered as substitutes for net income, income from operations, or cash flow provided by operating activities prepared in accordance with GAAP.

Columns / rows may not foot / cross-foot due to rounding.



**For Immediate Release  
Monday, June 2, 2008**

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## **TXCO STOCKHOLDERS HEAR OPERATIONS UPDATE AT 2008 ANNUAL MEETING**

SAN ANTONIO – June 2, 2008 – Executives of TXCO Resources Inc. (Nasdaq:TXCO) provided stockholders with an update on current operations at the Company’s annual meeting, held Friday, May 30.

Chairman and CEO James E. Sigmon called 2007 “a pivotal year in our history” and said TXCO has “multiple projects that can bring continuing growth.” He added the Company has further expanded its record 2008 CAPEX to a range of \$125-135 million for more than 100 wells. A copy of the meeting presentation is available on the Company’s Web site at [www.txco.com/presentation.html](http://www.txco.com/presentation.html).

Approximately 84 percent of TXCO’s common shares were represented, either in person or by proxy. Stockholders approved the following four matters at the meeting:

- Election of three Class A directors, Dennis Fitzpatrick, Jacob Roorda and Anthony Tripodo.
- An amendment to TXCO’s 2005 Stock Incentive Plan.
- Adoption of the Company’s Overriding Royalty Purchase Plan.
- Ratification of the appointment of Akin, Doherty, Klein & Feuge P.C., certified public accountants, as independent auditors for 2008.

Following the stockholder meeting, the board of directors voted unanimously to reappoint all standing committee assignments, including current chairs. All members of the board’s committees are independent and outside directors.

The operations report focused on four projects currently under way – the Glen Rose Porosity oil play, San Miguel oil sands resource play, Glen Rose gas shoals in the Fort Trinidad Field of East Texas and the emerging Pearsall shale gas resource play.

Vice President and COO Jeff Bookout pointed out TXCO has had an 80 percent success rate in the Glen Rose Porosity since its 2002 discovery. He also discussed the comprehensive reservoir optimization study of the play, recently presented to the Company by Schlumberger. The study concluded the water-drive formation is unique as Schlumberger was unsuccessful in identifying an analogue field. Although no major operational suggestions were put forth in the report, several ideas will be tested while gaining more technical information on the reservoir, he added. TXCO will continue to drill in the structurally high positions in the Porosity. TXCO will also lower the pressure drop when producing the wells by either drilling longer laterals or reducing the initial production rates. The Company also plans to flow high water-cut wells at substantially increased rates to determine whether or not oil percentage stays constant when production rates are increased, as was indicated by the study.

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On the San Miguel oil sands, TXCO has started a pre-heat phase on its steam-assisted gravity drainage (SAGD) pilot, which will last 8-10 weeks before steam injection begins. On the separate fracture-assisted steamflood technology (FAST) pilot, drilling has been completed on the injection and production wells and two 50 mmBtu steam generators are now in transit from China and expected to arrive by the end of June.

Vice President-Exploration Gary Grinsfelder discussed the Fort Trinidad Field, which now has its third and fourth Glen Rose wells drilling. He added TXCO is currently drilling its fourth and fifth wells in the Maverick Basin's Pearsall shale gas resource play. Two of the wells are on production, one is in completion and two are drilling, with good gas shows. Company estimates place the Pearsall's resource potential at 4-6 Tcf, net to the Company.

#### About TXCO Resources

TXCO Resources is an independent oil and gas enterprise with interests in the Maverick Basin, the Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

#### Forward-Looking Statements

Statements in this press release that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include those relating to budget and drilling plans, capital expenditures, production levels, the timing, number and cost of wells to be drilled, new projects and expected results, and establishment of reserves. It is important to note that actual results may differ materially from the results predicted in any such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the costs of exploring and developing new oil and natural gas reserves, the price for which such reserves can be sold, environmental concerns affecting the drilling of oil and natural gas wells, as well as general market conditions, competition and pricing. TXCO undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise. More information about potential factors that could affect the Company's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended December 31, 2007, and Form 10-Q for the quarter ended March 31, 2008. This and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge, upon request from the Company.



**For Immediate Release  
Monday, June 30, 2008**

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## **TXCO RESOURCES NAMES GARY S. GRINSFELDER PRESIDENT**

SAN ANTONIO – June 30, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced the promotion of Gary S. Grinsfelder to the position of President of the Company. James E. Sigmon retains the positions of Chairman and Chief Executive Officer. Grinsfelder was Vice President of Exploration for TXCO before being named President.

Grinsfelder, 58, is a geologist with more than 30 years of industry experience. He joined the Company in April 2007 via its acquisition of Output Exploration LLC of Houston, where he served as Vice President of Exploration and Business Development.

In his new role, Grinsfelder will be part of the team responsible for driving TXCO's growth as well as managing the Company's land, exploration, legal, and investor relations and corporate communications departments.

"The move signals a more aggressive commitment to our future growth, and enhances the Company's capabilities to focus on specific core functions," said Sigmon. "Gary has blended in well with TXCO, and we're pleased to have promoted such a talented geoscientist at TXCO."

Prior to joining TXCO as part of the Output acquisition, Grinsfelder was Vice President of Exploration for Triad Energy and before that worked as a geologist for Spartan Petroleum Corp. He began his oil and gas career with Union Oil Co. of California. He holds a bachelor's degree in geology from Southern Methodist University and conducted graduate-level studies at the University of Puerto Rico and the University of Houston.

Grinsfelder, along with James J. "Jeff" Bookout, Vice President and Chief Operating Officer, and P. Mark Stark, Vice President, Treasurer and Chief Financial Officer, will continue to report to Sigmon.

### About TXCO Resources

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– More –

### Forward-Looking Statements

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**For Immediate Release**  
**Thursday, July 24, 2008**

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## **TXCO Resources Reports Record Oil and Gas Sales In First Half; Updates Current Operations**

SAN ANTONIO – July 24, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today provided estimated oil and gas sales volumes for the second quarter and first half of 2008 and updated current operations. Highlights include:

- Record combined oil and gas sales for both periods;
- Record Glen Rose Porosity oil sales;
- Eleven rigs drilling currently;
- A total of 59 wells spudded to date this year.

Net, second-quarter oil and gas sales were approximately 3,690 bopd and 9.3 mmcf, a combined rate of approximately 31.4 mmcfde, 33 percent above first-quarter 2008 and a 37 percent increase from last year's second quarter.

<b>TXCO Estimated Oil and Gas Sales Volumes*</b>						
	2Q 2008	2Q 2007	%Change	1H 2008	1H 2007	% Change
Natural gas/mmcf	844.9	644.5	+31.1%	1,510	865.3	+74.5%
Oil/bbls	336,138	240,621	+39.7%	583,386	392,081	+48.8%
Natural Gas Equivalent/mmcf	2,862	2,088	+37.0%	5,010	3,218	+55.7%
Barrels Equivalent/boe	476,963	348,034	+37.0%	835,015	536,306	+55.7%

\*2008 periods unaudited. mmcf=million cubic feet, bbls=barrels, boe=barrels of oil equivalent

### Operations Review

Currently, TXCO has 11 rigs running, including nine on its core Maverick Basin acreage and two in the East Texas Fort Trinidad Field. The Company has had record drilling activity this year with 59 wells started through mid July, and is on track to achieve its record 2008 CAPEX program of more than \$125 million, which calls for drilling or re-entering more than 100 wells.

In the Maverick Basin, the Glen Rose Porosity play had record quarterly sales of 226,024 barrels, or 2,484 bopd, a 40 percent increase above the year-earlier period and the highest quarterly total in the six-year history of the play. The Company has completed or spudded 18 of 35 Porosity wells scheduled for this year.

TXCO is now drilling or completing four wells targeting the Pearsall shale gas resource play. The Company performed a horizontal fracture treatment on the Comanche 34-1H (78 percent working interest) last week. Four stages were fraced and fluid flowback is under way with 600-900 mcf/d of gas at 590 psi flowing tubing pressure, rising slowly. While initial flowback results were lower than expected, 25 percent of the frac fluid has been recovered and gas flow is expected to increase as the well continues to clean-up.

Drilling has been completed and casing set on the Myers 2-683 (100% WI) and a multi-stage fracture stimulation is scheduled to start by the end of this month. The targeted horizontal lateral was fully cased and cemented while the first two fracture-stimulated Pearsall wells used uncemented liners. Utilizing a nearby offset well, TXCO also will conduct a microseismic survey that will capture key information from the stimulation treatment that will improve future frac designs. On the Briscoe-Chupadera 1ST (50% WI), the lateral currently is being re-drilled following mechanical problems with the initial horizontal wellbore. A fourth 2008 Pearsall well, the San Pedro 1H ST (50% WI), is expected to spud within the next few days.

On TXCO's San Miguel oil sands pilot projects, the initial formation pre-heat phase is under way on the steam-assisted gravity drainage (SAGD) pilot (50% WI). High-temperature steam injection is scheduled to start during the current quarter and should be followed by production in the fourth quarter. On the fracture-assisted steamflood technology (FAST) pilot (50% WI) installation is under way on two, 50 mmBtu steam generators that have been delivered from China. Steam injection for the pre-heat phase in both the vertical FAST pilot and horizontal FAST pilot is expected to start during the current quarter.

In the East Texas Fort Trinidad Field's Glen Rose play, the MG 1 (50% WI) and Forrest 4H (100% WI) have vertical completions under way in the lower Glen Rose, while the Forrest 3H (100% WI) has begun a horizontal lateral that is now drilling in the Glen Rose B zone after testing determined lower zones were uncommercial through vertical completions. The Maples 1H (100% WI) was spudded in June and drilling continues vertically in the Glen Rose interval. A fifth Glen Rose well, the Shelly 1 (100% WI), is scheduled to spud following completion of the Maples well.

#### Management Perspective

"TXCO had an excellent quarter with record oil and gas sales and drilling activity," said CEO James E. Sigmon. "We are making significant progress not only in the Pearsall shale play but also the San Miguel oil sands and the Glen Rose play in East Texas.

"We're building on results from our initial Pearsall efforts and anticipate that we will gain more knowledge on how best to complete wells in this emerging play as we go forward," he added. "We're also learning more about the San Miguel sands as our pilots progress towards full steam injection and ultimately commercial production status. We continue to expect record production, reserves and profitability for TXCO in 2008."

#### Property Sale

TXCO is expected to close by the end of the month on the sale of its interests in 15 non-core properties, primarily in South Texas and the Gulf of Mexico, to Traditions 2008 Investments, LLC for \$9.6 million. The properties have current net production of approximately 1.3 mmcf/d and 3.7 bcfe of proved reserves. TXCO acquired the acreage through its 2007 purchase of Output Exploration LLC.

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### Earnings Announcement and Webcast

TXCO expects to announce second-quarter and first-half earnings on Wednesday, Aug. 6, with a conference call on Thursday, Aug. 7. Also, the Company will present at EnerCom's 13<sup>th</sup> Oil & Gas Conference, set for Aug. 10-14 in Denver. TXCO is scheduled to present at 1:55 p.m. MDT (2:55 p.m. CDT) Monday, Aug. 11. A webcast will be available via the Internet on TXCO's web site, <http://www.txco.com/presentation.html>, and the conference web site, [www.theoilandgasconference.com](http://www.theoilandgasconference.com).

### About TXCO Resources

TXCO Resources is an independent oil and gas enterprise with interests in the Maverick Basin, the Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

### Forward-Looking Statements

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**For Immediate Release**  
**Thursday, July 31, 2008**

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**TXCO RESOURCES ANNOUNCES CONFERENCE CALL  
TO DISCUSS SECOND-QUARTER FINANCIAL RESULTS AND CURRENT  
OPERATIONS**

SAN ANTONIO – July 31, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced a conference call with investors, analysts and other interested parties that is scheduled for 11:00 a.m. EDT on Thursday, August 7, 2008, to discuss the release of its second-quarter 2008 financial results and an operations update. You are invited to listen to the call, which will be broadcast live over the Internet at <http://www.txco.com/concall.html>. TXCO will release its results prior to the conference call.

Date: Thursday, August 7, 2008  
Time: 11:00 a.m. EDT  
10:00 a.m. CDT  
9:00 a.m. MDT  
8:00 a.m. PDT  
Call: (877) 387-9209 (US/Canada) and (706) 643-3820 (International)  
Passcode 56389675  
Internet: Live and rebroadcast over the Internet: Log on to <http://www.txco.com/concall.html>  
Replay: Available through Saturday, August 9, 2008, at (800) 642-1687 (US/Canada) and (706) 645-9291 (International) with passcode 56389675 and for 30 days at <http://www.txco.com/concall.html>.

About TXCO Resources

TXCO Resources is an independent oil and gas enterprise with interests in the Maverick Basin, the Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

More information about potential factors that could affect the Company's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended December 31, 2007, and Form 10-Q for the quarter ended March 31, 2008. This and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge, upon request from the Company.



**For Immediate Release**  
**Wednesday, August 6, 2008**

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## **TXCO RESOURCES REPORTS RECORD RESULTS AND EARNINGS**

SAN ANTONIO – August 6, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today reported financial results for the quarter and half ended June 30, 2008. Highlights include record:

- Cash flow metrics;
- Net and operating income;
- Oil and gas sales;
- Total assets.

### Second Quarter

TXCO's net income attributable to common stock for the second quarter was \$8.7 million, equal to \$0.24 per share, in contrast to a \$1.3 million loss, or \$0.04 per share, for second-quarter 2007, and 166 percent above first-quarter 2008 net income of \$3.3 million, or \$0.09 per share. All per-share amounts are on a diluted basis. Quarterly operating income rose to a record \$17.3 million from the \$914,000 reported for the year-earlier period and, sequentially, a 163 percent increase from \$6.6 million in the first quarter.

Net cash provided by operating activities for the quarter was a record \$33.8 million, sharply above the \$6.5 million in the year-earlier quarter and net cash used of \$9.9 million in first-quarter 2008. Ebitdax – earnings before income taxes, interest, depreciation, depletion, amortization, impairment, abandonment and exploration expense – rose to a record \$34.2 million, triple the \$11.3 million in the prior-year quarter and 73 percent above the first quarter's \$19.8 million. Ebitda – Ebitdax less exploration expense – was \$33.6 million, compared to \$11.0 million in the 2007 period and a 75 percent increase over the first quarter.

The Company's total revenues rose to a record \$48.7 million, more than double the \$22.3 million reported for second-quarter 2007 and 51 percent higher than the \$32.3 million in revenues for first-quarter 2008. Oil and gas sales revenues increased sharply due to higher volumes and higher realized prices. Gas gathering revenues also increased.

### First Half

For the January-June 2008 period, net income available to common stockholders was a record \$12.0 million, equal to \$0.34 per share. In the year-earlier period, the Company reported a \$3.2 million loss, or \$0.10 per share. Operating income for the half rose to a record \$23.9 million from a \$1.7 million operating loss for the 2007 first half. Revenues were a record \$81.0 million, up 141 percent from \$33.6 million for the earlier period as oil and gas sales rose sharply. Gas gathering revenues rose by 34 percent. Assets at June 30 stood at a record \$424.9 million, 20 percent above the \$354.6 million reported at year-end 2007.

– More –

Operating cash flow for the six months was \$23.9 million, more than triple the \$7.5 million reported in the year-earlier period. Ebitdax rose to \$54.0 million from \$16.0 million for the 2007 first half, while Ebitda also increased sharply to \$52.8 million from \$15.4 million.

#### Midyear Reserves

At June 30, TXCO's net proved reserves were estimated at 90.9 Bcfe before the third-quarter sale of approximately 3.7 Bcfe of proved reserves on 15 non-core properties located in South Texas and the Gulf of Mexico. First half oil and gas sales were 4.8 Bcfe. The Company's proved reserves were 54 percent crude oil and 46 percent natural gas, while approximately 59 percent of TXCO's oil and gas reserves were classified as proved developed. The Company's proved reserves at year-end 2007 were estimated at 91.8 Bcfe.

Midyear proved reserve numbers are based on internal estimates prepared in accordance with Securities and Exchange Commission and Financial Accounting Standards Board requirements.

#### Management Perspective

"TXCO's growth continued during the first half of 2008 as our higher oil and gas sales were accompanied by record commodity prices," said CEO James E. Sigmon. "Moreover our lifting costs declined further, enhancing cash margins. In fact, our cash margins in the second quarter reached 57 percent, compared to 42 percent in the first quarter. With our improved margins and a growing inventory of drill-ready projects, we foresee an excellent second half in 2008," he added. "Although worldwide oil and gas prices have declined in recent weeks, they remain at historic highs."

#### Conference Call

TXCO has scheduled a conference call for 10 a.m. CDT (11 a.m. EDT) Thursday, August 7, to discuss financial results and current operations. The call will be broadcast live via the Company Web site at <http://www.txco.com/concall.html> or by telephone at (877) 387-9209 in the U.S. and Canada and (706) 643-3820 for international callers. Passcode is 56389675. A replay will be available through Saturday, August 9, at (800) 642-1687 (U.S./Canada) and (706) 645-9291 (international), same passcode, and for 30 days at <http://www.txco.com/concall.html>.

Also, the Company will present at EnerCom's 13<sup>th</sup> Oil & Gas Conference, set for August 10-14 in Denver. TXCO is scheduled to present at 1:55 p.m. MDT (2:55 p.m. CDT) Monday, August 11. A webcast will be available via the Internet on TXCO's web site, <http://www.txco.com/presentation.html>, and the conference web site, [www.theoilandgasconference.com](http://www.theoilandgasconference.com).

#### About TXCO Resources

TXCO Resources is an independent oil and gas enterprise with interests in the Maverick Basin, the Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

– More –

### Forward-Looking Statements

Statements in this press release that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include those relating to budget and drilling plans, capital expenditures, production levels, the timing, number and cost of wells to be drilled, new projects and expected results, and establishment of reserves. It is important to note that actual results may differ materially from the results predicted in any such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the costs of exploring and developing new oil and natural gas reserves, the price for which such reserves can be sold, environmental concerns affecting the drilling of oil and natural gas wells, as well as general market conditions, competition and pricing. TXCO undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise. More information about potential factors that could affect the Company's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended December 31, 2007, and Form 10-Q for the quarter ended March 31, 2008. This and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge, upon request from the Company.

(Financial Information and Selected Operational Tables Follow)

**TXCO RESOURCES INC.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

<i>(\$ in thousands)</i>	<b>June 30, 2008</b>	December 31, 2007
<b>Assets</b>		
<b>Current Assets</b>		
Cash and equivalents	\$4,569	\$9,831
Accounts receivable, net	37,829	17,952
Federal income tax receivable	4,974	4,974
Prepaid expenses and other	2,085	2,989
Accrued derivative asset - current	163	-
Total Current Assets	49,620	35,746
<b>Property and Equipment</b> , net - successful efforts method of accounting for oil and gas properties	370,245	314,941
<b>Other Assets</b>		
Deferred financing fees	3,449	2,613
Other assets	1,469	1,307
Accrued derivative asset - non-current	163	-
Total Other Assets	5,081	3,920
<b>Total Assets</b>	<b>\$424,946</b>	<b>\$354,607</b>

**TXCO RESOURCES INC.**  
**Condensed Consolidated Balance Sheets**  
(Unaudited)

<i>(\$ in thousands)</i>	<b>June 30, 2008</b>	December 31, 2007
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$45,257	\$51,261
Undistributed revenue	4,691	2,401
Notes payable	322	399
Derivative settlements payable	1,500	475
Preferred dividends payable	1,420	397
Accrued derivative obligation - short-term	18,407	4,725
Total Current Liabilities	71,597	59,658
<b>Long-Term Liabilities</b>		
Long-term debt	117,000	100,000
Deferred income taxes	6,586	12,007
Accrued derivative obligation - long-term	20,708	3,993
Asset retirement obligation	8,336	4,233
Total Long-Term Liabilities	152,630	120,233
<b>Stockholders' Equity</b>		
Preferred stock, authorized 10,000,000 shares;		
Series A & B, -0- shares issued and outstanding		
Series C, -0- and 55,000 shares issued and outstanding		
Series D, 55,000 and -0- shares issued and outstanding		
Series E, 20,000 and -0- shares issued and outstanding	1	1
Common stock, par value \$.01 per share; authorized 100,000,000 shares; issued 35,590,580 and 34,269,038 shares, outstanding 35,423,727 and 34,150,619 shares	356	343
Additional paid-in capital	211,415	177,030
Retained earnings	15,539	3,561
Accumulated other comprehensive loss, net of tax	(25,601)	(5,754)
Less treasury stock, at cost, 166,853 and 118,419 shares	(991)	(465)
Total Stockholders' Equity	200,719	174,716
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$424,946</b>	<b>\$354,607</b>

**TXCO RESOURCES INC.**  
**Condensed Consolidated Statements Of Operations**  
**(Unaudited)**

<i>(in thousands, except earnings per share data)</i>	<b>Three Months Ended June 30, 2008</b>	<b>Three Months Ended June 30, 2007</b>
<b>Revenues</b>		
Oil and gas sales	\$43,257	\$19,136
Gas gathering operations	4,352	3,152
Other operating income	1,093	48
Total Revenues	48,702	22,336
<b>Costs and Expenses</b>		
Lease operations	4,203	4,238
Drilling operations	574	-
Production taxes	2,378	1,103
Exploration expenses	566	279
Impairment and abandonments	379	696
Gas gathering operations	4,394	3,356
Depreciation, depletion and amortization	15,013	8,669
General and administrative	3,873	3,081
Total Costs and Expenses	31,380	21,422
<b>Income from Operations</b>	<b>17,322</b>	<b>914</b>
<b>Other Income (Expense)</b>		
Interest expense	(1,999)	(2,863)
Interest income	25	77
Loan fee amortization	(297)	(159)
Total Other Income (Expense)	(2,271)	(2,945)
Income (loss) before income taxes	15,051	(2,031)
Income tax (benefit) expense -- current	-	16
deferred	4,922	(733)
<b>Net Income (Loss)</b>	<b>10,129</b>	<b>(1,314)</b>
Preferred dividends	1,420	-
<b>Net Income (Loss) Available to Common Stockholders</b>	<b>\$8,709</b>	<b>\$(1,314)</b>
<b>Earnings (Loss) Per Share</b>		
Basic	\$0.25	\$(0.04)
Diluted	\$0.24	\$(0.04)

**TXCO RESOURCES INC.**  
**Condensed Consolidated Statements Of Operations**  
**(Unaudited)**

<i>(in thousands, except earnings per share data)</i>	<b>Six Months Ended June 30, 2008</b>	<b>Six Months Ended June 30, 2007</b>
<b>Revenues</b>		
Oil and gas sales	\$71,904	\$27,861
Gas gathering operations	7,577	5,646
Other operating income	1,547	49
<b>Total Revenues</b>	<b>81,028</b>	<b>33,556</b>
<b>Costs and Expenses</b>		
Lease operations	8,435	6,898
Drilling operations	1,006	-
Production taxes	3,862	1,597
Exploration expenses	1,210	654
Impairment and abandonments	634	1,382
Gas gathering operations	7,781	6,237
Depreciation, depletion and amortization	26,287	13,585
General and administrative	7,905	4,885
<b>Total Costs and Expenses</b>	<b>57,120</b>	<b>35,238</b>
<b>Income (Loss) from Operations</b>	<b>23,908</b>	<b>(1,682)</b>
<b>Other Income (Expense)</b>		
Interest expense	(4,233)	(3,140)
Interest income	97	103
Loan fee amortization	(587)	(169)
<b>Total Other Income (Expense)</b>	<b>(4,723)</b>	<b>(3,206)</b>
Income (loss) before income taxes	19,185	(4,888)
Income tax (benefit) expense -- current	-	(5,250)
deferred	4,803	3,568
<b>Net Income (Loss)</b>	<b>14,382</b>	<b>(3,206)</b>
Preferred dividends	2,404	-
<b>Net Income (Loss) Available to Common Stockholders</b>	<b>\$11,978</b>	<b>\$(3,206)</b>
<b>Earnings (Loss) Per Share</b>		
<b>Basic</b>	<b>\$0.35</b>	<b>\$(0.10)</b>
<b>Diluted</b>	<b>\$0.34</b>	<b>\$(0.10)</b>

**TXCO RESOURCES INC.**  
**Condensed Consolidated Statements Of Cash Flows**  
**(Unaudited)**

<i>(in thousands, except earnings per share data)</i>	<b>Six Months Ended June 30, 2008</b>	<b>Six Months Ended June 30, 2007</b>
<b>Operating Activities</b>		
Net income (loss)	<b>\$14,382</b>	\$(3,206)
Adjustments to reconcile net income (loss) to net cash (used) provided by operating activities:		
Depreciation, depletion and amortization	<b>26,874</b>	13,754
Impairment, abandonments and dry hole costs	<b>634</b>	1,836
Deferred tax expense	<b>4,803</b>	3,568
Excess tax benefits from stock-based compensation	<b>(1,453)</b>	-
Non-cash compensation expense	<b>1,928</b>	571
Non-cash change in components of OCI	<b>-</b>	1,524
Changes in operating assets and liabilities:		
Receivables	<b>(19,877)</b>	(5,897)
Prepaid expenses and other	<b>(681)</b>	(4,752)
Accounts payable and accrued expenses	<b>(2,664)</b>	5,615
Current income taxes receivable	<b>(25)</b>	(5,527)
Net cash provided by operating activities	<b>23,921</b>	7,486
<b>Investing Activities</b>		
Development and purchases of oil and gas properties	<b>(73,072)</b>	(37,291)
Purchase of other equipment	<b>(1,166)</b>	(2,554)
Purchase of subsidiary	<b>-</b>	(95,994)
Net cash used by investing activities	<b>(74,238)</b>	(135,839)
<b>Financing Activities</b>		
Proceeds from bank credit facility	<b>28,000</b>	154,100
Payments on bank credit facility	<b>(11,000)</b>	(22,851)
Proceeds from installment and other obligations	<b>190</b>	119
Payments on installment and other obligations	<b>(267)</b>	(260)
Issuance of preferred stock, net of expenses	<b>32,377</b>	-
Purchase of lower call option	<b>(11,617)</b>	-
Proceeds from sale of upper call option	<b>9,356</b>	-
Payment of preferred stock dividends	<b>(1,381)</b>	-
Cost of shares retired upon option exercises	<b>(2,414)</b>	-
Excess tax benefits from stock-based compensation	<b>1,453</b>	-
Proceeds from exercise of stock options	<b>850</b>	-
Proceeds from issuance of common stock, net of expenses	<b>33</b>	407
Purchase of treasury shares	<b>(525)</b>	(219)
Net cash provided by financing activities	<b>45,055</b>	131,296
<b>Change in Cash and Equivalents</b>	<b>(5,262)</b>	2,943
Cash and equivalents at beginning of period	<b>9,831</b>	3,882
<b>Cash and Equivalents at End of Period</b>	<b>\$4,569</b>	\$6,825

**TXCO RESOURCES INC.**  
**SELECTED OPERATING DATA**

<i>(\$'s in thousands, except average prices)</i>	Three Months Ended			Six Months Ended	
	Mar. 31, 2008	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Net cash provided (used) in operating activities	\$ (9,851)	\$ 33,772	\$ 6,486	\$ 23,921	\$ 7,486
Average common shares outstanding for diluted earnings per share	35,265	40,247	33,496	35,393	33,242
Ebitdax *	19,801	34,167	11,284	53,967	16,034
Ebitda *	19,156	33,601	11,006	52,757	15,380
Current ratio	1.05	0.69	1.66	0.69	1.66
Debt to asset ratio	28.9%	27.6%	44.5%	27.6%	44.5%
<u>Sales</u>					
Oil:					
Sales, in mBbl	247	308	241	555	392
Average realized sales price per barrel, excluding hedging impact of:	\$ 97.33	\$ 122.76	\$ 61.58	\$ 111.44	\$ 59.03
	\$ (5.84)	\$ (10.87)	\$ (0.39)	\$ (8.64)	\$ (1.76)
Natural Gas:					
Sales, in mmcf	665	813	644	1,478	865
Average realized sales price per mcf, excluding hedging impact of:	\$ 9.07	\$ 11.05	\$ 7.44	\$ 10.16	\$ 7.39
	\$ 0	\$ (0.24)	\$ (0.59)	\$ (0.14)	\$ (1.76)
Equivalent Basis:					
Sales in mBOE	358	444	348	802	536
Average realized sales price per BOE, excluding hedging impact of:	\$ 84.25	\$ 105.51	\$ 56.35	\$ 95.92	\$ 55.08
	\$ (4.04)	\$ (8.00)	\$ (1.37)	\$ (6.23)	\$ (3.13)
Sales in mmcfe	2,148	2,662	2,088	4,810	3,218
Average realized sales price per mcfe, excluding hedging impact of:	\$ 14.04	\$ 17.59	\$ 9.39	\$ 15.99	\$ 9.18
	\$ (0.67)	\$ (1.34)	\$ (0.23)	\$ (1.04)	\$ (0.52)
Other Operating Data					
Total lifting costs	\$ 5,716	\$ 6,581	\$ 5,347	\$ 12,297	\$ 8,463
Total lifting costs per BOE	\$ 15.96	\$ 14.84	\$ 15.36	\$ 15.34	\$ 15.78
Total lifting costs per mcfe	\$ 2.66	\$ 2.47	\$ 2.56	\$ 2.56	\$ 2.63
Sales volume -oil properties -mBbl	237	298	229	535	378
Oil prop. lifting costs-oil (Incl Prod & Sev Tax)	\$ 4,223	\$ 5,940	\$ 4,192	\$ 10,163	\$ 6,708
Oil prop. lifting costs per barrel	\$ 17.80	\$ 19.93	\$ 14.08	\$ 18.98	\$ 17.73
Glen Rose Porosity sales volume -mBbl	153	226	162	379	285
Glen Rose Porosity lifting costs per barrel	\$ 10.02	\$ 12.35	\$ 9.12	\$ 11.41	\$ 10.61
Sales volume -gas properties -mmcf	619	709	605	1,327	814
Gas prop. lifting costs-gas (Incl Prod & Sev Tax)	\$ 1,493	\$ 2,030	\$ 1,990	\$ 3,523	\$ 2,534
Gas prop. lifting costs per mcf	\$ 2.41	\$ 2.86	\$ 3.29	\$ 2.65	\$ 3.11
Total depletion cost per BOE	\$ 31.31	\$ 33.69	\$ 24.62	\$ 32.63	\$ 25.02
Total depletion cost per mcfe	\$ 5.22	\$ 5.62	\$ 4.10	\$ 5.44	\$ 4.17

\* Please see the last page of this press release for a reconciliation of these non-GAAP financial measures.

**TXCO RESOURCES INC.**  
**EBITDA and EBITDAX RECONCILIATION TO**  
**NET INCOME AND NET CASH PROVIDED**  
**PERIODS INDICATED**

<i>(\$ Thousands)</i>	<u>1Q08</u>	<u>2Q08</u>	<u>YTD</u>	<u>1Q07</u>	<u>2Q07</u>	<u>YTD</u>
Net cash provided (used) by operating activities per CF Stmt	(9,851)	33,772	23,921	1,000	6,486	7,486
Change in operating assets and liabilities	<u>(25,391)</u>	<u>2,145</u>	<u>(23,247)</u>	<u>(8,669)</u>	<u>(1,893)</u>	<u>(10,562)</u>
Operating CF before change in operating assets & liabilities	15,541	31,627	47,168	9,670	8,379	18,049
Deferred income taxes	119	(4,922)	(4,803)	(4,301)	733	(3,568)
Cash portion of net interest expense	2,163	1,973	4,136	251	2,786	3,037
Excess tax benefit from stock-based compensation	1,453	-	1,453	-	-	-
Derivative settlements loss	-	-	-	1,143	381	1,524
Income tax	(119)	4,922	4,803	(965)	(717)	(1,682)
Exploration costs	644	566	1,210	375	278	654
Dry hole costs	-	-	-	(280)	(175)	(455)
Change in components of other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,143)</u>	<u>(381)</u>	<u>(1,524)</u>
Ebitdax	19,801	34,167	53,967	4,750	11,284	16,034
Less: Exploration costs	<u>644</u>	<u>566</u>	<u>1,210</u>	<u>375</u>	<u>278</u>	<u>654</u>
Ebitda	19,156	33,601	52,757	4,375	11,006	15,380
Less:						
Income tax expense	(119)	4,922	4,803	(965)	(717)	(1,682)
Impairment & abandonments	255	379	634	686	696	1,382
Derivative Loss	-	-	-	1,143	381	1,524
Interest, net	2,163	1,973	4,136	251	2,786	3,037
Non cash compensation	1,041	887	1,928	226	345	571
DD&A	<u>11,565</u>	<u>15,310</u>	<u>26,874</u>	<u>4,926</u>	<u>8,829</u>	<u>13,755</u>
Net Income (Loss)	<u>4,252</u>	<u>10,129</u>	<u>14,382</u>	<u>(1,892)</u>	<u>(1,314)</u>	<u>(3,206)</u>

EBITDAX is earnings before income taxes, interest, depreciation, depletion, amortization, impairment, abandonment and exploration expense. EBITDA equals EBITDAX less exploration expense. We believe EBITDA and EBITDAX provide a more complete analysis of TXCO's operating performance and debt servicing ability relative to other companies, and of our ability to fund capital expenditure and working capital requirements.

These measures are widely used by investors and rating agencies. EBITDA, with certain negotiated adjustments, is referenced in TXCO's financial covenants and required in reporting under our credit facility. EBITDA and EBITDAX are not measures of financial performance under GAAP. Accordingly, they should not be considered as substitutes for net income, income from operations, or cash flow provided by operating activities prepared in accordance with GAAP.

Columns / rows may not foot / cross-foot due to rounding.



**For Immediate Release**  
**Thursday, August 7, 2008**

**Contact Information**  
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## **TXCO RESOURCES REPORTS STRONG PEARSALL WELL FLOWS**

SAN ANTONIO – August 7, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today provided initial test results on its Myers 2-683H well targeting the Maverick Basin's Pearsall shale gas resource play.

Following completion of a five-stage fracture stimulation, the well (100 percent working interest through completion) flowed an average of approximately 3.5 million cubic feet of gas per day and 2,500 barrels per day of frac fluid at 3,875 psi flowing tubing pressure. Flow rates continue to rise as the well returns frac fluid.

The well is TXCO's third horizontal Pearsall well to be fracture stimulated this year and the first to be successfully treated with five stages. It is the first Pearsall well in which the horizontal lateral, 3,000 feet long, was fully cased, cemented and perforated for limited entry. Also, the Company conducted microseismic monitoring from a nearby offset well during the treatment, allowing it to observe and modify the stimulation in real time. The Myers well provides TXCO with valuable data that will be used to improve future frac designs on other Pearsall wells to be drilled and fracture-stimulated in the future.

TXCO's combined Pearsall project area exposes the Company to the overpressured shale play on more than 848,000 gross acres (340,000 net acres) across the Maverick Basin in Southwest Texas.

### Conference Call

The Company has scheduled a conference call for 10 a.m. CDT (11 a.m. EDT) today to further discuss current operations and financial results announced Wednesday. The call will be broadcast live via the Company Web site at <http://www.txco.com/concall.html> or by telephone at (877) 387-9209 in the U.S. and Canada and (706) 643-3820 for international callers. Passcode is 56389675. A replay will be available through Saturday, August 9, at (800) 642-1687 (U.S./Canada) and (706) 645-9291 (international), same passcode, and for 30 days at <http://www.txco.com/concall.html>.

– More –

### About TXCO Resources

TXCO Resources is an independent oil and gas enterprise with interests in the Maverick Basin, the Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

### Forward-Looking Statements

Statements in this press release that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include those relating to budget and drilling plans, capital expenditures, production levels, the timing, number and cost of wells to be drilled, new projects and expected results, and establishment of reserves. It is important to note that actual results may differ materially from the results predicted in any such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the costs of exploring and developing new oil and natural gas reserves, the price for which such reserves can be sold, environmental concerns affecting the drilling of oil and natural gas wells, as well as general market conditions, competition and pricing. TXCO undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise. More information about potential factors that could affect the Company's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended December 31, 2007, and Form 10-Q for the quarter ended March 31, 2008. This and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge, upon request from the Company.



**For Immediate Release**  
**Thursday, August 28, 2008**

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## **TXCO RESOURCES TO WEBCAST MORGAN KEEGAN CONFERENCE PRESENTATION**

SAN ANTONIO – August 28, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced TXCO President Gary S. Grinsfelder and Vice President-Capital Markets Roberto R. Thomae will update investors and analysts on the Company's growth and strategy at the Morgan Keegan 2008 Equity Conference, set for September 3-5 in Memphis, Tenn.

Mr. Grinsfelder's presentation is scheduled to start at 10:35 a.m. CDT (11:35 a.m. EDT) Thursday, September 4. A webcast will be available live via the Internet on TXCO's web site, <http://www.txco.com/presentation.html>, and will be posted for 90 days.

### About TXCO Resources

TXCO Resources is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

More information about potential factors that could affect the Company's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended December 31, 2007, and its Form 10-Q for the period ended June 30, 2008. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available without charge upon request from the Company.



**For Immediate Release**  
**Tuesday, September 23, 2008**

**Contact Information**  
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**(210) 496-5300 ext. 264, [pdhart@txco.com](mailto:pdhart@txco.com)**

## **TXCO RESOURCES CEO TO SPEAK AT IHS HEROLD PACESETTERS ENERGY CONFERENCE**

SAN ANTONIO – September 23, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced TXCO Chairman and CEO James E. Sigmon will speak at the 17<sup>th</sup> annual IHS Herold Pacesetters Energy Conference, set for September 22-25 in Greenwich, Conn.

Mr. Sigmon will participate in a panel discussion Thursday morning, September 25, entitled “Weightlifting: Staying Power in the Oil Sands,” updating investors on TXCO’s San Miguel oil sands project in the Maverick Basin of Southwest Texas. A copy of his presentation will be posted on the Company’s Web site, <http://www.txco.com/presentation.html>, and an audio recording of the panel discussion will be available on the Web site Thursday afternoon.

### About TXCO Resources

TXCO Resources is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO’s business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq’s Global Select Market under the symbol “TXCO.”

More information about potential factors that could affect the Company’s operating and financial results is included in TXCO’s annual report on Form 10-K for the year ended December 31, 2007, and its Form 10-Q for the period ended June 30, 2008. These and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO’s Web site at [www.txco.com](http://www.txco.com). Copies are available without charge upon request from the Company.



**For Immediate Release**  
**Thursday, October 2, 2008**

**Contact Information**  
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## **TXCO RESOURCES TO WEBCAST IPAA CONFERENCE PRESENTATION**

SAN ANTONIO – October 2, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced Chairman and CEO James E. Sigmon, President Gary S. Grinsfelder and Vice President-Capital Markets Roberto R. Thomae will update investors and analysts on the Company's growth and strategy at the Independent Petroleum Association of America's Oil & Gas Investment Symposium-San Francisco, set for October 6-8.

Mr. Grinsfelder's conference presentation is scheduled to start at 1:25 p.m. PDT (3:25 p.m. CDT) Monday, October 6. A webcast will be available live via the Internet on TXCO's web site, <http://www.txco.com/presentation.html>, and will be posted for 90 days.

### About TXCO Resources

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**For Immediate Release**  
**Monday, October 20, 2008**

**Contact Information**  
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## **TXCO RESOURCES REPORTS RECORD THIRD-QUARTER OIL AND GAS SALES; UPDATES CURRENT FIELD OPERATIONS**

SAN ANTONIO – October 20, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today provided estimated oil and gas sales volumes for the third quarter and nine months of 2008 and updated current operations. Highlights include:

- Record third-quarter and nine-month combined oil and gas sales;
- Ten rigs drilling currently;
- A total of 89 wells spudded to date this year out of a planned 100+ wells.

Net, third-quarter oil and gas sales were approximately 3,184 bopd and 7.7 mmcf/d, a combined rate of approximately 26.8 mmcfde, a 3.7 percent increase above last year's July-September quarter. This rate was down 7.4% from the second quarter due to hurricane-related shut-ins of non-operated Gulf Coast production, as well as the previously reported sale of 15 non-core properties with 1.3 mmcf/d of production.

TXCO Estimated Oil and Gas Sales Volumes*						
	3Q 2008	3Q 2007	%Change	9 mo. 2008	9 mo. 2007	% Change
Natural gas/mmcf	706.7	652.0	+8.4%	2,184.9	1,517.3	+44.0%
Oil/bbls	293,000	287,500	+1.9%	848,000	679,600	+24.8%
Natural Gas Equivalent/mmcf	2,465	2,377	+3.7%	7,273	5,595	+30.0%
Barrels Equivalent/boe	410,800	396,200	+3.7%	1,212,200	932,500	+30.0%
*2008 periods unaudited. mmcf=million cubic feet, bbls=barrels, boe=barrels of oil equivalent						

### Operations Review

Currently, TXCO has 10 rigs running, including eight on its core Maverick Basin acreage, one in the East Texas Fort Trinidad Field and one in Oklahoma. The Company has had record drilling activity this year, starting 89 wells through early October, and is on target to achieve its record \$125+ million CAPEX program, which calls for drilling or re-entering more than 100 wells in 2008. Based on current commodity prices, the Company has adequate capital and equipment resources to complete its 2008 drilling program.

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## Maverick Basin

TXCO is currently developing three major projects in the Maverick Basin, including the Pearsall/Eagleford shale plays, Glen Rose Porosity oil play and San Miguel heavy oil sands.

TXCO's Pearsall shale gas resource project area consists of 848,300 gross (341,000 net) acres covering 1,325 gross (533 net) sections, with estimated recoverable gas of 16 to 24 bcf per section. TXCO is currently drilling and producing wells to evaluate the long-term commercial viability of the play on acreage farmed-in from Anadarko Petroleum Corporation and EnCana Oil & Gas (USA) Inc. Each farm-in agreement has substantially similar terms and conditions, consisting of three phases.

A horizontal Pearsall well drilled by TXCO under the EnCana farm-in agreement, the Myers 2-683H (50 percent working interest) was placed on production in late September at 2.8 mmcf/d on a 10/64-inch choke with 3,239 psi flowing tubing pressure. The well averaged 2.2 mmcf/d during the first 12 days of production even though it was curtailed by the low-pressure pipeline system into which it is producing. This well was drilled horizontally and completed using a cemented 4.5-inch liner with a five-stage fracture stimulation job. This was the third and final well required to be drilled under Phase I of the farm-in. Based on the success of the three initial wells, TXCO has elected to move to Phase II and will drill four additional Pearsall wells before July 1, 2009.

On the Anadarko farm-in, four wells have been drilled. A fracture stimulation is under way on the Briscoe Chupadera 1 (50% WI through completion). The re-entry was limited to 1,800 feet laterally and a 2.875-inch liner run and cemented in place. The San Pedro 2H (50% WI through completion) is a newly drilled well with a 3,050-foot lateral and a 4.5-inch liner and is waiting on a fracture stimulation which has been delayed as result of a current tight supply of high-strength proppants. This was the fourth well drilled under Phase I of the Anadarko farm-in agreement requiring two Pearsall and two Eagleford test wells. Following stimulation of the San Pedro 2H, TXCO intends to exercise its right to move to Phase II of the agreement and drill four additional wells within the next year. St. Mary Land & Exploration Company also is participating with TXCO under the agreement.

On the Eagleford shale play, the Briscoe Catarina Ranch 1H (50% WI) was re-entered and drilled 3,300 feet horizontally. After a five-stage fracture stimulation, the well went on production at the end of August and has averaged 80 bopd and 533 mcf/d for the first 30 days. The San Pedro 1H (50% WI through completion) was re-entered and drilled 3,450 feet horizontally and currently is flowing back following a five-stage fracture stimulation performed in early October. The well has averaged 236 bopd and 664 mcf/d during the first seven days of flowback.

Elsewhere in the Maverick Basin, the Glen Rose Porosity oil play's quarterly sales were approximately 218,000 barrels, or 2,370 bopd, in the third quarter, a 5 percent increase from the year-earlier period, and 5 percent below record second-quarter 2008 levels due primarily to lower production levels from non-operated properties on the Comanche lease. The Company has completed or spudded 29 of 35 Porosity wells scheduled for this year. An annual hunting season drilling moratorium that impacts certain Porosity leases will start in November, extending into January 2009.

On TXCO's San Miguel oil sands project, high-temperature steam injection continues at the steam-assisted gravity drainage (SAGD) pilot and initial oil shows have begun. Pre-heat steam circulation continues on the separate fracture-assisted steamflood technology (FAST) pilot. The FAST pilot includes both a vertical, inverted five-spot well pattern and a horizontal three-well pattern that utilizes a modified FAST process. The Company hopes to have a meaningful response on the SAGD project by the end of first-quarter 2009 and on the FAST projects by the end of second-quarter 2009.

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### Fort Trinidad

In East Texas, TXCO has five wells targeting Glen Rose shoals in the Fort Trinidad Field in completion or drilling horizontal sidetracks. Results on these wells are expected by year end.

### Marfa Basin

In West Texas, an advanced, 26-mile, 2-D swath seismic survey is nearing completion on TXCO's 147,000-acre lease block in the Marfa Basin. Processing of the data is expected to be completed by December.

### Management Perspective

"TXCO had robust operating results in the third quarter and we are on pace to meet our target for record drilling activity in 2008," said CEO James E. Sigmon. "We believe our strong cash flow will enable us to fully fund our CAPEX requirements for the year. However, like all oil and gas companies, we are watching commodity prices closely and are prepared to scale back drilling if necessary.

"We are particularly excited about the results on our Pearsall gas shale play and the Eagleford oil shale play," Sigmon added. "We and our partners, EnCana, Anadarko and St. Mary, are in the planning stages to delineate our acreage positions by drilling additional horizontal wells. We now expect to add additional activity in the fourth quarter of this year and into 2009."

### Earnings Announcement and Conference Call

TXCO will hold a conference call with investors, analysts and other interested parties, scheduled for November 5, to discuss third-quarter and nine-month 2008 financial results and current operations. The call will be broadcast live over the Internet at <http://www.txco.com/concall.html>. The Company will release earnings prior to the conference call.

Date: Wednesday, November 5, 2008  
Time: 11:00 a.m. EST  
10:00 a.m. CST  
9:00 a.m. MST  
8:00 a.m. PST  
Call: (877) 387-9209 (US/Canada) and (706) 643-3820 (International)  
Passcode 69738976  
Internet: Live and rebroadcast over the Internet: Log on to <http://www.txco.com/concall.html>  
Replay: Available through Friday, November 7, 2008, at (800) 642-1687 (US/Canada) and (706) 645-9291 (International) with passcode 69738976 and for 30 days at <http://www.txco.com/concall.html>.

### About TXCO Resources

TXCO Resources is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO."

– More –

### Forward-Looking Statements

Statements in this press release that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include those relating to estimated financial results, or expected prices, production volumes, well test results, reserve levels and number of drilling locations expected, drilling plans, including the timing, category, number, depth, cost and/or success of wells to be drilled, expected geological formations or the availability of specific services, equipment or technologies. It is important to note that actual results may differ materially from the results predicted in any such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the costs and accidental risk inherent in exploring and developing new oil and natural gas reserves, the price for which such reserves can be sold, environmental concerns affecting the drilling of oil and natural gas wells, impairment of oil and gas properties due to depletion or other causes, the uncertainties inherent in estimating quantities of proved reserves and cash flows, as well as general market conditions, competition and pricing. TXCO undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise. More information about potential factors that could affect TXCO's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended December 31, 2007, and its Form 10-Q for the quarter ended June 30, 2008. These reports and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available from TXCO without charge.



**For Immediate Release**  
**Tuesday, November 4, 2008**

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## **TXCO RESOURCES REPORTS STRONG FINANCIAL RESULTS**

SAN ANTONIO – November 4, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today reported strong financial results for the quarter and nine months ended September 30, 2008. Highlights include record:

- Quarterly and year-to-date cash flow;
- Nine-month Ebitdax and Ebitda;
- Nine-month net and operating income;
- Third-quarter and nine-month revenues.

### Third Quarter

TXCO reported total revenues of \$41.7 million, the Company's best third-quarter revenue mark, compared to \$28.3 million reported for third-quarter 2007. Net income attributable to common stock for the quarter was \$5.6 million, equal to \$0.16 per share, more than double the \$2.4 million, or \$0.07 per share, reported for third-quarter 2007. All per-share amounts are on a diluted basis. Quarterly operating income rose to \$14.0 million from the \$6.4 million reported for the year-earlier period.

Net cash provided by operating activities for the quarter was \$39.1 million, nearly double the \$19.9 million in the year-earlier period. Ebitdax – earnings before income taxes, interest, depreciation, depletion, amortization, impairment, abandonment and exploration expense – rose to \$28.3 million, a 59 percent increase from \$17.8 million for the third quarter of 2007. Ebitda – Ebitdax less exploration expense – was \$28.0 million, 60 percent above the \$17.5 million reported in the 2007 period. Please see the accompanying table for a reconciliation of these non-GAAP financial measures.

Comparing quarters sequentially, TXCO's third-quarter oil and gas sales were negatively impacted primarily by hurricane-related shut-ins of non-operated Gulf Coast production, as well as the previously reported sale of 15 non-core properties. Third-quarter total revenues were \$7.0 million less than in the second quarter. Oil and gas sales were lower in the July-September period by 200 mmcf than in the previous quarter. The realized average commodity sales price, including the impact of hedges, for the third quarter was down \$1.13 per mcf, or 7.0 percent, compared to second-quarter 2008.

### Nine Months

TXCO had total revenues of \$122.7 million for the nine months, up 98 percent from the \$61.8 million reported for January-September 2007. Oil and gas sales rose to \$109.1 million, more than double the \$52.9 million reported for the year-earlier period. Net income for the nine months attributable to common was \$17.6 million, or \$0.50 per share, compared with a year-earlier net loss of \$0.8 million, or \$0.02 per share. Nine-month 2008 oil and gas sales were 7.3 bcf, up 30 percent from the 5.6 bcf sold during the same period in 2007. The average realized commodity sales price, including the impact of hedges, for the period was \$15.01 per mcf, a 59.0 percent increase from \$9.45 per mcf in 2007 period.

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For the January-September period, net cash provided by operating activities was \$63.1 million, 131 percent above the \$27.3 million reported a year earlier. Ebitdax rose to \$82.3 million, up from \$33.8 million in 2007. Ebitda was \$80.8 million, compared with \$32.9 million in the prior year's nine months.

TXCO's debt-to-asset ratio was 27.9 percent, down from 44.3 percent a year earlier, with \$130 million in outstanding long-term debt and an additional \$25 million available through its existing bank credit facility at the end of the third quarter.

#### Capital Expenditures

With the recent decline in commodity prices, TXCO has reviewed its remaining 2008 CAPEX budget and drilling program and now plans to finish the remainder of the year operating within expected cash flow. Despite this operating curtailment during the fourth quarter, the Company is accelerating its Pearsall and Eagleford shale plays by electing to move to Phase II in both the EnCana and Anadarko farm-ins. It now expects to exceed its original 2008 capital budget of \$125-135 million by year end. Initial plans for the 2009 capital budget assume drilling levels will be below 2008 and will be held within cash flow projections.

TXCO hedges approximately 50 percent of its anticipated oil and gas sales volumes, using costless collars, which for 2009 average between \$71.40 and \$87.41 per barrel for oil and \$6.60 and \$11.64 per mcf for gas.

#### Management Perspective

"TXCO's strong results in the third quarter occurred prior to the recent decrease in commodity prices," said CEO James E. Sigmon. "Although we are reducing our operating activity during the fourth quarter to drill within cash flow, we will continue to concentrate on the Pearsall and Eagleford shale plays, which potentially could have a large impact on the Company's reserves and production. Pending board approval, we currently intend to reduce our 2009 CAPEX to drill within our available cash flow."

#### Conference Call and Webcasts

TXCO will hold a conference call at 10 a.m. CST (11 a.m. EST) Wednesday, November 5, to discuss its financial results and current operations. The call will be broadcast live via the Internet at <http://www.txco.com/concall.html>, or by telephone at (877) 387-9209 (US/Canada) and (706) 643-3820 (International). Passcode is 69738976. A replay will be available through Friday, November 7, at (800) 642-1687 (US/Canada) and (706) 645-9291 (International), passcode 69738976, and at <http://www.txco.com/concall.html>.

Also, the Company has scheduled the following investor conference webcasts this month. All will be available on TXCO's Web site at <http://www.txco.com/presentation.html>.

- Rodman & Renshaw Global Investment Conference – November 10-12, New York. TXCO is scheduled to present at 11:35 a.m. EST (10:35 a.m. CST) Monday, November 10.
- Houston Energy Financial Forum – November 18-20, Houston. TXCO is scheduled to present at 2:15 p.m. CST (3:15 p.m. EST) Tuesday, November 18.
- 6<sup>th</sup> annual Southwest Showcase – November 19-20, Dallas. TXCO is scheduled to present at 1:40 p.m. CST (2:40 p.m. EST) Wednesday, November 19.

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### About TXCO Resources

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(Financial Information and Selected Operational Tables Follow)

**TXCO RESOURCES INC.**  
Condensed Consolidated Balance Sheets  
(Unaudited)

<i>(\$ in thousands)</i>	<b>September 30, 2008</b>	December 31, 2007
<b>Assets</b>		
<b>Current Assets</b>		
Cash and equivalents	\$6,572	\$9,831
Accounts receivable, net	40,947	17,952
Federal income tax receivable	4,974	4,974
Prepaid expenses and other	5,224	2,989
Accrued derivative asset	67	-
Total Current Assets	57,784	35,746
<b>Property and Equipment</b> , net - successful efforts method of accounting for oil and gas properties	404,813	314,941
<b>Other Assets</b>		
Deferred financing fees	3,205	2,613
Other assets	1,380	1,307
Accrued derivative asset	50	-
Total Other Assets	4,635	3,920
<b>Total Assets</b>	<b>\$467,232</b>	<b>\$354,607</b>

**TXCO RESOURCES INC.**  
Condensed Consolidated Balance Sheets  
(Unaudited)

<i>(\$ in thousands)</i>	<b>September 30, 2008</b>	December 31, 2007
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$66,603	\$51,261
Undistributed revenue	3,810	2,401
Notes payable	170	399
Derivative settlements payable	668	475
Preferred dividends payable	1,420	397
Accrued derivative obligation	4,934	4,725
Total Current Liabilities	77,605	59,658
<b>Long-Term Liabilities</b>		
Long-term debt	130,000	100,000
Deferred income taxes	19,651	12,007
Accrued derivative obligation	6,060	3,993
Asset retirement obligation	8,538	4,233
Total Long-Term Liabilities	164,249	120,233
<b>Commitments and Contingencies</b>	-	-
<b>Stockholders' Equity</b>		
Preferred stock, authorized 10,000,000 shares; Series A & B, -0- shares issued and outstanding Series C, -0- and 55,000 shares issued and outstanding Series D, 55,000 and -0- shares issued and outstanding Series E, 20,000 and -0- shares issued and outstanding	1	1
Common stock, par value \$.01 per share; authorized 100,000,000 shares; issued 35,589,246 and 34,269,038 shares, outstanding 35,422,393 and 34,150,619 shares	356	343
Additional paid-in capital	212,056	177,030
Retained earnings	21,134	3,561
Accumulated other comprehensive loss, net of tax	(7,179)	(5,754)
Less treasury stock, at cost, 166,853 and 118,419 shares	(990)	(465)
Total Stockholders' Equity	225,378	174,716
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$467,232</b>	<b>\$354,607</b>

**TXCO RESOURCES INC.**  
Condensed Consolidated Statements Of Operations  
(Unaudited)

<i>(in thousands, except earnings per share data)</i>	<b>Three Months Ended September 30, 2008</b>	<b>Three Months Ended September 30, 2007</b>
<b>Revenues</b>		
Oil and gas sales	\$37,243	\$25,012
Gas gathering operations	4,373	3,227
Other operating income	67	34
Total Revenues	41,683	28,273
<b>Costs and Expenses</b>		
Lease operations	4,942	3,137
Drilling operations	105	-
Production taxes	1,983	1,418
Exploration expenses	276	269
Impairment and abandonments	485	(1,092)
Gas gathering operations	4,220	3,432
Depreciation, depletion and amortization	12,780	11,632
General and administrative	2,911	3,110
Total Costs and Expenses	27,702	21,906
<b>Income from Operations</b>	<b>13,981</b>	<b>6,367</b>
<b>Other Income (Expense)</b>		
Interest expense	(2,269)	(3,227)
Interest income	45	135
Loss on sale of assets	(782)	-
Loan fee amortization	(305)	(175)
Total Other Income (Expense)	(3,311)	(3,267)
Income before income taxes	10,670	3,100
Income tax (benefit) expense – current	80	(50)
deferred	3,575	771
<b>Net Income</b>	<b>7,015</b>	<b>2,379</b>
Preferred dividends	1,420	-
<b>Net Income Available to Common Stockholders</b>	<b>\$5,595</b>	<b>\$2,379</b>
<b>Earnings Per Share</b>		
Basic	\$0.16	\$0.07
Diluted	\$0.16	\$0.07

**TXCO RESOURCES INC.**  
Condensed Consolidated Statements Of Operations  
(Unaudited)

<i>(in thousands, except earnings per share data)</i>	<b>Nine Months Ended September 30, 2008</b>	<b>Nine Months Ended September 30, 2007</b>
<b>Revenues</b>		
Oil and gas sales	\$109,147	\$52,873
Gas gathering operations	11,950	8,872
Other operating income	1,614	84
Total Revenues	122,711	61,829
<b>Costs and Expenses</b>		
Lease operations	13,377	10,035
Drilling operations	1,111	-
Production taxes	5,845	3,014
Exploration expenses	1,486	923
Impairment and abandonments	1,119	289
Gas gathering operations	12,002	9,670
Depreciation, depletion and amortization	39,067	25,217
General and administrative	10,816	7,996
Total Costs and Expenses	84,823	57,144
<b>Income from Operations</b>	<b>37,888</b>	<b>4,685</b>
<b>Other Income (Expense)</b>		
Interest expense	(6,503)	(6,367)
Interest income	143	238
Loss on sale of assets	(782)	-
Loan fee amortization	(892)	(344)
Total Other Income (Expense)	(8,034)	(6,473)
Income (loss) before income taxes	29,854	(1,788)
Income tax (benefit) expense – current	80	(5,301)
deferred	8,378	4,340
<b>Net Income (Loss)</b>	<b>21,396</b>	<b>(827)</b>
Preferred dividends	3,823	-
<b>Net Income (Loss) Available to Common Stockholders</b>	<b>\$17,573</b>	<b>\$(827)</b>
<b>Earnings (Loss) Per Share</b>		
Basic	\$0.51	\$(0.02)
Diluted	\$0.50	\$(0.02)

**TXCO RESOURCES INC.**  
Condensed Consolidated Statements Of Cash Flows  
(Unaudited)

<i>(in thousands, except earnings per share data)</i>	<b>Nine Months Ended September 30, 2008</b>	<b>Nine Months Ended September 30, 2007</b>
<b>Operating Activities</b>		
Net income (loss)	<b>\$21,396</b>	\$(827)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation, depletion and amortization	<b>39,959</b>	25,562
Impairment, abandonments and dry hole costs	<b>1,119</b>	743
Loss on sale of assets	<b>782</b>	-
Deferred tax expense	<b>8,378</b>	4,340
Excess tax benefits from stock-based compensation	<b>(1,453)</b>	-
Non-cash compensation expense	<b>2,713</b>	1,184
Non-cash change in components of Other Comprehensive Income	<b>-</b>	1,524
Changes in operating assets and liabilities:		
Receivables	<b>(22,995)</b>	(8,160)
Prepaid expenses and other	<b>(3,791)</b>	(7,714)
Accounts payable and accrued expenses	<b>16,882</b>	15,431
Current income taxes payable (receivable)	<b>63</b>	(4,747)
Net cash provided by operating activities	<b>63,053</b>	27,336
<b>Investing Activities</b>		
Development and purchases of oil and gas properties	<b>(126,066)</b>	(68,141)
Purchase of other equipment	<b>(4,978)</b>	(2,317)
Purchase of subsidiary	<b>-</b>	(95,994)
Proceeds from sale of assets	<b>8,393</b>	-
Net cash used by investing activities	<b>(122,651)</b>	(166,452)
<b>Financing Activities</b>		
Proceeds from bank credit facility	<b>51,700</b>	164,750
Payments on bank credit facility	<b>(21,700)</b>	(22,851)
Proceeds from installment and other obligations	<b>190</b>	341
Payments on installment and other obligations	<b>(419)</b>	(418)
Issuance of preferred stock, net of expenses	<b>32,233</b>	429
Purchase of lower call option	<b>(11,617)</b>	-
Proceeds from sale of upper call option	<b>9,356</b>	-
Payment of preferred stock dividends	<b>(2,801)</b>	-
Cost of shares retired upon option exercises	<b>(2,414)</b>	-
Excess tax benefits from stock-based compensation	<b>1,453</b>	-
Proceeds from exercise of stock options	<b>850</b>	-
Proceeds from issuance of common stock, net of expenses	<b>33</b>	-
Purchase of treasury shares	<b>(525)</b>	(219)
Net cash provided by financing activities	<b>56,339</b>	142,032
<b>Change in Cash and Equivalents</b>	<b>(3,259)</b>	2,916
Cash and equivalents at beginning of period	<b>9,831</b>	3,882
<b>Cash and Equivalents at End of Period</b>	<b>\$6,572</b>	\$6,798

**TXCO RESOURCES INC.**  
SELECTED OPERATING DATA

<i>(\$'s in thousands, except average prices)</i>	<b>Three Months Ended</b>			<b>Nine Months Ended</b>		<b>12 Months</b>
	<b>6/30/08</b>	<b>9/30/08</b>	<b>9/30/07</b>	<b>9/30/08</b>	<b>9/30/07</b>	<b>Ended</b>
						<b>9/30/08</b>
Net cash provided by operating activities	\$33,772	\$39,132	\$19,850	\$63,053	\$27,336	\$105,109
Average common shares outstanding for diluted earnings per share	40,247	35,553	34,906	35,446	33,355	n/a
Ebitdax *	\$34,167	\$28,306	\$17,789	\$82,273	\$33,823	\$102,612
Ebitda *	\$33,601	\$28,030	\$17,520	\$80,787	\$32,900	\$100,826
Current ratio	0.69	0.74	1.19	0.74	1.19	0.74
Debt to asset ratio	27.6%	27.9%	44.3%	27.9%	44.3%	27.9%
<b>Sales</b>						
<b>Oil:</b>						
Sales, in mBbl	308	293	288	848	680	1,143
Average realized sales price per barrel, excluding hedging impact of:	\$122.76	\$112.92	\$71.59	\$111.95	\$64.34	\$105.44
	-10.87	-9.86	-0.39	-9.06	-0.39	-7.88
<b>Natural Gas:</b>						
Sales, in mmcf	813	705	652	2,184	1,517	2,791
Average realized sales price per mcf, excluding hedging impact of:	\$11.05	\$10.37	\$6.77	\$10.23	\$7.13	\$9.66
	-0.24	-0.36	+0.19	-0.21	-0.92	-0.16
<b>Equivalent Basis:</b>						
Sales in mBOE	444	410	396	1,212	932	1,608
Average realized sales price per BOE, excluding hedging impact of:	\$105.51	\$98.40	\$63.10	\$96.76	\$58.49	\$91.70
	-8.00	-7.66	+0.04	-6.71	-1.79	-5.87
Sales in mmcfe	2,662	2,462	2,377	7,272	5,595	9,649
Average realized sales price per mcf, excluding hedging impact of:	\$17.59	\$16.40	\$10.52	\$16.13	\$9.75	\$15.28
	-1.34	-1.28	+0.00	-1.12	-0.30	-0.97
<b>Other Operating Data</b>						
Total lifting costs	\$6,733	\$7,010	\$4,576	\$19,459	\$13,039	\$24,978
Total lifting costs per BOE	\$15.18	\$17.08	\$11.55	\$16.05	\$13.98	\$15.53
Total lifting costs per mcf	\$2.53	\$2.85	\$1.92	\$2.68	\$2.33	\$2.59
Sales volume -oil properties -mBbl	298	286	291	821	669	1,107
Oil prop. lifting costs-oil (Including Production & Severance Tax)	\$5,080	\$4,995	\$2,617	\$14,789	\$9,325	\$19,205
Oil prop. lifting costs per barrel	\$17.04	\$17.47	\$9.01	\$18.01	\$13.94	\$17.35
Glen Rose Porosity sales volume -mBbl	226	218	207	596	492	809
Glen Rose Porosity lifting costs per barrel	\$12.35	\$9.61	\$7.17	\$10.75	\$9.16	\$10.18
Sales volume -gas properties -mmcf	710	634	703	1,962	1,518	2,493
Gas prop. lifting costs-gas (Including Production & Severance Tax)	\$1,676	\$1,646	\$1,209	\$4,796	\$3,743	\$5,848
Gas prop. lifting costs per mcf	\$2.36	\$2.60	\$1.72	\$2.44	\$2.47	\$2.35
Total depletion cost per BOE	\$33.69	\$31.37	\$26.15	\$32.20	\$25.50	\$31.84
Total depletion cost per mcf	\$5.62	\$5.23	\$4.36	\$5.37	\$4.25	\$5.31

\* Please see the last page of this press release for a reconciliation of these non-GAAP financial measures.

**TXCO RESOURCES INC.**  
**EBITDA and EBITDAX RECONCILIATION TO NET INCOME AND NET CASH PROVIDED**  
**PERIODS INDICATED**

	<u>1Q08</u>	<u>2Q08</u>	<u>3Q08</u>	2008 <u>YTD</u>	12 mo's ended <u>09/30/2008</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	2007 <u>YTD</u>
<u>(\$ Thousands)</u>									
Net cash provided by operating activities per CF Stmt	(9,851)	33,772	39,132	63,053	105,109	1,000	6,486	19,850	27,336
Change in operating assets and liabilities	<u>(25,391)</u>	<u>2,145</u>	<u>13,406</u>	<u>(9,841)</u>	<u>15,404</u>	<u>(8,669)</u>	<u>(1,893)</u>	<u>5,373</u>	<u>(5,189)</u>
Operating CF before change in Operating assets & liabilities	15,541	31,627	25,726	72,894	89,705	9,670	8,379	14,477	32,525
Deferred income taxes	119	(4,922)	(3,575)	(8,378)	(8,497)	(4,301)	733	(771)	(4,339)
Cash portion of net interest expense	2,163	1,973	2,224	6,360	9,588	251	2,786	3,092	6,129
Excess tax benefit from stock-based compensation	1,453	-	-	1,453	1,453	-	-	-	-
Derivative settlements loss	-	-	-	-	-	1,143	381	-	1,524
Income tax	(119)	4,922	3,655	8,458	8,577	(965)	(717)	721	(961)
Exploration costs	644	566	276	1,486	1,786	375	278	269	923
Dry hole costs	-	-	-	-	-	(280)	(175)	1	(454)
Change in components of other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,143)</u>	<u>(381)</u>	<u>-</u>	<u>(1,524)</u>
Ebitdax	19,801	34,167	28,306	82,273	102,612	4,750	11,284	17,789	33,823
Less: Exploration costs	<u>644</u>	<u>566</u>	<u>276</u>	<u>1,486</u>	<u>1,786</u>	<u>375</u>	<u>278</u>	<u>269</u>	<u>923</u>
Ebitda	19,156	33,601	28,030	80,787	100,826	4,375	11,006	17,520	32,900
Less:									
Loss on sale of assets	-	-	782	782	781	-	-	-	-
Income tax expense	(119)	4,922	3,655	8,458	8,577	(965)	(717)	721	(961)
Impairment & abandonments	255	379	485	1,119	2,812	686	696	(1,092)	289
Derivative Loss	-	-	-	-	-	1,143	381	-	1,524
Interest, net	2,163	1,973	2,224	6,360	9,588	251	2,786	3,092	6,129
Non cash compensation	1,041	887	785	2,713	4,352	226	345	613	1,184
DD&A	<u>11,565</u>	<u>15,310</u>	<u>13,084</u>	<u>39,959</u>	<u>51,153</u>	<u>4,926</u>	<u>8,829</u>	<u>11,807</u>	<u>25,561</u>
Net Income (Loss)	<u>4,252</u>	<u>10,129</u>	<u>7,015</u>	<u>21,396</u>	<u>23,563</u>	<u>(1,892)</u>	<u>(1,314)</u>	<u>2,379</u>	<u>(827)</u>

EBITDAX is earnings before income taxes, interest, depreciation, depletion, amortization, impairment, abandonment and exploration expense. EBITDA equals EBITDAX less exploration expense. We believe EBITDA and EBITDAX provide a more complete analysis of TXCO's operating performance and debt servicing ability relative to other companies, and of our ability to fund capital expenditure and working capital requirements.

These measures are widely used by investors and rating agencies. EBITDA, with certain negotiated adjustments, is referenced in TXCO's financial covenants and required in reporting under our credit facility. EBITDA and EBITDAX are not measures of financial performance under GAAP. Accordingly, they should not be considered as substitutes for net income, income from operations, or cash flow provided by operating activities prepared in accordance with GAAP.

Columns / rows may not foot / cross-foot due to rounding.



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## **TXCO RESOURCES ADJUSTS OPERATIONS, CAPEX PLANS**

SAN ANTONIO – December 22, 2008 – TXCO Resources Inc. (Nasdaq:TXCO) today announced it has reduced operating levels in certain South Texas project areas and expects to announce details of its ongoing capital expenditure program in January 2009, in response to current oil and gas market uncertainties.

“TXCO has outstanding long-term growth opportunities,” said CEO James E. Sigmon. “However due to the unstable financial and commodity price environment we currently face, we have refocused our efforts and are taking proactive steps designed to improve the Company’s liquidity and financial strength going forward, including selective asset divestitures and holding active discussions with our lenders. We believe these are prudent steps to take, given the current economic environment.”

The Company has undertaken important and systematic cost reductions necessitated by volatile, lower commodity prices, affecting the entire oil and gas industry, and its need to comply with existing bank credit facility covenants.

These actions include a previously announced slowdown in fourth-quarter drilling activity, as well as operating staff reductions in two wholly owned subsidiary companies, TXCO Drilling and Charro Energy, the Company’s heavy oil subsidiary. The combined staff reduction is 20 percent of the total employee count of TXCO and its subsidiaries. Additionally, two steam generators and five steam-injection wells have been shut-in temporarily, suspending steam injection on the fracture-assisted steamflood technology (FAST) pilot project, one of Charro’s San Miguel oil sands pilot areas. The separate, steam-assisted gravity drainage (SAGD) pilot remains in operation and is seeing increases in initial oil production rates.

### 2009 CAPEX

TXCO will announce its 2009 CAPEX budget in January so it can further evaluate and refine capital and operating alternatives. As previously announced, ongoing CAPEX will be aligned with cash flow projections and will be flexible to adjust to rapidly changing market conditions, commodity price fluctuations, drilling plan changes by partners, rig availability, well results and operational developments. Additionally, TXCO intends to pursue selective asset divestitures and industry joint-venture opportunities to further enhance liquidity levels. The budget will remain focused on key projects with high-impact potential, such as the Pearsall and Eagle Ford shale gas resource plays, as well as TXCO’s legacy Glen Rose Porosity oil play.

– More –

### Current Operations

Currently, TXCO has two rigs running on its core Maverick Basin acreage. An annual hunting season drilling moratorium on the majority of its Maverick Basin leases began in November, which normally impacts fourth-quarter and early first-quarter drilling levels and oil and gas sales. This seasonal moratorium period ends in late January.

TXCO is developing several major projects in the Maverick Basin currently. In the Pearsall shale play, TXCO plans to perform a high-pressure, eight-stage fracture stimulation of the San Pedro 2H (50 percent working interest through completion) before year end. This state-of-the-art frac treatment was delayed due to tight supplies of high-strength proppants. The well features a 3,050-foot horizontal lateral with a cemented liner. It will be the Company's first Maverick Basin completion utilizing this innovative eight-stage approach, which has been highly successful in unlocking high gas volumes from similar shale gas resource plays, such as the Eagle Ford, Haynesville and Woodford shales in South Texas and Louisiana.

The Company's Pearsall shale gas resource project area consists of 848,300 gross (341,000 net) acres covering 1,325 gross (533 net) sections, with estimated recoverable gas of 16 to 24 bcf per section.

On the Eagle Ford play, TXCO currently is rigging up to re-enter and drill a 3,300-foot horizontal lateral on the Briscoe Catarina West 1H (50% WI through completion). The lateral will have a cemented liner and will be fractured in 8-10 stages, as done by other operators developing the Eagle Ford. TXCO's emerging Eagle Ford play covers 565,800 gross (312,900 net) acres covering 884 gross (489 net) sections, with estimated recoverable gas of 16 to 22 bcf per section. Recently, Petrohawk Energy Corporation completed an Eagle Ford well horizontally using a 10-stage frac that produced 9.1 mmcfde. The well is in LaSalle County, Texas, east of TXCO's acreage, and is indicative of the Eagle Ford's high potential.

On the San Miguel oil sands project, initial oil recovery is under way as high-temperature steam injection continues on the SAGD pilot. TXCO hopes to obtain steam-to-oil ratio data on this project sometime during the first half of 2009.

### About TXCO Resources

TXCO Resources is an independent oil and gas enterprise with interests in the Maverick Basin, the onshore Gulf Coast region and the Marfa Basin of Texas, and the Midcontinent region of western Oklahoma. It has a consistent record of long-term growth in its proved oil and gas reserves, leasehold acreage position, production and cash flow through its established exploration and development programs. TXCO's business strategy is to build shareholder value by acquiring undeveloped mineral interests and internally developing a multi-year drilling inventory through the use of advanced technologies, such as 3-D seismic and horizontal drilling. It accounts for its oil and gas operations under the successful efforts method of accounting and trades its common stock on Nasdaq's Global Select Market under the symbol "TXCO." Additional information, including recent regulatory filings and investor presentations, is available at the Company's Web site, [www.txco.com](http://www.txco.com).

– More –

### Forward-Looking Statements

Statements in this press release that are not historical, including statements regarding TXCO's or management's intentions, hopes, beliefs, expectations, representations, projections, estimations, plans or predictions of the future, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include those relating to estimated financial results, or expected prices, production volumes, well test results, reserve levels and number of drilling locations expected, drilling plans, including the timing, category, number, depth, cost and/or success of wells to be drilled, expected geological formations or the availability of specific services, equipment or technologies. It is important to note that actual results may differ materially from the results predicted in any such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the costs and accidental risk inherent in exploring and developing new oil and natural gas reserves, the price for which such reserves can be sold, environmental concerns affecting the drilling of oil and natural gas wells, impairment of oil and gas properties due to depletion or other causes, the uncertainties inherent in estimating quantities of proved reserves and cash flows, as well as general market conditions, competition and pricing. TXCO undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise. More information about potential factors that could affect TXCO's operating and financial results is included in TXCO's annual report on Form 10-K for the year ended December 31, 2007, and its Form 10-Q for the quarter ended September 30, 2008. These reports and all previously filed documents are on file at the Securities and Exchange Commission and can be viewed on TXCO's Web site at [www.txco.com](http://www.txco.com). Copies are available from TXCO without charge.