

[Concho Resources Inc.](#) (NYSE: CXO) (“Concho” or the “Company”) today announced three separate transactions that enhance the Company’s position in the southern Delaware Basin, high grade the Company’s portfolio and reduce net debt.

Highlights

- Concho agreed to acquire approximately 12,000 net acres complementary to the Company’s core North Harpoon prospect in Ward and Reeves Counties, Texas, from a private operator for total consideration of approximately \$360 million, through a combination of common stock, cash and drilling carry.
- The Company completed an acreage exchange with Clayton Williams Energy, Inc. (NYSE: CWEI) (“Clayton Williams”), consolidating 21,000 net non-operated acres into a concentrated, operated position adjacent to the Company’s Big Chief prospect in Reeves County, Texas.
- Concho agreed to sell 14,000 net acres in Loving County, Texas, for cash proceeds of \$290 million.
- The aggregate impact of these transactions is neutral to Concho’s 2016 capital and production outlook.

Tim Leach, Chairman, Chief Executive Officer and President, commented, “These transactions highlight our focus on actively managing and improving our portfolio of high-quality assets in the Permian Basin. The acquisition and acreage swap in Reeves and Ward Counties increase our exposure to the best part of the southern Delaware Basin and provide for more efficient development of our existing assets in North Harpoon and Big Chief, with drilling inventory that we believe competes with the best projects in our portfolio. The combined effect of these transactions not only strengthens our portfolio, but also frees up capital to develop higher returning properties while improving our leverage metrics.”

Property Acquisition and Asset Exchange

Concho has entered into a definitive agreement to acquire 12,000 net acres in Reeves and Ward Counties, Texas, adjacent to the Company’s North Harpoon prospect for total consideration of approximately \$360 million, including 2.2 million shares of Concho common stock, \$150 million of cash and \$40 million to carry a portion of the seller’s future drilling costs. The acquisition increases the Company’s exposure to core acreage in the southern Delaware Basin and enables more efficient, long-lateral development of Concho’s existing North Harpoon acreage. The acquired properties have current net production of approximately 3.6 MBoepd and estimated proved reserves of 18.5 MMBoe as of December 31, 2015. As part of the transaction, the seller will retain a 20% non-operated working interest in the assets. This acquisition is expected to close during the first quarter of 2016.

The acreage exchange with Clayton Williams encompasses approximately 21,000 net acres in the Company’s Big Chief prospect in Reeves County, Texas. Consolidating operated positions benefits both parties and allows Concho to optimize drilling activity with more efficient long-lateral wells and provides for greater control of field development. The acreage exchange will have no impact on Concho’s daily production.

Concho was a first mover in the southern Delaware Basin, which is characterized by multi-zone potential and considerable oil in place. The Company continues to lead development in the region with a focus on drilling longer laterals and optimizing completion techniques. The property acquisition and acreage exchange add more than 350 horizontal locations to the Company’s inventory in the southern Delaware Basin, of which more than 200 are long-laterals.

Acreage Divestiture

Concho also entered into a definitive agreement to sell 14,000 net acres located in Loving County, Texas, for cash proceeds of \$290 million to Silver Hill Energy Partners II, LLC. Production for the third quarter of 2015 attributable to the assets was 2.5 MBoepd. The assets also include 5 MMBoe of estimated proved reserves as of December 31, 2014. The asset sale eliminates approximately \$100 million of lower rate-of-return obligation drilling in 2016. The sale is expected to close during the first quarter of 2016 and be structured as a like-kind exchange.

Vinson & Elkins LLP acted as legal advisor to Concho on the property acquisition and the acreage divestiture. Scotia Waterous acted as financial advisor to Concho on the acreage divestiture.

A presentation providing maps and other information related to these transactions is available on Concho’s website at www.concho.com.

Concho Resources Inc.

[Concho Resources Inc.](#) is an independent oil and natural gas company engaged in the acquisition, development and exploration of oil and natural gas properties. The Company’s operations are primarily focused in the Permian Basin of southeast New Mexico and west Texas. For more information, visit the Company’s website at www.concho.com.

Forward-Looking Statements and Cautionary Statements

The foregoing contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements contained in this press release specifically include statements, estimates and projections regarding the Company's future financial position, operations, performance, business strategy, oil and natural gas reserves, drilling program, capital expenditure budget, liquidity and capital resources, the timing and success of specific projects, outcomes and effects of litigation, claims and disputes, derivative activities and potential financing. The words "estimate," "project," "predict," "believe," "expect," "anticipate," "potential," "could," "may," "foresee," "plan," "goal" or other similar expressions are intended to identify forward-looking statements, which generally are not historical in nature. However, the absence of these words does not mean that the statements are not forward-looking. These statements are based on certain assumptions and analyses made by the Company based on management's experience, expectations and perception of historical trends, current conditions, anticipated future developments and other factors believed to be appropriate. Forward-looking statements are not guarantees of performance. Although the Company believes the expectations reflected in its forward-looking statements are reasonable and are based on reasonable assumptions, no assurance can be given that these assumptions are accurate or that any of these expectations will be achieved (in full or at all) or will prove to have been correct. Moreover, such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. These include the risk factors discussed or referenced in the Company's most recent Annual Report on Form 10-K and Current Reports on Form 8-K; risks relating to declines in the prices the Company receives for its oil and natural gas; uncertainties about the estimated quantities of oil and natural gas reserves; drilling and operating risks, including risks related to properties where the Company does not serve as the operator and risks related to hydraulic fracturing activities; the adequacy of the Company's capital resources and liquidity including, but not limited to, access to additional borrowing capacity under its credit facility; the effects of government regulation, permitting and other legal requirements, including new legislation or regulation of hydraulic fracturing and the export of oil and natural gas; environmental hazards, such as uncontrollable flows of oil, natural gas, brine, well fluids, toxic gas or other pollution into the environment, including groundwater contamination; difficult and adverse conditions in the domestic and global capital and credit markets; risks related to the concentration of the Company's operations in the Permian Basin of southeast New Mexico and west Texas; disruptions to, capacity constraints in or other limitations on the pipeline systems that deliver the Company's oil, natural gas liquids and natural gas and other processing and transportation considerations; the costs and availability of equipment, resources, services and personnel required to perform the Company's drilling and operating activities; potential financial losses or earnings reductions from the Company's commodity price management program; risks and liabilities related to the integration of acquired properties or businesses; uncertainties about the Company's ability to successfully execute its business and financial plans and strategies; uncertainties about the Company's ability to replace reserves and economically develop its current reserves; general economic and business conditions, either internationally or domestically; competition in the oil and natural gas industry; uncertainty concerning the Company's assumed or possible future results of operations; and other important factors that could cause actual results to differ materially from those projected.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

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