

[Concho Resources Inc.](#) (NYSE: CXO) (the Company or Concho ) today reported financial and operating results for first quarter 2015.

## Highlights

- Concho delivered record quarterly production of 11.9 million Boe, or 132.2 MBoepd, exceeding the high end of the Company's guidance.
- Concho achieved 38% crude oil production growth over the same quarter a year ago and 9% crude oil growth over the fourth quarter of 2014.
- Concho raised its 2015 total production growth target to 18% to 22%. Capital expenditures are expected to range between \$1.8 billion to \$2.0 billion for full year 2015.
- Concho announced excellent well results from the oil-rich extension of the Avalon Shale in the northern Delaware Basin.
- Concho successfully drove all per-unit expenses lower year-over-year, while capturing significant service cost savings across all areas of operations in the Permian Basin.
- First quarter of 2015 financial results reflected the lower commodity price environment. Earnings for the first quarter of 2015 totaled \$0.06 per diluted share, or \$0.36 per diluted share on an adjusted basis (non-GAAP).
- First quarter of 2015 EBITDAX (non-GAAP) totaled \$407.5 million.

See Supplemental Non-GAAP Financial Measures at the end of this press release for a description of adjusted net income and EBITDAX (non-GAAP measures) and a reconciliation of these measures to the associated GAAP measure.

Tim Leach, Chairman, Chief Executive Officer and President, commented, Concho delivered another outstanding quarter of production growth, reflecting great drilling results across our assets in the Permian Basin and strong momentum from our 2014 program. We remain focused on executing a flexible capital program that maintains our financial strength while we capitalize on our high-quality inventory; an inventory that continues to improve as we optimize our drilling and completion techniques. With the success from our drilling program, we are increasing our production growth target for 2015 to a range of 18% to 22% from a range of 16% to 20%, while slightly reducing our outlook for capital expenditures. We believe Concho is in a unique position to deliver attractive returns today and build shareholder value over the long term.

## First Quarter 2015 Operations Summary

Production for the first quarter of 2015 increased 30% from the first quarter of 2014 to 11.9 million barrels of oil equivalent (MMBoe), or an average of 132.2 thousand Boe per day (MBoepd), which exceeded the Company's production guidance range of 127 MBoepd to 131 MBoepd.

Production for the first quarter of 2015 consisted of 8.1 million barrels (MMBbls) of crude oil and 23.0 billion cubic feet (Bcf) of natural gas. Crude oil production increased 38% and 9% over the first quarter of 2014 and the fourth quarter of 2014, respectively. The first quarter of 2015 marks the 21<sup>st</sup> consecutive quarter of crude oil production growth from continuing operations.

Concho is currently running 18 rigs, as compared to 36 rigs at the beginning of the first quarter of 2015. All 18 rigs are drilling horizontal wells, with 14 rigs in the Delaware Basin, 2 rigs in the Texas Permian and 2 rigs on the New Mexico Shelf.

Concho started drilling or participating in a total of 126 gross wells, of which 103 were operated by the Company, and completed 171 gross wells during the first quarter of 2015. The Company incurred a total of \$730.9 million in capital expenditures, excluding property acquisition costs. The table below summarizes the Company's drilling activity by core area for the first quarter of 2015.

	Number of Wells Drilled (Gross)	Number of Operated Wells Drilled (Gross)	Number of Wells Completed (Gross)
Delaware Basin	60	52	71
New Mexico Shelf	40	25	51
Texas Permian	26	26	49
Total	126	103	171
Percent Horizontal	73%	72%	67%

## Delaware Basin

During the first quarter of 2015, Concho drilled 60 wells in the Delaware Basin, including 39 wells targeting the Bone Spring Sands, 12 wells targeting the Wolfcamp Shale, seven wells targeting the Avalon Shale and two wells targeting the Brushy Canyon. First quarter of 2015 production attributable to horizontal wells in the Delaware Basin totaled 68.9 MBoepd, up 63%

over the first quarter of 2014 and 7% over the fourth quarter of 2014.

In the northern Delaware Basin, Concho added 42 new horizontal wells with at least 30 days of production as of the end of the first quarter of 2015. The average peak 30-day and 24-hour rates for these wells were 891 Boepd (73% oil) and 1,430 Boepd, respectively. We continue to delineate the multi-zone potential across our large acreage position in the northern Delaware Basin. In the first quarter of 2015, the Company made significant progress targeting the Avalon Shale, including strong results from three recent completions. The average peak 30-day and 24-hour rates for these three horizontal wells were 1,586 Boepd (77% oil) and 2,487 Boepd, respectively.

In the southern Delaware Basin, the Company added eight new horizontal wells with at least 30 days of production as of the end of the first quarter of 2015. The average peak 30-day and 24-hour rates for these wells were 997 Boepd (79% oil) and 1,238 Boepd, respectively.

#### Texas Permian

In the Midland Basin, the Company added 12 new horizontal wells with at least 30 days of production as of the end of the first quarter of 2015. The average peak 30-day and 24-hour rates for these wells were 742 Boepd (83% oil) and 957 Boepd, respectively.

#### New Mexico Shelf

On the New Mexico Shelf, the Company added seven new horizontal wells with at least 30 days of production as of the end of the first quarter of 2015. The average peak 30-day and 24-hour rates for these wells were 331 Boepd (84% oil) and 511 Boepd, respectively.

#### First Quarter 2015 Financial Summary

Net income for the first quarter of 2015 was \$7.5 million, or \$0.06 per diluted share, compared to net income of \$91.3 million, or \$0.87 per diluted share, in the first quarter of 2014. Excluding non-cash and unusual items, adjusted net income (non-GAAP) for the first quarter of 2015 was \$42.1 million, or \$0.36 per diluted share, compared with adjusted net income (non-GAAP) of \$106.6 million, or \$1.01 per diluted share, for the first quarter of 2014.

EBITDAX (non-GAAP) for the first quarter of 2015 totaled \$407.5 million, compared to \$483.3 million in the first quarter of 2014.

The Company's total realized price during the first quarter of 2015, excluding the effect of commodity derivatives, was \$34.76 per Boe, compared with \$72.27 per Boe during the first quarter of 2014. The lower total realized price in the 2015 period reflects sharply lower crude oil and natural gas prices.

#### Financial Position and Liquidity

At March 31, 2015, we had total long-term debt of \$3.4 billion for a debt-to-EBITDAX ratio of 1.7 times. In addition, we had a \$2.5 billion revolving credit facility with a \$3.25 billion borrowing base and no outstanding borrowings, providing us with \$2.5 billion of liquidity as of March 31, 2015. As previously disclosed, in April 2015, the lenders to the Company's credit agreement reaffirmed our borrowing base of \$3.25 billion.

#### Commodity Derivatives Update

We enter into commodity derivatives to manage our exposure to commodity price fluctuations. For the remainder of 2015, Concho has swap contracts covering more than 65% of expected crude oil production, or 57.2 thousand barrels (MBbls) per day of crude oil, at a weighted average price of \$78.82 per Bbl. For 2016, Concho has swap contracts covering 34.2 MBbls per day of crude oil at a weighted average price of \$83.43 per Bbl. Please see the table under Derivatives Information for more detailed information about our current derivatives positions.

#### Outlook

For the second quarter of 2015, we expect production to average between 138 MBoepd and 142 MBoepd.

In addition, we updated our full-year 2015 outlook for certain items. The following table summarizes the Company's current guidance for those items, as compared to the Company's prior guidance.

	Full Year 2015	
	Prior	Current
Production		
Year-over-year production growth	16% - 20%	18% - 22%
Operating costs and expenses		
Lease operating expense (\$/Boe):		
Direct lease operating expense	\$8.00 - \$8.50	\$7.75 - \$8.25
General and administrative expense (\$/Boe):		
Non-cash stock-based compensation	\$1.10 - \$1.20	\$1.20 - \$1.30
Depletion, depreciation and amortization expense (\$/Boe)	\$24.00 - \$26.00	\$23.00 - \$25.00
Cash interest expense (\$ in millions)	\$215 - \$225	\$210 - \$220
Capital budget (\$ in billions)	\$2.0	\$1.8 - \$2.0

#### Conference Call

Concho will discuss first quarter 2015 results on a conference call tomorrow, May 5, 2015, at 9:00 AM CT (10:00 AM ET). The telephone number and passcode to access the conference call are provided below:

Dial-in: (800) 299-8538  
 Intl. dial-in: (617) 786-2902  
 Participant Passcode: 77249327

To access the live webcast and view the related presentation, visit Concho's website at [www.concho.com](http://www.concho.com). The replay will also be available on the Company's website under the Investors section.

Concho Resources Inc.

[Concho Resources Inc.](http://www.concho.com) 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](http://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 factors discussed or referenced in the Risk Factors section of the Company's most recent Annual Report on Form 10-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; shortages of oilfield equipment, services and qualified personnel and increases in costs for such equipment, services and personnel; 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.

Concho Resources Inc.  
Consolidated Balance Sheets  
Unaudited

(in thousands, except share and per share amounts)	March 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 21	\$ 21
Accounts receivable, net of allowance for doubtful accounts:		
Oil and natural gas	219,486	250,600
Joint operations and other	401,425	409,665
Derivative instruments	495,803	490,351
Prepaid costs and other	37,541	37,759
Total current assets	1,154,276	1,188,396
Property and equipment:		
Oil and natural gas properties, successful efforts method	14,609,006	13,867,831
Accumulated depletion and depreciation	(4,053,199 )	(3,790,953 )
Total oil and natural gas properties, net	10,555,807	10,076,878
Other property and equipment, net	132,778	129,136
Total property and equipment, net	10,688,585	10,206,014
Deferred loan costs, net	65,980	68,443
Intangible asset - operating rights, net	26,789	27,154
Inventory	14,352	14,435
Noncurrent derivative instruments	205,250	262,349
Other assets	51,914	33,172
Total assets	\$ 12,207,146	\$ 11,799,963
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable - trade	\$ 23,573	\$ 20,380
Bank overdrafts	19,002	92,541
Revenue payable	160,993	238,098
Accrued and prepaid drilling costs	665,922	718,300
Deferred income taxes	166,447	162,566
Other current liabilities	188,840	195,308
Total current liabilities	1,224,777	1,427,193
Long-term debt	3,377,147	3,517,320
Deferred income taxes	1,423,273	1,438,185
Noncurrent derivative instruments	168	-
Asset retirement obligations and other long-term liabilities	139,432	136,477
Stockholders' equity:		
Common stock, \$0.001 par value; 300,000,000 authorized; 120,304,465 and 113,264,918 shares issued at March 31, 2015 and December 31, 2014, respectively	120	113
Additional paid-in capital	3,784,605	3,027,412
Retained earnings	2,287,253	2,279,741
Treasury stock, at cost; 289,069 and 260,124 shares at March 31, 2015 and December 31, 2014, respectively	(29,629 )	(26,478 )
Total stockholders' equity	6,042,349	5,280,788
Total liabilities and stockholders' equity	\$ 12,207,146	\$ 11,799,963

Concho Resources Inc.  
Consolidated Statements of Operations  
Unaudited

(in thousands, except per share amounts)	Three Months Ended March 31, 2015	2014
Operating revenues:		



compensation

464	2,993
Net proceeds from issuance	

of common stock

741,184	-
Purchase of treasury	

stock

(3,151 ) (3,748 )  
Increase  
(decrease)













