

[Concho Resources Inc.](#) (NYSE: CXO) (“Concho” or the “Company”) today announced it has reached a definitive agreement to acquire approximately 24,000 gross (16,400 net) acres in the northern Delaware Basin for approximately \$430 million. The acquired acreage is complementary to the Company’s leasehold position in the northern Delaware Basin, with approximately 12,000 gross (10,000 net) acres located in the Red Hills area in Lea County, New Mexico.

#### Acquisition Highlights

- Includes approximately 2.5 MBoepd (69% oil) of current production
- Expands position in Red Hills area by more than 25% to approximately 47,000 net acres
- Doubles long-lateral drilling inventory in Red Hills
- Provides significant development upside across multiple, de-risked zones
- Accretive to cash flow per share and leverage neutral

Tim Leach, Chairman, Chief Executive Officer and President, commented, “This transaction is an opportunistic bolt-on in the Red Hills area where we are consistently delivering strong well performance. Our evaluation provides for multiple opportunities to enhance value through increased density development on multi-well pads as well as additional zones beyond the Avalon Shale, Wolfcamp Shale and the emerging Wolfcamp Sands. With a continued focus on driving capital efficiency gains and actively managing our portfolio, this acquisition further strengthens our industry-leading position in the Permian Basin and reinforces our ability to deliver differentiated long-term growth.”

The Red Hills area is an oil-prone fairway generating exceptional returns at current commodity prices. With more than 5,000 feet of resource-rich hydrocarbon column, this area is highly prospective for multi-zone development. The acquisition more than doubles the Company’s long-lateral drilling inventory in Red Hills and enhances its ability to drill long laterals on existing Concho leasehold.

Consideration in the transaction includes approximately \$150 million of cash and 2.18 million shares of Concho’s common stock. Concho expects to fund the cash portion of the transaction with cash on hand, borrowings under its credit facility and potential non-core asset sales. The acquisition is expected to close in January 2017 and is subject to customary closing conditions.

A presentation summarizing the transaction is available on Concho’s website at [www.concho.com](http://www.concho.com).

#### Full-Year 2017 Outlook

As a result of this acquisition, Concho plans to increase its operated rig count to an average of eight rigs in the northern Delaware Basin during 2017. Concho expects to grow oil production volumes by more than 20% year-over-year in 2017 and total production by 18% to 21%, up from the previously disclosed guidance range of 17% to 20%. The Company maintained its capital expenditure guidance of \$1.4 billion to \$1.6 billion for 2017. Based on the current commodity price outlook, Concho expects to fund its 2017 capital program within cash flow. The Company’s 2017 capital program excludes acquisitions and is subject to change depending upon a number of factors, including commodity prices and industry conditions.

Concho Resources Inc.

[Concho Resources Inc.](#) is an independent oil and natural gas company engaged in the acquisition, development, exploration and production of oil and natural gas properties. The Company’s operations are 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 that convey the uncertainty of future events or outcomes 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 in the Company's Quarterly Reports on Form 10-Q for the quarters ended June 30, 2016 and September 30, 2016; risks relating to declines in the prices the Company receives, or sustained depressed 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; 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; the impact of potential changes in the Company's credit ratings; 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 risk-management program; risks and liabilities associated with acquired properties or businesses, including risks and liabilities associated with the Company's acquisition of assets in the northern Delaware Basin; 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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## Contact

Concho Resources Inc.  
Investor Relations  
Megan P. Hays, 432-685-2533  
Vice President of Investor Relations  
or  
Mary Tennant Starnes, 432-221-0477  
Senior Financial Analyst  
or  
Ryan Thrasher, 432-686-3025  
Financial Analyst