

[Concho Resources Inc.](#) (NYSE: CXO) (“Concho” or the “Company”) and Frontier Midstream Solutions, LLC (“Frontier”) today announced that they have entered into separate agreements to sell 100% of their respective ownership interests of Alpha Holding Company, LLC, the owner of the Alpha Crude Connector system (“ACC”), to Plains All American Pipeline, L.P. (NYSE: PAA) (“Plains”) for a combined total of \$1.215 billion.

Tim Leach, Concho’s Chairman, Chief Executive Officer and President, commented, “Our investment in ACC was intended to serve two primary objectives within our core upstream business – provide pipeline infrastructure to support our rapid crude oil growth in the northern Delaware Basin and improve wellhead economics through better price realizations. With both of these objectives secured for the long term, plus the ongoing flexibility to access multiple key markets, we have accomplished our goal of developing a premier midstream solution. This sale not only represents an exceptional return on investment for our shareholders, but also reflects the quality of the substantial resource potential across the northern Delaware Basin. As we continue to focus on and deliver differentiated long-term growth across our four core areas, the proceeds from this sale provide further optionality to redeploy capital into our drilling program, fund future acquisitions and reduce long-term debt.

“I want to thank Frontier for their execution and operation of ACC, and I look forward to expanding our strong relationship with Plains. Their extensive crude oil infrastructure and logistics expertise will support our continued development of our high-quality drilling inventory in the northern Delaware Basin.”

Dave Presley, President and Chief Executive Officer of Frontier, commented, “It has been very exciting to work jointly with Concho to develop the ACC crude oil gathering system that provides a strategic midstream solution to support the continued growth of crude oil development in the prolific northern Delaware Basin.”

In 2014, Concho and Frontier formed the ACC joint venture to construct a crude oil transportation system in the northern Delaware Basin. Concho owns 50% of the joint venture with an option to purchase Frontier’s ownership interest at a predetermined multiple of invested capital. After adjusting for debt and working capital, Concho expects to receive net cash proceeds from the sale of approximately \$800 million. As of December 31, 2016, Concho’s net investment in ACC was approximately \$130 million. Closing is expected to occur in the first half of 2017, subject to customary terms and conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act.

ACC, which is the first large-scale crude oil gathering system in the northern Delaware Basin, includes a 515-mile gathering system as well as crude oil storage facilities, truck terminals and multiple receipt points. The pipeline system became operational in late 2015, and at that time, Concho commenced a ten-year crude oil acreage dedication and transportation agreement. After the closing of this transaction, the dedication and transportation agreement, which includes the tariff structure, will remain in place.

Plains intends to make investments on new interconnects and other enhancements to provide greater flow assurance and support the ongoing development of the northern Delaware Basin. In addition, Plains’ ownership of ACC will enhance access to multiple markets, including important crude oil export gateways.

Simmons & Company International, Energy Specialists of Piper Jaffray, served as exclusive financial advisor, and Vinson & Elkins served as legal advisor to Concho.

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.

Frontier Midstream Solutions, LLC

Frontier Midstream Solutions, headquartered in Tulsa, Oklahoma, is a privately held, full service midstream energy company that specializes in the acquisition and commercial development of crude oil and natural gas midstream assets. Frontier’s exclusive equity partner is Energy Spectrum Partners, a Dallas-based midstream focused private equity provider.

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 qualified 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; 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.

View source version on businesswire.com: <http://www.businesswire.com/news/home/20170124006472/en/>

Contact

[Concho Resources Inc.](#)

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