CONCHO

Investor Presentation

March 2019

Forward-Looking Statements and Other Disclaimers

The foregoing contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact, included in this presentation that address activities, events or developments that Concho Resources Inc. (the “Company” or “Concho”) expects, believes or anticipates will or may occur in the future are forward-looking statements. The words “estimate,” “project,” “predict,” “believe,” “expect,” “anticipate,” “potential,” “could,” “may,” “enable,” “foresee,” “plan,” “will,” “guidance,” “outlook,” “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, current plans, anticipated future developments, expected financings 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 and other information discussed or referenced in the Company’s most recent Annual Report on Form 10-K and other filings with the U.S. Securities and Exchange Commission (the “SEC”). 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. Information on Concho’s website is not part of this presentation.

To supplement the presentation of the Company’s financial results prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”), this presentation contains certain financial measures that are not prepared in accordance with GAAP, including adjusted net income, adjusted earnings per share and adjusted EBITDAX. See the appendix for a description and reconciliation of each non-GAAP measure presented in this presentation to the most directly comparable financial measure calculated in accordance with GAAP.

This presentation also contains the non-GAAP term free cash flow. Free cash flow is cash flow provided by operating activities in excess of cash flow used in investing activities for additions to oil and gas properties.

The SEC requires oil and natural gas companies, in their filings with the SEC, to disclose proved reserves, which are those quantities of oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs and under existing economic conditions (using the trailing 12-month average first-day-of-the-month prices), operating methods and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The SEC also permits the disclosure of separate estimates of probable or possible reserves that meet SEC definitions for such reserves; however, the Company currently does not disclose probable or possible reserves in its SEC filings.

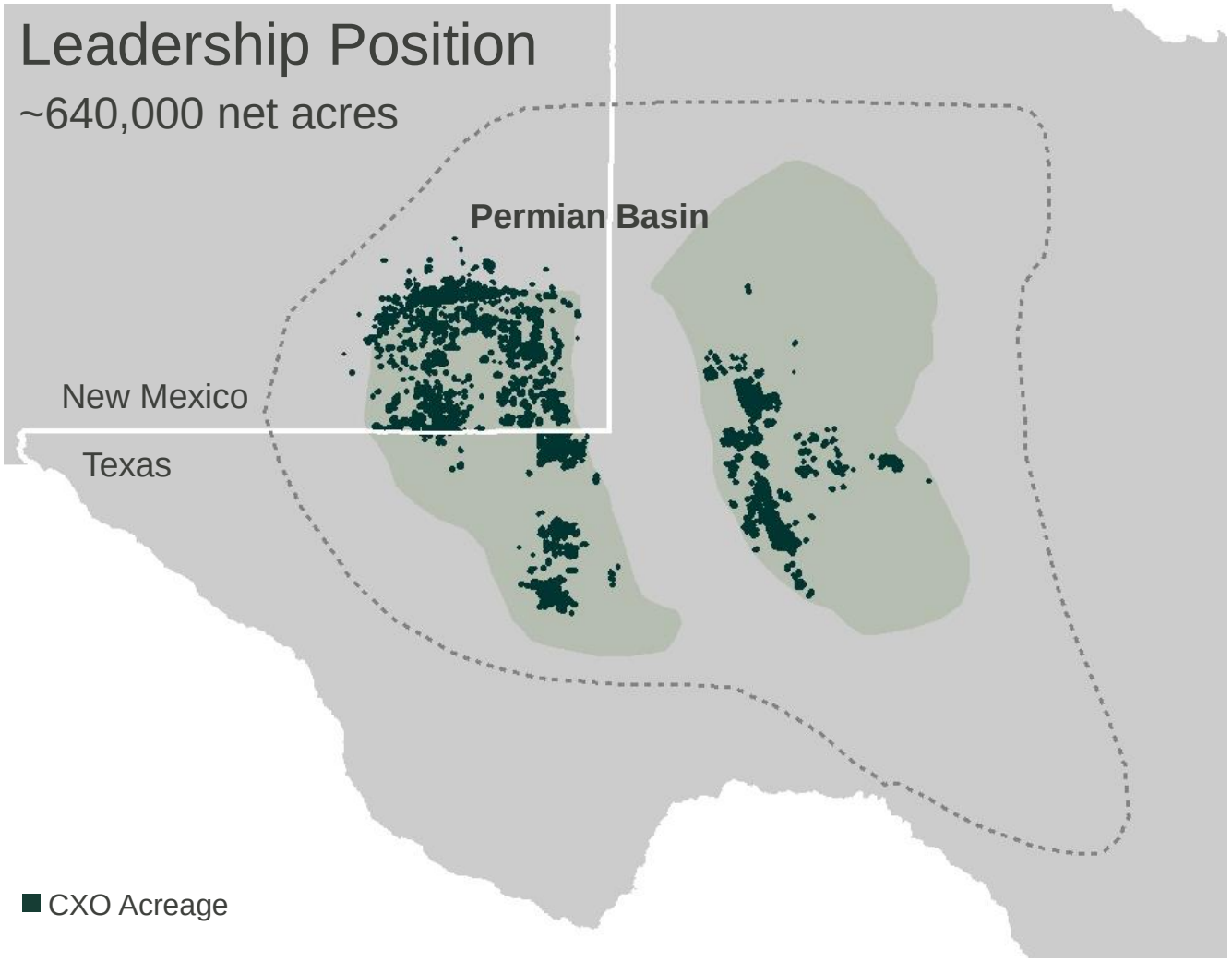
In this presentation, proved reserves attributable to the Company at December 31, 2018 are estimated utilizing SEC reserve recognition standards and pricing assumptions based on the trailing 12-month average first-day-of-the-month prices of $62.04 per Bbl of oil and $3.10 per MMBtu of natural gas.

Cautionary Statements Regarding Resource

Concho may use the terms “resource potential”, “horizontal resource” and similar phrases to describe estimates of potentially recoverable hydrocarbons that SEC rules prohibit from being included in filings with the SEC. These are based on analogy to Concho’s existing models applied to additional acres, additional zones and tighter spacing and are Concho’s internal estimates of hydrocarbon quantities that may be potentially discovered through exploratory drilling or recovered with additional drilling or recovery techniques. These quantities may not constitute “reserves” within the meaning of the Society of Petroleum Engineer’s Petroleum Resource Management System or SEC rules. Such estimates and identified drilling locations have not been fully risked by Concho management and are inherently more speculative than proved reserves estimates. Actual locations drilled and quantities that may be ultimately recovered from Concho’s interests could differ substantially from these estimates. There is no commitment by Concho to drill all of the drilling locations that have been attributed to these quantities. Factors affecting ultimate recovery include the scope of Concho’s ongoing drilling program, which will be directly affected by the availability of capital, commodity prices, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals, actual drilling results, including geological and mechanical factors affecting recovery rates, and other factors. Such estimates may change significantly as development of Concho’s oil and natural gas assets provide additional data. Concho’s production forecasts and expectations for future periods are dependent upon many assumptions, including estimates of production decline rates from existing wells and the undertaking and outcome of future drilling activity, which may be affected by significant commodity price declines or drilling cost increases or other factors that are beyond Concho’s control. Concho’s use of the term “premium resource” refers to assets with the capacity to produce at an internal rate of return that is greater than thirty-five percent based on sixty dollar oil and three dollar gas. Concho’s use of the term “horizontal resource” refers to hydrocarbons (or oil and gas resources) planned to be developed through the drilling of horizontal wellbores into the targeted subsurface reservoirs.

Concho Resources

Leading Development of the Permian Basin



The Permian Basin

Our home for 30+ years

Home-field advantage with HQ in Midland, Texas

The pillars of our strategy

Building a great **team**

Investing in high-margin **assets**

Generating high-quality **returns**

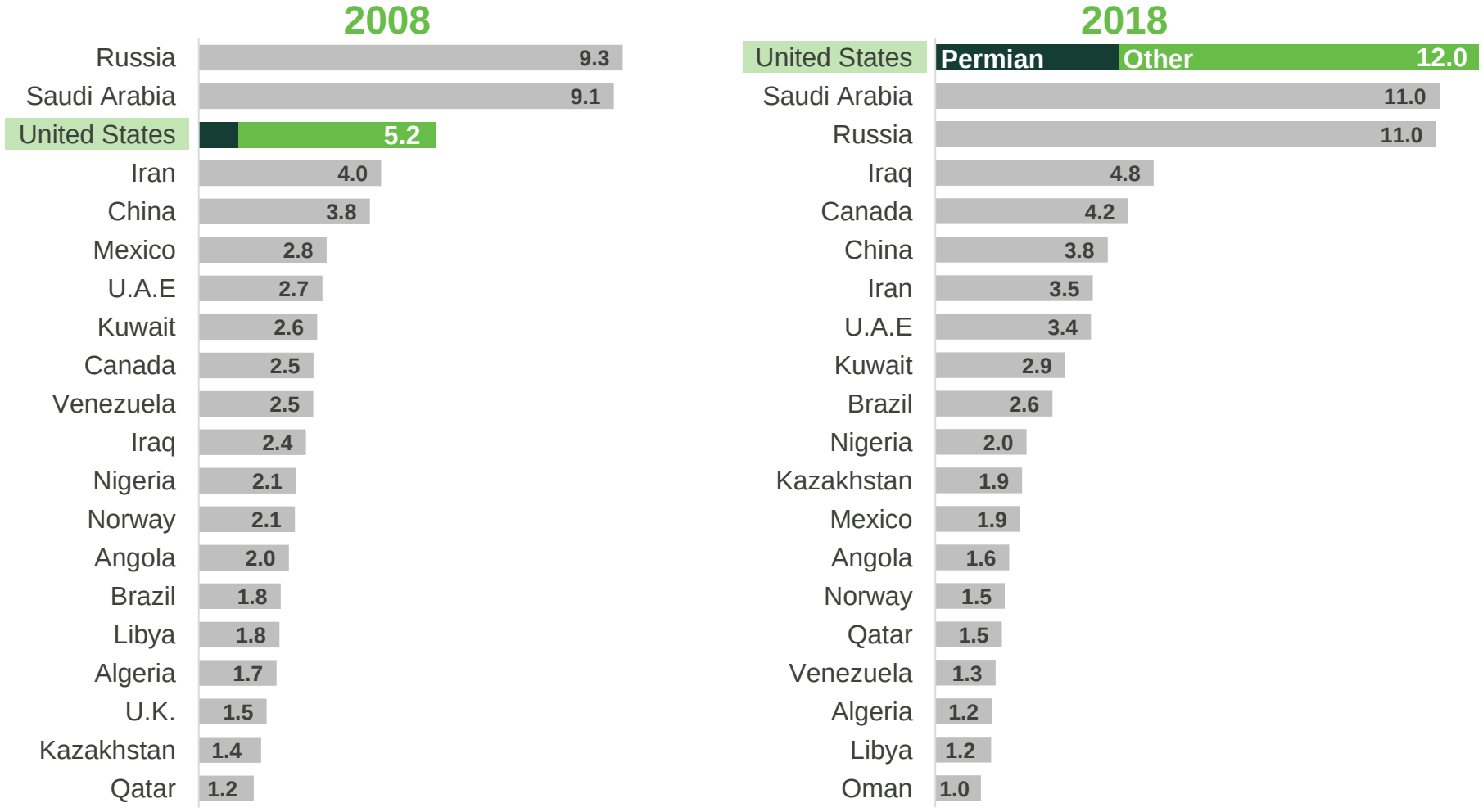
Maintaining a strong **balance sheet**

Note: Concho acreage as of December 31, 2018.

Global Context

Innovation and Technology Game Changers for U.S. Oil Growth

Millions of Barrels of Crude Oil Produced Per Day



The U.S. Oil Growth Story Is a Permian Oil Growth Story

- From 2008 to 2018, U.S. oil production more than doubled
- Permian key driver of U.S. oil growth
- Permian expected to lead growth for the next decade

Source: EIA for November 2018.

Well Positioned to Deliver Value-Added Growth *and* Free Cash Flow

Leveraging Our Unique Competitive Advantages

Our Advantages

Execution Strength and Scale

- Running one of the largest programs
- One of the largest shale producers in the Permian Basin
- Leader in transition to large-scale development

Breadth and Depth of High-Quality Portfolio

- Balanced portfolio within the Permian
- ~40 years of premium resource at current development pace

Superior Capital Efficiency

- Development program accelerating innovation and improving capital efficiency
- Delivering value-added production growth *and* free cash flow

Financial Strength

- Low leverage provides substantial flexibility
- Investment grade credit ratings

Note: For a definition of the term “Premium Resource”, see slide 2.

Execution Strength & Scale

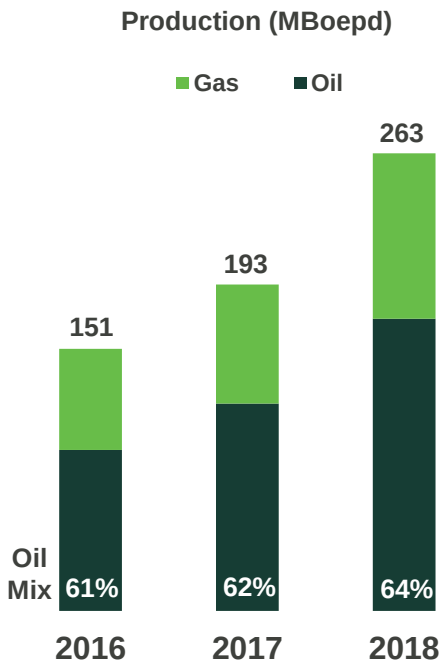
Delivering Strong Performance

Our Advantages

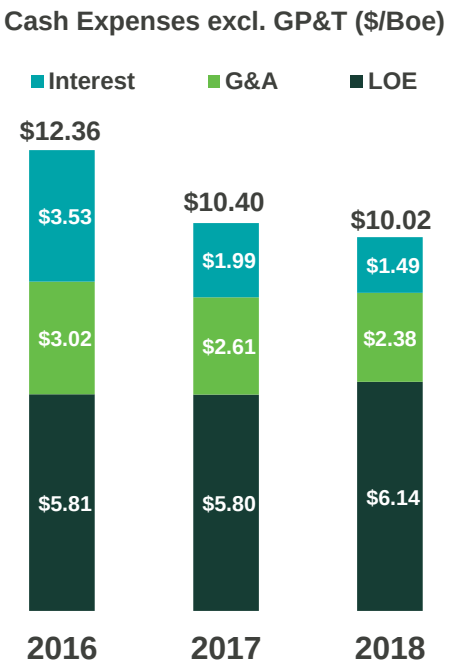
- Execution Strength & Scale
- Breadth & Depth of High-Quality Portfolio
- Superior Capital Efficiency
- Financial Strength

Our Performance

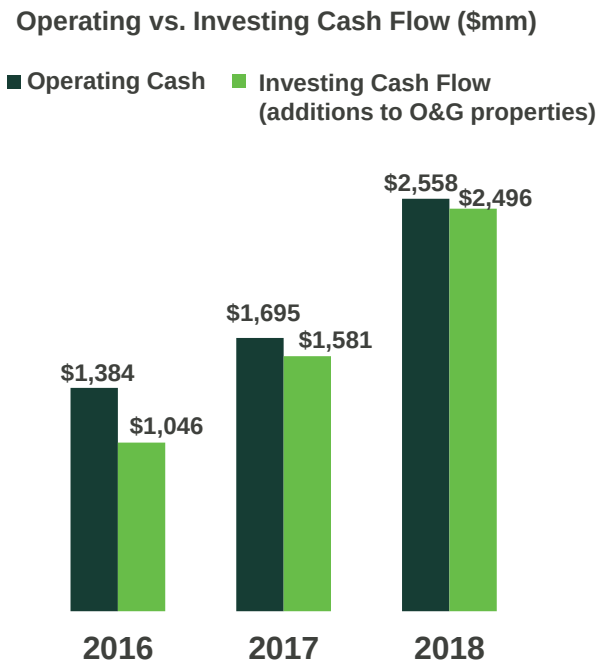
Delivering Volumes at High-End of Guidance



Reducing Controllable Cash Costs



Extending Track Record of Disciplined Investment



Breadth & Depth of High-Quality Portfolio

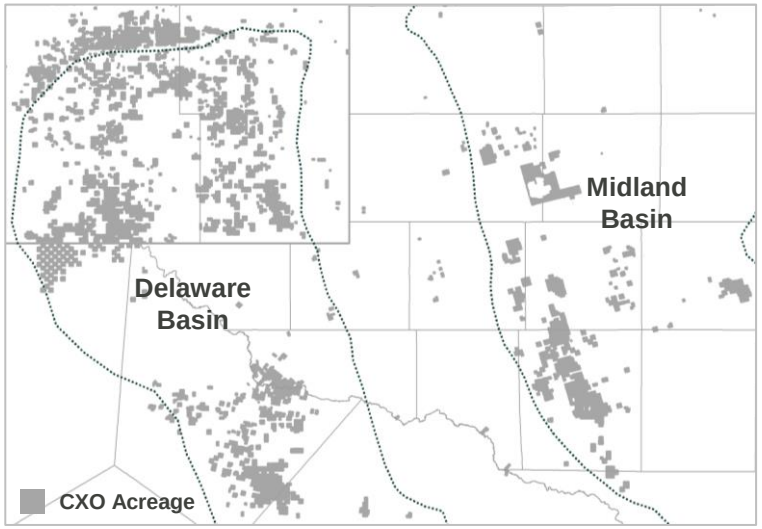
Actively Managing the Portfolio

Our Advantages

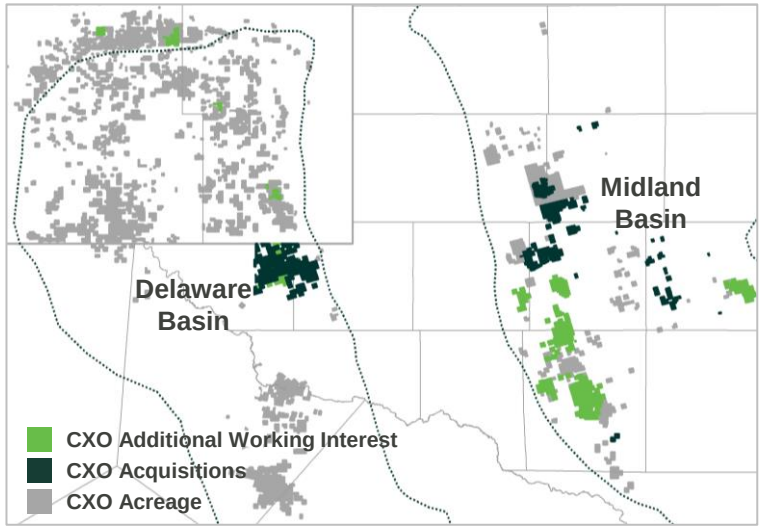
- Execution Strength & Scale
- Breadth & Depth of High-Quality Portfolio
- Superior Capital Efficiency
- Financial Strength

Transformational Portfolio Optimization

Concho Acreage: Year-End 2017



Concho Acreage: Year-End 2018



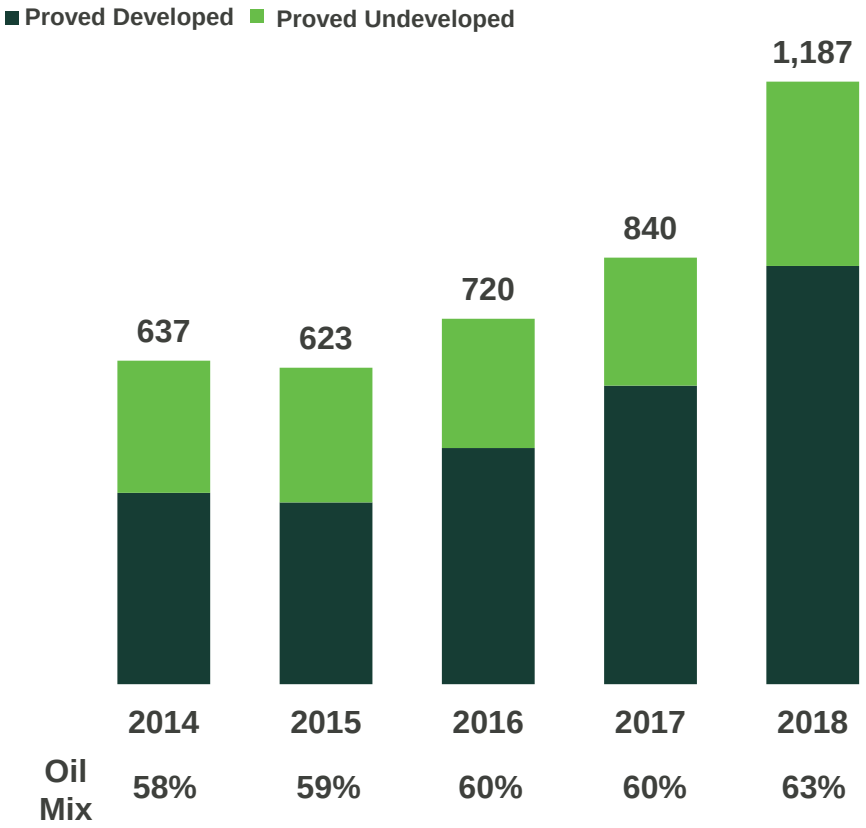
- Completed RSP acquisition, the largest acquisition in company history
- Executed 15 asset trades, high-grading development platform for manufacturing mode
- Proceeds of $361mm from non-core asset divestitures; proceeds of $1.5bn from non-core asset divestitures completed during 2016-2018

Breadth & Depth of High-Quality Portfolio

Resource Capture

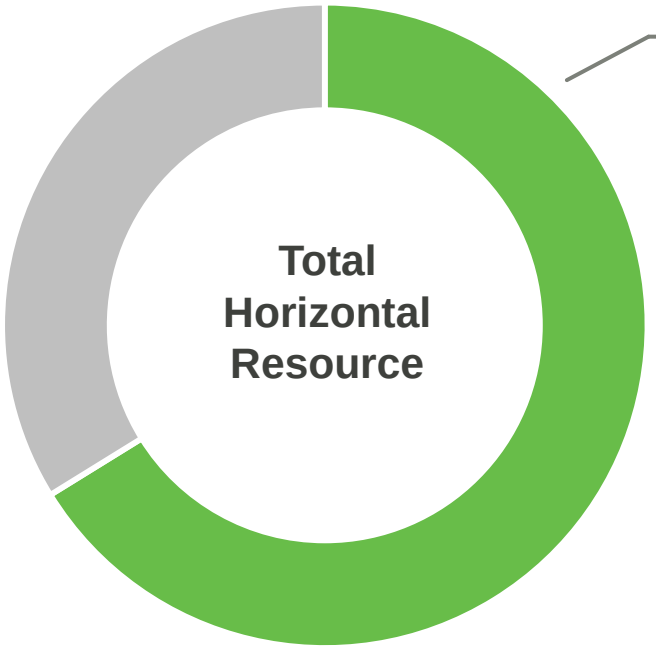
Growing Capital-Efficient Reserve Base

Proved Reserves (MMBoe)



Expanding Premium Resource Depth

~12 BBoe of Horizontal Resource



Premium Resource:

- ✓ Two-thirds of horizontal resource is premium at $60 WTI
- ✓ Average IRR of premium inventory is 68%
- ✓ Directing capital to these locations
- ✓ ~40 years of premium resource at current development pace

Note: For definitions of the terms “Horizontal Resource” and “Premium Resource”, see slide 2.

Superior Capital Efficiency

Large-Scale Development Accelerating Innovation, Improving Capital Efficiency

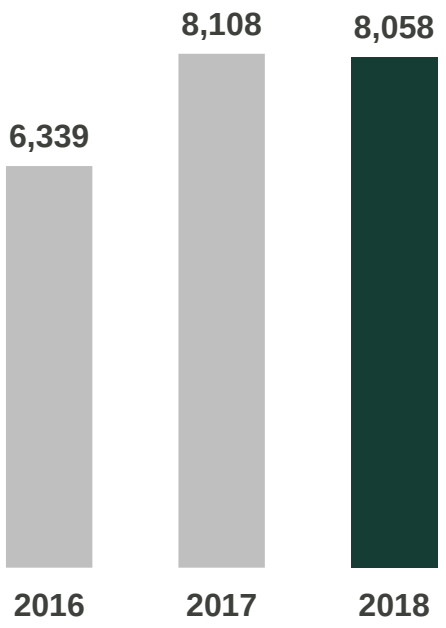
Our Advantages

- Execution Strength & Scale
- Breadth & Depth of High-Quality Portfolio
- Superior Capital Efficiency
- Financial Strength

Our Performance

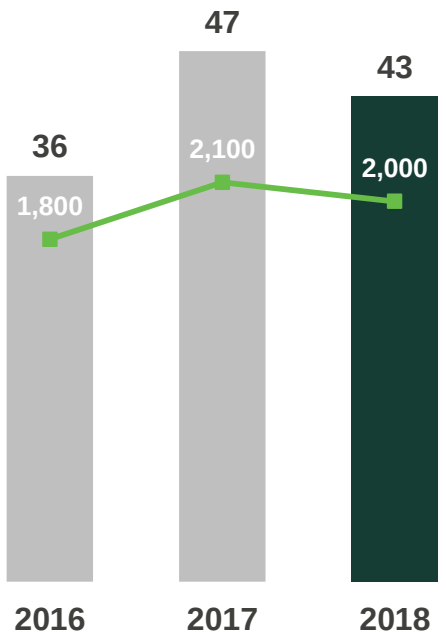
Maximizing Lateral Length

Avg. Lateral Length (ft.)



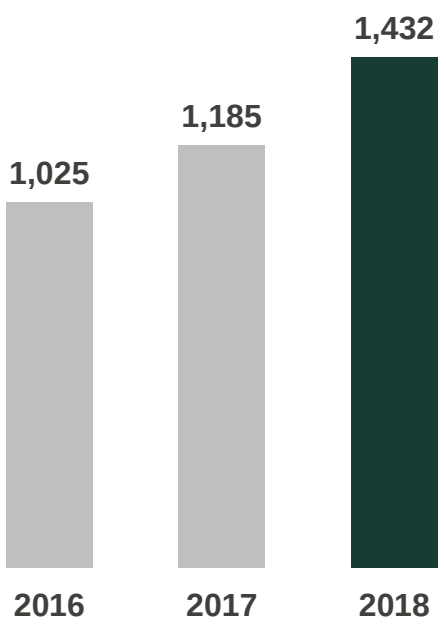
Fine-Tuning Completions

Stages per Well



Increasing Productivity

Avg. Peak 30-Day Rate (Boepd)



Financial Strength

Prioritizing Financial Discipline & Balance Sheet Strength

Our Advantages

- Execution Strength & Scale
- Breadth & Depth of High-Quality Portfolio
- Superior Capital Efficiency
- Financial Strength

Financial Discipline

- Investment grade credit ratings
- Track record of cash flow exceeding D&C capital
- Cash flow protected with commodity hedges
- At year-end 2018, 1.4x debt-to-annualized 4Q18 adjusted EBITDAX

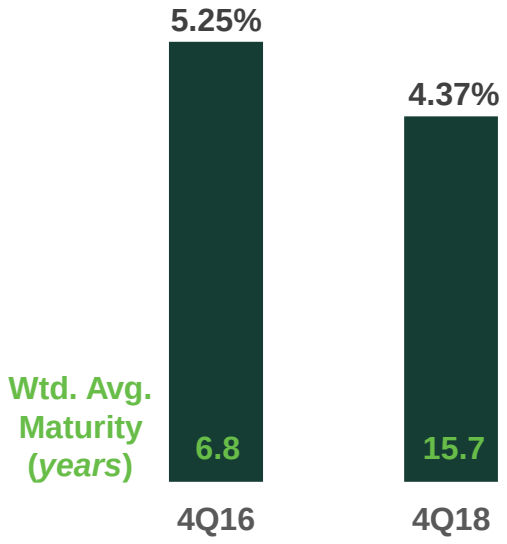
Lower Cost of Capital

- Lower cost of capital supports margin expansion
- Reduced annual interest expense (pro forma for RSP) increases financial flexibility

Strengthening Our Investment Case

- Disciplined capital allocation
- Initiated dividend program in 1Q19

Average Coupon Rate & Debt Maturity



Note: Adjusted EBITDAX is a non-GAAP measure. See appendix for reconciliation to GAAP measure.

CONCHO

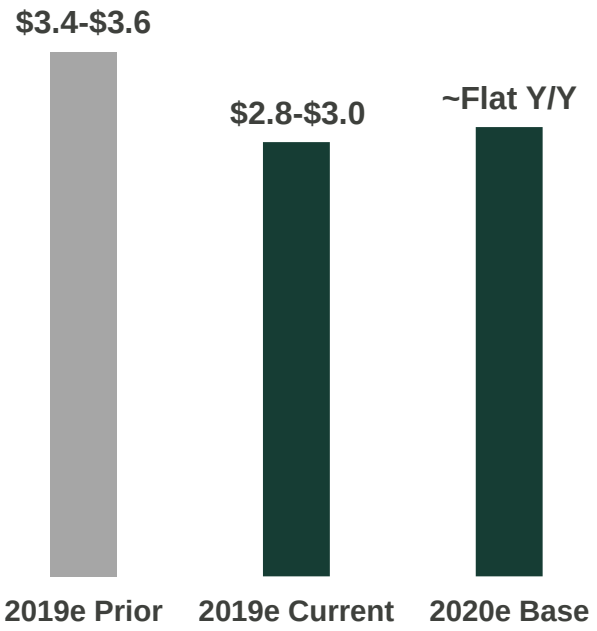
Outlook

2019 Capital Program

Compelling Growth and Free Cash Flow Outlook

Capital Spending

Capital Program ($bn)



Focus on Sustainable Free Cash Flow Growth

- **Gearing around a $50 WTI price environment**
- **2019 capital outlook FCF+ inclusive of dividend**
- **Strong FCF growth trajectory 2020+**

Production Growth

	2019e	2019e-2020e
Oil Growth	26%-30%	23% 2-YR CAGR
Total Production Growth	21%-25%	19% 2-YR CAGR

Exit Rate Outlook (4Q18 → 4Q19)

15% oil growth, 10% total production growth

Note: Capital program excludes acquisitions. Free cash flow is a non-GAAP measure. See slide 2 for a definition.

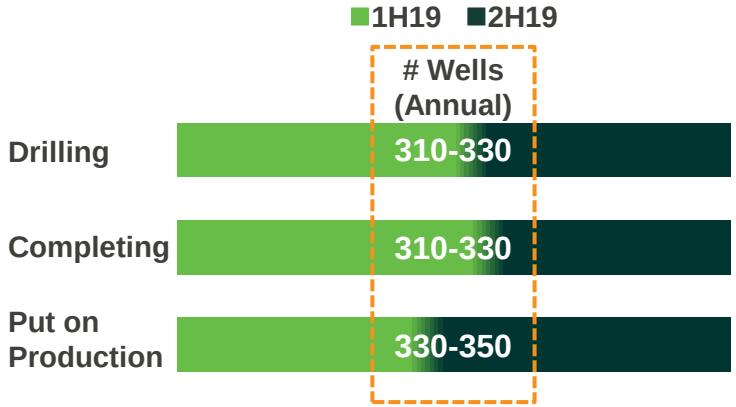
2019 Development Outlook

Advancing Large-Scale Development

- Directing capital to high-return, large-scale projects
  - 80%+ capital allocated to large-scale projects
- Increasing lateral length 20% y/y
  - 2019 planned avg. lateral length ~9.7k'
- Enhancing efficiency
  - Improving ratio of barrels added / dollar invested

Production Starts 2H19-Weighted

Gross Operated Activity



Key Projects		1st Well Production Start
Delaware Basin	Dominator (23 wells)	Late 1Q19
	Eider (12 wells)	Late 1Q19
	Jack (6 wells)	Late 1Q19
	Littlefield (8 wells)	1H19
	Tempest (7 wells)	2H19
	SRO (7 wells)	2H19
	Fez (7 wells)	2H19
	Taylor (8 wells)	1H20
Midland Basin	Spanish Trail (5 wells)	1Q19
	Mabee (11 wells)	1H19
	Marion V Benge (18 wells)	1H19
	Winter (9 wells)	2H19
	Ted Johnson (13 wells)	2H19
	King (11 wells)	2H19

Capital Allocation Framework

Driving Shareholder Returns

Historically guided by growth within cash flow

Enhance free cash flow generation and corporate returns

- Disciplined approach to growth
- Capital returns to shareholders
- Maintain a strong balance sheet

Cash Flow Priorities		Free Cash Flow Opportunities		
Capital Program	Dividend	Strengthen Balance Sheet	Additional Returns to Shareholders	Portfolio Enhancement

Our Mindset

- Reflects evolution of the E&P business model
- **Underscores outlook for sustainable, profitable growth and returns**

Note: Free cash flow is a non-GAAP measure. See slide 2 for a definition.

Key Messages

Leveraging Competitive Advantages to Deliver Sustainable Performance

- **Delivering production growth and free cash flow**
  - Strong oil growth and sustainable free cash flow growth
- **Maximizing resource recovery and economics**
  - Leading large-scale development in the Permian
- **Leveraging technology to drive strong performance across portfolio**
  - Accelerating innovation with real-time feedback loop
- **Investing in local communities for long-term development**
  - Permian Strategic Partnership focused on critical infrastructure to support long-term economic development

Well Positioned to Deliver Sustainable, Profitable Performance

- Execution strength and scale
- Disciplined capital allocation
- Financial strength
- Strong free cash flow generation and improving corporate returns

Note: Free cash flow is a non-GAAP measure. See appendix for reconciliation to GAAP measure.

CONCHO

Appendix

4Q18 Results Highlights

Operational & Financial Summary

- Production totaled 307 MBoepd; oil production totaled 199 MBopd
- Net income of $1.5bn, or $7.55 per share; adjusted net income of $189mm, or $0.94 per share
- Adjusted EBITDAX totaled $751mm, up 46% y/y

Asset Performance

Delaware Basin

› Added 50 wells (avg. lateral length 7,807')
- Avg. 30-day peak rate: 1,594 Boepd (73% oil)
- Avg. 60-day peak rate: 1,454 Boepd (72% oil)

Midland Basin

› Added 23 wells (avg. lateral length 7,869')
- Avg. 30-day peak rate: 1,202 Boepd (86% oil)
- Avg. 60-day peak rate: 1,070 Boepd (85% oil)

Large-Scale Projects

1 Gettysburg (5 wells)

› 3rd Bone Spring
› Avg. lateral length: 6,989'
› Avg. 30-day peak rate: 2,018 Boepd per well (79% oil)
› Avg. 60-day peak rate: 1,857 Boepd per well (79% oil)

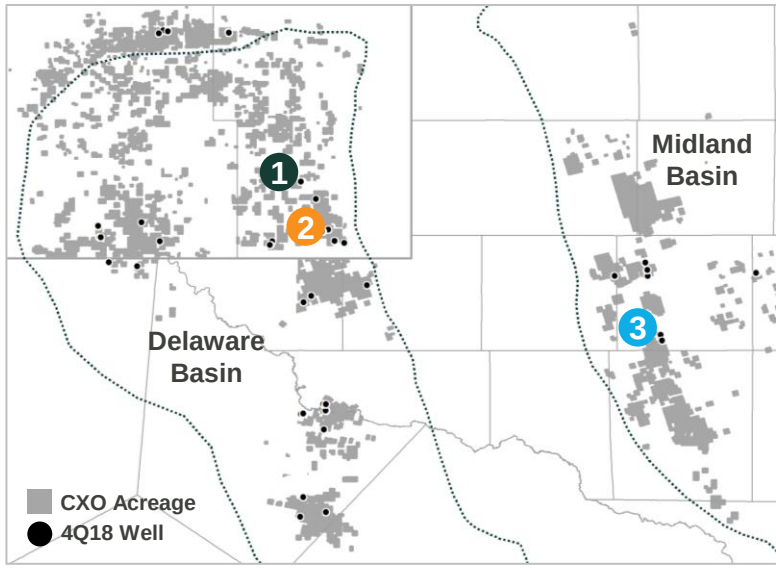
2 Square Bill (4 wells)

› 3rd Bone Spring, Wolfcamp A
› Avg. lateral length: 7,088'
› Avg. 30-day peak rate: 2,015 Boepd per well (82% oil)
› Avg. 60-day peak rate: 1,874 Boepd per well (82% oil)

3 Windham TXL (11 wells)

› Lower Spraberry, Wolfcamp B
› Avg. lateral length: 7,670'
› Avg. 30-day peak rate: 1,303 Boepd per well (83% oil)
› Avg. 60-day peak rate: 1,187 Boepd per well (82% oil)

Activity Overview



YE18 Acreage	Delaware Basin	Midland Basin
	640k gross (430k net)	320k gross (210k net)

Key Operating Stats

Operated Rigs
› 4Q18 average: 34 rigs
› Current count: 33 rigs

Completion Crews
› 4Q18 average: 9 crews
› Current count: 7 crews

Note: Adjusted net income, adjusted earnings per share and adjusted EBITDAX are non-GAAP measures. See appendix for reconciliations to GAAP measures. Well results provided for wells with >60 days of production data in 4Q18. Delaware Basin asset performance excludes New Mexico Shelf results. CXO acreage as of December 31, 2018.

Reconciliation of Net Income to Adjusted Net Income and Adjusted Earnings per Share

(Unaudited)

The Company's presentation of adjusted net income and adjusted earnings per share that exclude the effect of certain items are non-GAAP financial measures. Adjusted net income and adjusted earnings per share represent earnings and diluted earnings per share determined under GAAP without regard to certain non-cash and unusual items. The Company believes these measures provide useful information to analysts and investors for analysis of its operating results on a recurring, comparable basis from period to period. Adjusted net income and adjusted earnings per share should not be considered in isolation or as a substitute for earnings or diluted earnings per share as determined in accordance with GAAP and may not be comparable to other similarly titled measures of other companies.

The following table provides a reconciliation from the GAAP measure of net income to adjusted net income, both in total and on a per diluted share basis, for the periods indicated:

(in millions, except per share amounts)	Three Months Ended Decemeber 31,		Years Ended December 31,	
	2018	2017	2018	2017
Net income - as reported	**$ 1,513**	**$ 267**	**$ 2,286**	**$ 956**
Adjustments for certain non-cash and unusual items:				
(Gain) loss on derivatives	(1,625)	415	(832)	126
Net cash receipts from (payments on) derivatives	20	(47)	(218)	79
Leasehold abandonments	15	3	35	27
Loss on extinguishment of debt	-	-	-	66
Gain on disposition of assets and other	(82)	(9)	(792)	(678)
Gain on equity method investment	-	-	(103)	-
RSP transaction costs	-	-	32	-
Tax impact	380	(133)	426	139
Changes in deferred taxes and other estimates	(32)	(398)	(42)	(404)
Adjusted net income	**$ 189**	**$ 98**	**$ 792**	**$ 311**
Earnings per diluted share - as reported	$ 7.55	$ 1.79	$ 13.25	$ 6.41
Adjustments for certain non-cash and unusual items per diluted share:				
(Gain) loss on derivatives	(8.11)	2.77	(4.82)	0.85
Net cash receipts from (payments on) derivatives	0.10	(0.32)	(1.27)	0.52
Leasehold abandonments	0.07	0.02	0.20	0.18
Loss on extinguishment of debt	-	-	-	0.44
Gain on disposition of assets and other	(0.40)	(0.06)	(4.59)	(4.54)
Gain on equity method investment	-	-	(0.60)	-
RSP transaction costs	-	-	0.19	-
Tax impact	1.89	(0.89)	2.47	0.93
Changes in deferred taxes and other estimates	(0.16)	(2.65)	(0.24)	(2.70)
Adjusted earnings per diluted share	**$ 0.94**	**$ 0.66**	**$ 4.59**	**$ 2.09**
Adjusted earnings per share:				
Basic earnings	$ 0.94	$ 0.67	$ 4.60	$ 2.10
Diluted earnings	$ 0.94	$ 0.66	$ 4.59	$ 2.09

Reconciliation of Net Income to Adjusted EBITDAX

(Unaudited)

Adjusted EBITDAX (as defined below) is presented herein and reconciled from the GAAP measure of net income because of its wide acceptance by the investment community as a financial indicator.

The Company defines adjusted EBITDAX as net income, plus (1) exploration and abandonments, (2) depreciation, depletion and amortization, (3) accretion of discount on asset retirement obligations, (4) non-cash stock-based compensation, (5) (gain) loss on derivatives, (6) net cash receipts from (payments on) derivatives, (7) gain on disposition of assets and other, (8) interest expense, (9) loss on extinguishment of debt, (10) gain on equity method investment distribution, (11) RSP transaction costs and (12) income tax expense (benefit). Adjusted EBITDAX is not a measure of net income or cash flows as determined by GAAP.

The Company's adjusted EBITDAX measure provides additional information that may be used to better understand the Company's operations. Adjusted EBITDAX is one of several metrics that the Company uses as a supplemental financial measurement in the evaluation of its business and should not be considered as an alternative to, or more meaningful than, net income as an indicator of operating performance. Certain items excluded from adjusted EBITDAX are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic cost of depreciable and depletable assets. Adjusted EBITDAX, as used by the Company, may not be comparable to similarly titled measures reported by other companies. The Company believes that adjusted EBITDAX is a widely followed measure of operating performance and is one of many metrics used by the Company's management team and by other users of the Company's consolidated financial statements. For example, adjusted EBITDAX can be used to assess the Company's operating performance and return on capital in comparison to other independent exploration and production companies without regard to financial or capital structure and to assess the financial performance of the Company's assets and the Company without regard to capital structure or historical cost basis.

The following table provides a reconciliation of the GAAP measure of net income to adjusted EBITDAX for the periods indicated:

	Three Months Ended December 31,		Years Ended December 31,	
(in millions)	2018	2017	2018	2017
Net Income	**$ 1,513**	**$ 267**	**$ 2,286**	**$ 956**
Exploration and abandonments	29	17	65	59
Depreciation, depletion and amortization	445	298	1,478	1,146
Accretion of discount on asset retirement obligations	3	2	10	8
Non-cash stock-based compensation	24	17	82	60
(Gain) loss on derivatives	(1,625)	415	(832)	126
Net cash receipts from (payments on) derivatives	20	(47)	(218)	79
Gain on disposition of assets and other	(82)	(11)	(800)	(678)
Interest expense	46	28	149	146
Loss on extinguishment of debt	-	-	-	66
Gain on equity method investment distribution	-	-	(103)	-
RSP transaction costs	-	-	32	-
Income tax expense (benefit)	378	(473)	603	(75)
Adjusted EBITDAX	**$ 751**	**$ 513**	**$ 2,752**	**$ 1,893**

Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDAX

(Unaudited)

Adjusted EBITDAX is presented herein and reconciled to the GAAP measure of net cash provided by operating activities because the Company believes adjusted EBITDAX is a widely accepted financial indicator of a company's ability to internally fund exploration and development activities and to service or incur debt without regard to financial or capital structure. Adjusted EBITDAX should not be considered an alternative to net cash provided by operating activities, as defined by GAAP.

The following table provides a reconciliation of the GAAP measure of net cash provided by operating activities to adjusted EBITDAX for the periods presented:

(in millions)	Three Months Ended December 31, 2018	Year Ended December 31, 2018
Net cash provided by operating activities	**$ 697**	**$ 2,558**
Exploration and abandonments	14	30
Cash income tax benefit	(2)	(2)
Interest expense	46	149
RSP transaction costs	-	32
Changes in working capital	(1)	(4)
Other	(3)	(11)
Adjusted EBITDAX	**$ 751**	**$ 2,752**

Hedge Position

Updated as of February 19, 2019

	2019					2020	2021
	1Q	2Q	3Q	4Q	Total	Total	Total
Oil Price Swaps[1]:							
Volume (Bbl)	13,709,250	13,383,750	11,998,000	11,232,000	50,323,000	39,340,000	8,027,000
Price per Bbl	$ 56.55	$ 56.12	$ 55.98	$ 55.88	$ 56.15	$ 57.21	$ 54.46
Oil Costless Collars[1]:							
Volume (Bbl)	1,335,250	1,213,250	1,135,000	1,058,000	4,741,500	-	-
Ceiling price per Bbl	$ 64.67	$ 64.00	$ 63.47	$ 62.95	$ 63.83	$ -	$ -
Floor price per Bbl	$ 56.46	$ 56.06	$ 55.74	$ 55.43	$ 55.96	$ -	$ -
Oil Basis Swaps[2]:							
Volume (Bbl)	11,929,000	11,965,500	12,650,000	12,189,000	48,733,500	41,079,000	8,395,000
Price per Bbl	$ (3.00)	$ (3.03)	$ (2.82)	$ (2.90)	$ (2.94)	$ (0.70)	$ 0.55
Natural Gas Price Swaps[3]:							
Volume (MMBtu)	10,891,533	17,241,387	17,298,537	17,209,535	62,640,992	24,703,000	-
Price per MMBtu	$ 2.86	$ 2.87	$ 2.87	$ 2.87	$ 2.87	$ 2.70	$ -

[1]The index prices for the oil price swaps are based on the New York Mercantile Exchange ("NYMEX") – West Texas Intermediate ("WTI") monthly average futures price.
[2]The basis differential price is between Midland – WTI and Cushing – WTI. The majority of these contracts are settled on a calendar-month basis, while certain contracts assumed in connection with the RSP acquisition are settled on a trading-month basis.
[3]The index prices for the natural gas price swaps are based on the NYMEX – Henry Hub last trading day futures price.

2019 Guidance

Updated as of February 19, 2019

1Q19 Guidance

Production
300 MBoepd – 306 MBoepd

Lease Operating Expense
$6.30 to $6.50 per Boe

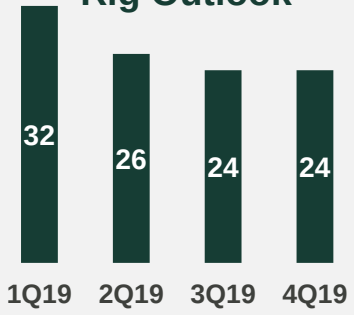
Capital Expenditures
$825mm - $875mm

2019 Capital Program

Capital Allocation

- ~94% D&C activity; ~6% other
- D&C activity: ~60% Delaware Basin; ~40% Midland Basin

Rig Outlook



2019 Guidance

	2019 Guidance
Production	
Total production growth	21% - 25%
Oil production growth	26% - 30%
Price realizations, excluding commodity derivatives	
Oil differential (per Bbl) (Relative to NYMEX - WTI; excludes Midland-Cushing basis differential)	($2.00) - ($2.50)
Natural gas (per Mcf) (% of NYMEX - Henry Hub)	80% - 100%
Operating costs and expenses ($ per Boe, unless noted)	
Lease operating expense and workover costs	$6.00 - $6.50
Gathering, processing and transportation	$0.85 - $0.95
Oil and natural gas taxes (% of oil & natural gas revenues)	7.60%
General and administrative ("G&A") expense:	
Cash G&A expense	$2.20 - $2.40
Non-cash stock-based compensation	$0.70 - $0.90
DD&A	$15.75 - $16.25
Exploration and other	$0.25 - $0.50
Interest expense ($mm):	
Cash	$200 - $220
Non-cash	$6
Income tax rate (%)	22%
Capital program ($bn)	$2.8 - $3.0

Note: The Company's capital program guidance excludes acquisitions. All guidance is subject to change without notice depending upon a number of factors, including commodity prices, industry conditions and others that are beyond the Company's control.