

CONCHO RESOURCES, INC.
BLACK JACK "1" FEDERAL # 1
UNIT "H" SECTION 1
T24S-R30E EDDY CO. NM

12. Testing, Logging and Coring Program:

- A. Open hole logs: Run Dual Induction, SNP, LDT, Gamma Ray, Caliper from TD to 4000'. Run Gamma Ray, Neutron from 4000' to surface.
- B. Put mud logger on hole at 4000'± and keep on hole to TD.
- C. Run DST's and take cores as shows dictate.

13. Potential Hazards:

No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered, H₂S detectors will be in place to detect any presence. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 3800 PSI, estimated BHT 140° .

14. Anticipated Starting Date and Duration of Operation:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 30 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

15. Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals. The Bone Spring pay will be perforated and stimulated. The well will be swab tested and potentialized as an oil well.