



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 28, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

**Brothers Production Company, Inc.
P. O. Box 7515
Midland, Texas 79708**

**Attention: Scott McGraw
Production Manager
scott@brothersproduction.com**

Administrative Order NSL-5086

Dear Mr. McGraw:

Reference is made to the following: (i) your application dated July 27, 2004 (*administrative application reference No. pMES0-420957418*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Brothers Production Company, Inc.'s request for an unorthodox Atoka gas well location for its existing Two Forks State Well No. 1 (API No. 30-015-24655), located 660 feet from the North line and 2090 feet from the East line (Lot 2/Unit B) of Section 2, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico.

Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) of Section 2, being a standard 320.40-acre lay-down deep gas spacing unit for the Undesignated West Bear Grass Draw-Atoka Gas Pool (71688) [see Division Rule 104.D (2) (a), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999], is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

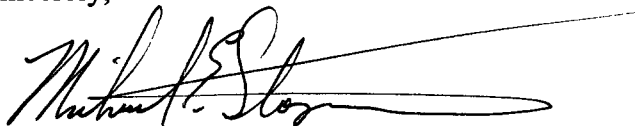
It is the Division's understanding that the subject well was initially drilled in 1983 by Costa Resources, Inc. of Dallas, Texas and completed in the South Empire-Morrow Gas Pool (76400) within the N/2 equivalent of Section 2 at a location considered to be standard at that time.

It is further understood that the Morrow is to be abandoned at this time and that Brothers Production Company, Inc. now intends to plug the well back and recomplete up-hole into the Atoka formation; however, pursuant to Division Rule 104.C (2) (a), as revised, this location is now unorthodox for the Undesignated West Bear Grass Draw-Atoka Gas Pool.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Atoka gas well location within this 320.40-acre unit comprising the N/2 equivalent of Section 2 is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office – Santa Fe