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We believe, and would like to have the Commission confirm, that if an operator proposes the drilling of more than one well on a 160-acre tract in the Puerto Chiquito Pool which was not an exception tract as listed in Order R-2565, that this requires a hearing and resulting order, the effect of which would be to reverse the decisions set out in Order R-2565 resulting from Case No. 2881 before the Commission. We believe such a hearing should be held and decision rendered prior to the Commission's approving the drilling of any such second well on a 160-acre tract.

The one obvious exception, of course, would be in the instance of an operator desiring to drill a well on a 160-acre tract on which is located a dry hole. In this instance we believe a hearing must be held, but that the hearing could be limited to the determination of the probable productive portion of the 160-acre tract, and that the resulting allowable should of course be proportionately limited. Such an instance would not require a reversal of the decisions rendered in Case 2881.

Our other concern in the interpretation of spacing regulations in this pool is with regard to unorthodox locations which are moved from the standard spot because of terrain. Order R-2565 allows the drilling of wells in any 40-acre subdivision of a 160-acre unit. We believe the intent of such a provision is to permit the operator freedom of selection of a location based on his interpretation of geology, and that until proven otherwise, regardless of the location of the well within the spacing unit, the entire spacing unit is deemed to be productive. If an operator selects one 40-acre subdivision of a spacing unit in which he desires to drill a well, and is limited by terrain to an unorthodox location within the 40-acre subdivision, such that it is necessary to crowd an outside boundary of the spacing unit, this operator should nevertheless and without a hearing be allowed to drill a well at this unorthodox location, providing he obtains waivers from the operators whose land is being crowded. We feel it should not be necessary that the Commission determine that the other three 40-acre subdivisions of the spacing unit are also inaccessible. If the Commission were to take this approach, this would mean that surface geography could supersede the operator's geological determinations. This was not our intent in asking for the rules proposed in Case 2881. Rather it was our understanding that the Commission would interpret such regulations