

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEBRASKA

IN THE MATTER OF

P. H. WEITZEL INSURANCE AGENCY, INC.,

DEBTOR

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CASE NO. BK77-0-1116

MEMORANDUM AND ORDER

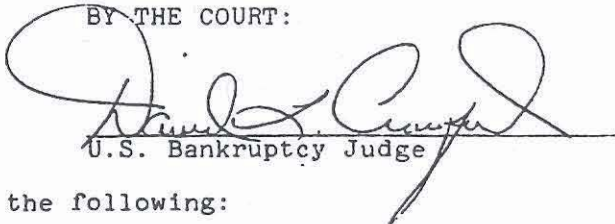
Before the court is the application by the trustee of the Chapter X proceeding seeking guidance as to the appropriate application to creditors' claims of expenses of administration. Various oil and gas leases and related equipment were sold by the trustee with the proceeds being subject to expenses of administration on distribution. In all, eight leases were sold. The trustee's inquiry is whether or not he is to divide eight ways the costs of administration and allocate one-eighth of the costs of administration to each lease. The court's conclusion is that each lease should bear one-eighth of the total cost of administration.

The trustee further seeks guidance as to whether or not the various parties receiving distribution on each lease should bear part of the cost of administration allocated to the lease or whether the cost of the administration allocated to the lease should simply be deducted from the gross proceeds to be distributed under the lease. The court's conclusion is that the one-eighth portion of the cost of administration attributable to each lease should first be deducted from the gross proceeds and the balance distributed to the creditors according to their priority claim position on the lease. This, it seems to me, is more in keeping with the fair and equitable doctrine of Chapter X which should prevail in this situation.

Lastly, on each lease in which it will make a difference, the amount received from equipment should be separated from the amount received from the lease and the costs of administration be allocated according to the dollar amounts involved on a pro rata basis.

DATED: June 18, 1980.

BY THE COURT:


U.S. Bankruptcy Judge

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