

estimated well costs should have withheld from production his share of reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(12) Any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(13) Following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(14) At the time of the hearing Chesapeake Operating Inc. proposed fixed overhead and administrative costs for the Kim "1" Well No. 1 to be \$7,145.00 per month while drilling and \$714.50 per month while producing.

(15) The latest available "Fixed Rate Overhead Survey", dated 1996, published by Ernst & Young, LLP of Houston, Texas, shows average overhead rates of \$5,000.00 while drilling and \$500.00 while producing for oil wells drilled to a depth of 12,000 in southeast New Mexico.

(16) The proposed overhead rate charges should therefore be adjusted to reflect amounts more consistent with the rates described above.

(17) \$5,000.00 per month while drilling and \$500.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(18) All proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(19) Upon the failure of the operator of said pooled units to commence drilling of the well to which said units are dedicated on or before December 15, 1997, the order pooling said units should become null and void and of no further effect whatsoever.