

Table of Calculated UCA

**DCP SUPER SYSTEM
PROCESSING UNBUNDLING COST ALLOCATION**

YEAR	2011	2012	2013	2014	2015	2016	2017	2018
Allowed Costs	45%	45%	45%	45%	45%	45%	45%	45%
Disallowed Costs	55%	55%	55%	55%	55%	55%	55%	55%
	100%	100%	100%	100%	100%	100%	100%	100%
Fuel Allowed	55%	55%	55%	55%	55%	55%	55%	55%
Fuel Disallowed	45%	45%	45%	45%	45%	45%	45%	45%
	100%	100%	100%	100%	100%	100%	100%	100%

This UCA applies to bundled processing charges. Separately billed fees for various services such as treating are not allowed when necessary to place gas into marketable condition ONRR calculated these UCAs using the most current information available (see "Disclaimer for ONRR Unbundling Website")

**DCP PERMIAN SUPER SYSTEM
INCLUDES: EUNICE, ARTESIA, ZIA II, AND LINAM RANCH GAS PLANTS
SIMPLIFIED EXAMPLE FOR 2018 UCA**

This example does not represent all contractual situations or include all transportation and processing fees that may be charged.

Royalty Rate:	12.5%	Wellhead Volume:	200,000	MMBtu
NGL Retainage Fee:	15% NGL Gallons	Residue Volume:	175,000	MMBtu
Residue Gas Price:	\$3.50 Per MMBtu	Plant Shrink Volume:	20,000	MMBtu
Weighted Average NGL Price:	\$1.75 Per Gallon	Field Fuel:	-	MMBtu
NGL Volume:	500,000 Gross Gallons	Plant Fuel:	5,000	MMBtu
Net Volume:	425,000 Net Gallons		200,000	Ties to Wellhead MMBtu
			200,000	Inlet MMBtu

VOLUME AND VALUE REPORTING

<u>Residue Volume (PC 03)</u>	Residue MMBtu	Total Plant Fuel MMBtu	Unbundling Plant Fuel Allocation		Disallowed/ Allowed Plant Fuel MMBtu (B * C)	Total Residue MMBtu (A + E)
	A	B	C	D	E	F
	175,000	5,000	45% Non-Allowed		2,250	177,250
		5,000	55% Allowed		2,750	
			100%		5,000	

<u>Residue Value (PC 03)</u>	MMBtu	Residue Gas Price	Sales Value (A * B)
	A	B	C
	177,250	\$3.50	\$620,375.00

udes the plant fuel allowed royalty free per 30 CFR 1202.151(b). Therefore, you may not take plant fuel as a processing allowance.

<u>NGL Value (PC 07)</u>	Gallons	NGL Price	Sales Value (A * B)
	A	B	C
	500,000	\$1.75	\$875,000.00

ALLOWANCE REPORTING

Processing Allowance PC 07

NGL Volume (Gallons)	NGL Price	Sales Value (A * B)	NGL Retainage %	Total Bundled Processing Cost (C * D)	Allowed Unbundling Cost Allocation	Allowed Processing Cost (E * F)	Royalty Rate	Total Processing Allowance (G * H)
A	B	C	D	E	F	G	H	I
500,000	\$1.75	\$875,000.00	15%	(\$131,250.00)	45%	(\$59,062.50)	12.5000%	(\$7,382.81)

* Review your contract to determine if processing cost is based on inlet volume, wellhead volume, or NGL gallons and revise calculation accordingly. For this example, the processing cost is based on NGL Gallons.

The New Mexico Gas Processors Tax, if charged to producer, is 100% allowed as a processing cost and must be multiplied by

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the royalty rate in order to include in the processing allowance.

ROYALTY REPORTING							
Product Code/ Product	NGL Sales Volume (Gal)	Gas Sales Volume (MMBtu)	Sales Value	Royalty Value Prior to Allowances (D * 12.50%)	Transportation Allowance	Processing Allowance	Royalty Value Less Allowances (E + F + G)
A	B	C	D	E	F	G	H
03 Residue		177,250	\$620,375.00	\$77,546.88			\$77,546.88
07 Natural Gas Liquids	500,000		\$875,000.00	\$109,375.00		(\$7,382.81)	\$101,992.19
						Royalty Due ONRR	<u>\$179,539.07</u>

For Percentage-of-Proceeds or Keepwhole agreements, you must apply the UCAs to determine the allowed fuel, transportation, and processing allowances.

If you need assistance with royalty reporting, contact your representative with ONRR Financial Management.

The listing of Financial Management contacts is at: <http://www.onrr.gov/ReportPay/PDFDocs/royassign.pdf>