

**ECHO SPRINGS GAS PLANT
UNBUNDLING COST ALLOCATION**

**ECHO SPRINGS GAS PLANT
KM ROCKIES EXPRESS (REX) PIPELINE, OR
WYOMING INTERSTATE COMPANY (WIC) PIPELINE
PROCESSING UNBUNDLING COST ALLOCATION***

YEAR	2011	2012	2013	2014	2015	2016	2017
Allowed Costs	48%	48%	48%	48%	48%	44%	44%
Disallowed Costs	52%	52%	52%	52%	52%	56%	56%
	100%	100%	100%	100%	100%	100%	100%
YEAR	2011	2012	2013	2014	2015	2016	2017
Fuel Allowed	41%	41%	41%	41%	41%	40%	40%
Fuel Disallowed	59%	59%	59%	59%	59%	60%	60%
	100%	100%	100%	100%	100%	100%	100%

**ECHO SPRINGS GAS PLANT
COLORADO INTERSTATE GAS (CIG) Pipeline
PROCESSING UNBUNDLING COST ALLOCATION**

YEAR	2011	2012	2013	2014	2015	2016	2017
Allowed Costs	55%	55%	55%	55%	55%	51%	51%
Disallowed Costs	45%	45%	45%	45%	45%	49%	49%
	100%	100%	100%	100%	100%	100%	100%
Fuel Allowed	56%	56%	56%	56%	56%	55%	55%
Fuel Disallowed	44%	44%	44%	44%	44%	45%	45%
	100%	100%	100%	100%	100%	100%	100%

**ECHO SPRINGS GAS PLANT
SOUTHERN STAR CENTRAL GAS PIPELINE
PROCESSING UNBUNDLED COST ALLOCATION***

YEAR	2011	2012	2013	2014	2015	2016	2017
Allowed Costs	41%	41%	41%	41%	41%	37%	37%
Disallowed Costs	59%	59%	59%	59%	59%	63%	63%
	100%	100%	100%	100%	100%	100%	100%
Fuel Allowed	25%	25%	25%	25%	25%	24%	24%
Fuel Disallowed	75%	75%	75%	75%	75%	76%	76%
	100%	100%	100%	100%	100%	100%	100%

*ONRR calculated these UCAs using the most current information available (see "Disclaimer for ONRR Unbundling Website")

Echo Springs Gas Plant

**ECHO SPRINGS GAS PLANT AND COLORADO INTERSTATE GAS (cig) PIPELINE
SIMPLIFIED EXAMPLE FOR 2017 UCA**

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

Royalty Rate:	12.50%	Wellhead Volume:	1,000 MMBtu
Bundled Processing Rate:	\$1.00 Per MMBtu	Residue Volume:	800 MMBtu
Residue Gas Price:	\$4.00 Per MMBtu	Plant Shrink Volume:	100 MMBtu
NGL Price:	\$1.50 Per Gallon	Field Fuel:	70 MMBtu
NGL Volume:	1,500 Gross Gallons	Plant Fuel:	30 MMBtu
			1,000 Ties to Wellhead MMBtu
			930 Calculated Inlet MMBtu

VOLUME AND VALUE REPORTING

Residue Volume (PC 03)

Residue MMBtu	Plant Fuel MMBtu	Plant Fuel Allocation	Disallowed/Allowed Plant Fuel MMBtu	Total Residue MMBtu
A	B	C	(B * C) E	(A + E) F
800	30	45% Non-Allowed	14	814
		55% Allowed	16	
		100.00%	30	

Residue Value (PC03)

MMBtu	Residue Gas Price	Sales Value (A * B)
A	B	C
814	\$4.00	\$3,256.00

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

NGL Value (PC 07)

Gallons	NGL Price	Sales Value (A * B)
A	B	C
1,500	\$1.50	\$2,250.00

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ALLOWANCE REPORTING

Processing Allowance (PC07)

MMBtu	Bundled Rate/Price	Total Bundled Processing Cost (A * B)	Allowed Unbundling Cost Allocation	Allowed Processing Cost (C * D)	Royalty Rate	Total Processing Allowance (E * F)
A	B	C	D	E	F	G
930	\$1.00	(\$930.00)	51%	(\$474.30)	13%	(\$59.29)

*Processing Rate Cost

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

ROYALTY REPORTING

Product Code/ Product	NGL Sales Volume (Gal)	Gas Sales Volume (MMBtu)	Sales Value	Royalty Value Prior to Allowances (D * 12.5%)	Transportation Allowance	Processing Allowance	Royalty Value Less Allowances (E + F + G)
A	B	C	D	E	F	G	H
03 Residue Gas		814	\$3,256.00	\$407.00	-	-	\$407.00
07 Natural Gas Liquids	1,500		\$2,250.00	\$281.25	-	(\$56.29)	\$221.96
						Royalty Due ONRR	<u>\$628.96</u>

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

Note to Reporters:

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

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