

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

Product Code	MMBtu	Allocation based on MMBtu (B/B Total)	Allowed Transportation Cost	Royalty Rate	Total Transportation Allowance (D*E)	Transportation Allowance Allocated Among Products (C*F)
A	B	C	D	E	F	G
3	714	72.00%				(\$20.39)
7	200	20.00%				(\$5.66)
15	75	8.00%				(\$2.27)
	989	100%	(\$226.54)	12.50%	(\$28.32)	(\$28.32)

Processing Allowance (PC 07)

MMBtu	Rate	Plant to System Allocation	Plant Allowance Rate (B*C)	Total Processing Cost (A*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
925	\$0.50	21%	(\$0.11)	(\$97.13)	48%	(\$46.62)	12.50%	(\$5.83)

*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 the inlet volume.

The New Mexico Gas Processors Tax, if charged to producer, is 100% allowed as a processing cost and must be multiplied by 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 * 12.5%)	Transportation Allowance	Processing Allowance	Royalty Value Less Allowances (E + F + G)
A	B	C	D	E	F	G	H
03 Residue Gas		714	\$2,856.00	\$357.00	(\$20.39)		\$336.61
07 Natural Gas Liquids	2,000		\$2,000.00	\$250.00	(\$5.66)	(\$5.83)	\$238.51
15 Field Fuel		75	\$300.00	\$37.50	(\$2.27)		\$35.23
						Royalty Due ONRR	\$610.35

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>