

**San Juan Basin Standardized UCA
SIMPLIFIED EXAMPLE FOR UCA**

Lessees may not substitute Standardized UCAs for plant-specific UCAs that ONRR has already published.

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:	1,037 MMBtu
Bundled Processing Rate	\$0.12 Per MMBtu	Residue Volume:	1,000 MMBtu
Residue Gas Price:	\$4.00 Per MMBtu	Plant Shrink Volume:	7 MMBtu
NGL Price	\$1.10 Per Gallon	Field Fuel:	- MMBtu
NGL Volume:	2,000 Gross Gallons	Plant Fuel:	30 MMBtu
			1,037 Ties to Wellhead MMBtu
			1,037 Calculated Inlet MMBtu

VOLUME AND VALUE REPORTING

Residue Volume (PC 03)

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
1,000	30	69% Non-Allowed		21	1,021
	30	31% Allowed		9	
		100.00%		30	

Residue Value (PC 03)

MMBtu	Residue Gas Price	Sales Value (A * B)
A	B	C
1,021	\$4.00	\$4,084.00

on 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
2,000	\$1.10	\$2,200.00

ALLOWANCE REPORTING

Processing Allowance PC 07

MMBtu	Bundled Processing Rate	Total Bundled Processing Cost (A * B)	Allowed Unbundled Cost Allocation	Allowed Processing Cost (C * D)	Royalty Rate	Processing Allowance (E * F)
A	B	C	D	E	F	G
1,037	\$0.12	(\$124.44)	42%	(\$52.26)	12.50%	(\$6.53)

*Processing Rate Cost

*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		1,021	\$4,084.00	\$510.00	-		\$510.50
07 Natural Gas Liquids	2,000		\$2,200.00	\$275.00	-	(\$6.53)	\$268.47
						Royalty Due ONRR	<u>\$778.97</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>