

**PIONEER GAS PLANT
UNBUNDLING COST ALLOCATION**

**PIONEER GAS PLANT
PROCESSING UNBUNDLING COST ALLOCATION***

YEAR	2011	2012	2013	2014	2015	2016	2017
Allowed Costs	67%	67%	67%	67%	67%	67%	67%
Disallowed Costs	33%	33%	33%	33%	33%	33%	33%
	100%	100%	100%	100%	100%	100%	100%
Fuel Allowed	91%	91%	91%	91%	91%	91%	91%
Fuel Disallowed	9%	9%	9%	9%	9%	9%	9%
	100%	100%	100%	100%	100%	100%	100%
Electricity Allowed	0%	0%	0%	0%	0%	0%	0%
Electricity Disallowed	100%	100%	100%	100%	100%	100%	100%
	100%	100%	100%	100%	100%	100%	100%

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

**Pioneer Gas Plant
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:	1,300 MMBtu
¹ Bundled Processing Rate:	\$1.00 Per MMBtu	Residue Volume:	1,000 MMBtu
Residue Gas Price:	\$4.00 Per MMBtu	Plant Shrink Volume:	100 MMBtu
NGL Price:	\$1.50 Per Gallon	Field Fuel:	75 MMBtu
NGL Volume:	2,000 Gross Gallons	Plant Fuel:	25 MMBtu
		Electricity:	100 MMBtu
			1,300 Ties to Wellhead MMBtu
			1,225 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)	Electricity	Total Residue MMBtu (A + E + F)
A	B	C	D	E	F	G
1,000	25	9.00%	Non-Allowed	2	100	1,102
	25	91.00%	Allowed	23		
		100.00%		25		

Residue Value (PC 03)

MMBtu	Residue Gas Price	Sales Value (A * B)
A	B	C
1,102	\$4.00	\$4,408.00

The calculation 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	\$1.50	\$3,000.00

Field Fuel Value (PC 15)

MMBtu	Residue Gas Price	Sales Value (A * B)
A	B	C
75	\$4.00	\$300.00

ALLOWANCE REPORTING

¹Processing Allowance PC 07

	MMBtu	Bundled Processing Rate	Total Bundled Processing Cost (A * B)	Allowed Unbundling Cost Allocation	Allowed Processing Cost (C * D)	Royalty Rate	Processing Allowance (E * F)
	A	B	C	D	E	F	G
Processing Rate Cost	1,225	\$1.00	(\$1,225.00)	67.00%	(\$820.75)	12.50%	(\$102.59)
*Electricity	100	\$4.00	(\$400.00)	0.00%	\$0.00	12.50%	\$0.00
							(\$102.59)

¹Processing may include: CO2 Treating, Dehydration, Sales Tap, and/or Excess Residue Returned Fees.

***Note: There is no processing allowance for electricity. The Pioneer Gas Plant UCA disallowed 100% of electricity.**

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		1,102	\$4,408.00	\$551.00			\$551.00
07 Natural Gas Liquids	2,000		\$3,000.00	\$375.00		(\$102.59)	\$272.41
15 Field Fuel		75	\$300.00	\$37.50			\$37.50
						Royalty Due ONRR	\$860.91

For Percentage-of-Proceeds or Keepwhole agreements, you must apply the UCAs to determine the allowed fuel 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 at:

<http://www.onrr.gov/ReportPay/PDFDocs/royassign.pdf>

Document Date: 8/7/2017