

**VENICE GAS PLANT
UNBUNDLING COST ALLOCATION**

**Venice Gas Gas Plant Cost Allocation
Gas delivered to the Sea Robin Pipeline**

YEAR	2009	2010	2011	2012	2013	2014	2015	2016
Allowed Costs*	75%	75%	75%	75%	75%	75%	75%	75%
Disallowed Costs	25%	25%	25%	25%	25%	25%	25%	25%
	100%	100%	100%	100%	100%	100%	100%	100%
Fuel Allowed*	35%	35%	35%	35%	35%	35%	35%	35%
Fuel Disallowed	65%	65%	65%	65%	65%	65%	65%	65%
	100%	100%	100%	100%	100%	100%	100%	100%

*UCAs are only to be applicable to Venice Gas Plant Processing Charger. All Delta Gathering Station (DGS) fees are 100% disallowed.
ONRR calculated these UCAs using the most current information available (see "Disclaimer for ONRR Unbundling Website")

**Venice Gas Plant
SIMPLIFIED EXAMPLE FOR 2016 UCA**

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

Royalty Rate:	12.5% values	Wellhead Volume:	300,000 MMBtu
NGL Retainage Fee:	20% NGL Gallons	Residue Volume:	198,000 MMBtu
Residue Gas Price:	\$2.50 Per MMBtu	Plant Shrink Volume:	100,000 MMBtu
Weighted Average NGL Price:	\$1.60 Per Gallon	Field Fuel:	- MMBtu
NGL Volume:	1,000,000 Gross Gallons	Plant Fuel:	2,000 MMBtu
Net Volume:	800,000 Net Gallons		300,000 Ties to Wellhead MMBtu
			300,000 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	F
198,000	2,000	65% Non-Allowed	1,300	199,300
	2,000	35% Allowed	700	
		100.00%	2,000	

Residue Value (PC 03)

MMBtu	Residue Gas Price	Sales Value (A * B)
A	B	C
199,300	\$2.50	\$498,250.00

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

NGL Value (PC 07)

Gallons	NGL Price	Sales Value (A * B)
A	B	C
1,000,000	\$1.60	\$1,600,000.00

ALLOWANCE REPORTING

Processing Allowance PC 07

NGL Volume (Gallons)	NGL Price	Sales Value (A * B)	NGL Retainage %	Total Bundled Processing Cost (C * D)	Allowed Unbundled	Total Processing (E * F)	Royalty Rate	Total Processing (G*H)
A	B	C	D	E	F	G	H	I
1,000,000	\$1.60	\$1,600,000.00	20%	(\$320,000.00)	75.00%	(\$240,000.00)	12.50%	(\$30,000.00)

* 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 NGL Gallons.

ROYALTY REPORTING

Product Code/ Product	Sales Volume	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		199,300	\$498,250.00	\$62,281.25	-		\$62,281.25
07 Natural Gas Liquids	1,000,000		\$1,600,000.00	\$200,000.00	-	(\$30,000.00)	\$170,000.00
						Royalty Due ONRR	<u>\$232,281.25</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>