

**WILLOW CREEK GAS PLANT
UNBUNDLING COST ALLOCATION**

**WILLOW CREEK GAS PLANT – PARACHUTE CREEK INLET
PROCESSING UNBUNDLING COST ALLOCATION**

YEAR	2011	2012	2013	2014	2015	2016	2017	2018
Allowed Costs	50%	50%	50%	50%	50%	50%	50%	50%
Disallowed Costs	50%	50%	50%	50%	50%	50%	50%	50%
	100%	100%	100%	100%	100%	100%	100%	100%
Fuel Allowed	89%	89%	89%	89%	89%	89%	89%	89%
Fuel Disallowed	11%	11%	11%	11%	11%	11%	11%	11%
	100%	100%	100%	100%	100%	100%	100%	100%

**WILLOW CREEK GAS PLANT – RYAN GULCH INLET
PROCESSING UNBUNDLING COST ALLOCATION**

YEAR	2011	2012	2013	2014	2015	2016	2017	2018
Allowed Costs	34%	34%	34%	34%	34%	34%	34%	34%
Disallowed Costs	66%	66%	66%	66%	66%	66%	66%	66%
	100%	100%	100%	100%	100%	100%	100%	100%
Fuel Allowed	52%	52%	52%	52%	52%	52%	52%	52%
Fuel Disallowed	48%	48%	48%	48%	48%	48%	48%	48%
	100%	100%	100%	100%	100%	100%	100%	100%

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

**Willow Creek Gas Plant- Ryan Gulch Inlet
SIMPLIFIED EXAMPLE FOR 2018 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 Rate:	\$1.00 Per MMBtu	Residue Volume:	700 MMBtu
Residue Gas Price:	\$4.00 Per MMBtu	Plant Shrink Volume:	200 MMBtu
NGL Price:	\$1.50 Per Gallon	Field Fuel:	75 MMBtu
NGL Volume:	2,000 Gross Gallons	Plant Fuel:	25 MMBtu
			1,000 Ties to Wellhead MMBtu
			925 Calculated Inlet MMBtu

VOLUME AND VALUE REPORTING

	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
Residue Volume (PC 03)	700	25	48% Non-Allowed		12	712
		25	52% Allowed		13	
			100.00%		25	

MMBtu	Residue Gas Price	Sales Value (A * B)
A	B	C
712	\$4.00	\$2,848.00

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.

Gallons	NGL Price	Sales Value (A * B)
A	B	C
2,000	\$1.50	\$3,000.00

ALLOWANCE REPORTING

Processing Allowance PC 07

MMBtu	Bundled Rate	Total Bundled Processing Cost (A * B)	Allowed Unbundling Cost Allocation	Allowed Processing Cost (E * F)	Royalty Rate	Total Processing Allowance (G * H)
A	B	E	F	G	H	I
925	\$1.00	(\$925.00)	34%	(\$314.50)	12.50%	(\$39.31)

*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		712	\$2,848.00	\$356.00			\$356.00
07 Natural Gas Liquids	2,000		\$3,000.00	\$375.00		(\$39.31)	\$335.69
						Royalty Due ONRR	<u>\$691.69</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>

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