

**CHIPETA GAS PLANT
UNBUNDLING COST ALLOCATION**

CHIPETA PLANT COST ALLOCATION							
YEAR	2012	2013	2014	2015	2016	2017	2018
Allowed Costs	62%	62%	62%	62%	62%	62%	62%
Disallowed Costs	38%	38%	38%	38%	38%	38%	38%
	100%	100%	100%	100%	100%	100%	100%
Fuel Allowed	62%	62%	62%	62%	62%	62%	62%
Fuel Disallowed	38%	38%	38%	38%	38%	38%	38%
	100%	100%	100%	100%	100%	100%	100%
Electricity Allowed	3%	3%	3%	3%	3%	3%	3%
Electricity Disallowed	97%	97%	97%	97%	97%	97%	97%
	100%	100%	100%	100%	100%	100%	100%

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

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:	555,000	MMBtu
Processing Fee	\$0.30 Per MMBtu	Residue Volume:	515,000	MMBtu
Electric Fee	\$47,000.00 Pro Rata Share	Plant Shrink Volume:	34,000	MMBtu
Residue Gas Price:	\$1.82 Per MMBtu	Field Fuel:	1,000	MMBtu
Weighted Average NGL Price:	\$1.09 Per Gallon	Plant Fuel:	5,000	MMBtu
NGL Volume:	360,000 Gross Gallons		555,000	Ties to Wellhead MMBtu
			554,000	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
515,000	5,000	38% Non-Allowed		1,900	516,900
		62% Allowed		3,100	
		100%		5,000	

Residue Value (PC 03)

MMBtu	Residue Gas Price	Sales Value (A * B)
A	B	C
516,900	\$1.82	\$940,758.00

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
360,000	\$1.09	\$392,400.00

ALLOWANCE REPORTING

Processing Allowance PC 07

Wellhead Volume (MMBtu)	Processing Fee	Total Bundled Processing Fee (A * B)	Allowed Unbundling Cost Allocation	Allowed Processing Cost (C * D)	Electric Fee	Allowed Electricity Allocation	Allowed Electric Cost (F * G)	Total Allowed Processing & Electric Fees (E + H)	Royalty Rate	Total Processing Allowance (I * J)
A	B	C	D	E	F	G	H	I	J	K
555,000	\$0.30	\$166,500.00	62%	(\$103,230.00)	\$47,000.00	3%	(\$1,410.00)	(\$104,640.00)	12.5%	(\$13,080.00)

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

ROYALTY REPORTING

Product Code/ Product	NGL Sales Volume (Gal)	Gas Sales Volume (MMBtu)	Sales Value	Royalty Value Prior to Allowances (D * 12.50%)	Transportation Allowance	Processing Allowance	Royalty Value Less Allowances (E + F + G)
A	B	C	D	E	F	G	H
03 Residue		516,900	\$940,758.00	\$117,594.75			\$117,594.75
07 Natural Gas Liquids	360,000		\$392,400.00	\$49,050.00		(\$13,080.00)	\$35,970.00
						Royalty Due ONRR	\$153,564.75

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 at:

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