

**Eunice Plant
COST ALLOCATIONS**

Eunice Plant Cost Allocation									
YEAR	2008		2009		2010	2011	2012	2013	
Months	01/2008-09/2008	10/2008-12/2008	01/2009-03/2009	04/2009-12/2009	2010	2011	2012	2013	
Allowed Costs	60%	49%	49%	43%	43%	43%	43%	43%	43%
Disallowed Costs	40%	51%	51%	57%	57%	57%	57%	57%	57%
	0%	100%	100%	100%	100%	100%	100%	100%	100%
Fuel Allowed	43%	14%	14%	13%	13%	13%	13%	13%	13%
Fuel Disallowed	57%	86%	86%	87%	87%	87%	87%	87%	87%
	100%	100%	100%	100%	100%	100%	100%	100%	100%

These UCAs are based on the most current information available (see "Disclaimer for ONRR Unbundling Website")

UCAs differ during the years of 2008 and 2009 due to operational changes.

**Eunice Gas Plant
SIMPLIFIED EXAMPLE FOR 2013 UCA**

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

Royalty Rate:	16.6667%	Wellhead Volume:	200,000	MMBtu
NGL Retainage Fee:	10% NGL Gallons	Residue Volume:	180,000	MMBtu
Residue Gas Price:	\$5.00 Per MMBtu	Plant Shrink Volume:	15,000	MMBtu
Weighted Average NGL Price:	\$2.00 Per Gallon	Field Fuel:	-	MMBtu
NGL Volume:	500,000 Gross Gallons	Plant Fuel:	5,000	MMBtu
Net Volume:	450,000 Net Gallons		200,000	Ties to Wellhead MMBtu
			200,000	Inlet MMBtu

VOLUME AND VALUE REPORTING

<u>Residue Volume (PC 03)</u>	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
	180,000	5,000	87% Non-Allowed		4,350	184,350
		5,000	13% Allowed		650	
			100%		5,000	

<u>Residue Value (PC 03)</u>	MMBtu	Residue Gas Price	Sales Value (A * B)
	A	B	C
	184,350	\$5.00	\$921,750.00

The calculation accounts for plant fuel allowed royalty free per 30 CFR 1202.151(b). Therefore, you may not take plant fuel as a processing allowance.

<u>NGL Value (PC 07)</u>	Gallons	NGL Price	Sales Value (A * B)
	A	B	C
	500,000	\$2.00	\$1,000,000.00

ALLOWANCE REPORTING

Processing Allowance PC 07

NGL Volume (Gallons)	NGL Price	Sales Value (A * B)	NGL Retainage %	Total Bundled Processing Cost (C * D)	Allowed Unbundling Cost Allocation	Allowed Processing Cost (E * F)	Royalty Rate	Total Processing Allowance (G * H)
A	B	C	D	E	F	G	H	I
500,000	\$2.00	\$1,000,000.00	10%	(\$100,000.00)	43%	(\$43,000.00)	16.6667%	<u>(\$7,166.68)</u>

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

ROYALTY REPORTING

Eunice Gas Plant
SIMPLIFIED EXAMPLE FOR 2013 UCA

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

Royalty Rate:	16.6667%	Wellhead Volume:	200,000	MMBtu
NGL Retainage Fee:	10% NGL Gallons	Residue Volume:	180,000	MMBtu
Residue Gas Price:	\$5.00 Per MMBtu	Plant Shrink Volume:	15,000	MMBtu
Weighted Average NGL Price:	\$2.00 Per Gallon	Field Fuel:	-	MMBtu
NGL Volume:	500,000 Gross Gallons	Plant Fuel:	5,000	MMBtu
Net Volume:	450,000 Net Gallons		200,000	Ties to Wellhead MMBtu
			200,000	Inlet MMBtu

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		184,350	\$921,750.00	\$153,625.31			\$153,625.31
07 Natural Gas Liquids	500,000		\$1,000,000.00	\$166,667.00		(\$7,166.68)	\$159,500.32
						Royalty Due ONRR	\$313,125.63

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>

Document Date: 3/24/2016