

**Mobile Bay Plant
COST ALLOCATIONS**

Mobile Bay Plant Cost Allocation - Gas delivered to Gulf South, Florida Gas Transmission, Transcontinental Gas, Gulfstream Natural Gas, and Mobile Gas Service pipelines								
YEAR	2009	2010	2011	2012	2013	2014	2015	2016
Allowed Costs	67%	67%	67%	67%	67%	67%	67%	67%
Disallowed Costs*	33%	33%	33%	33%	33%	33%	33%	33%
	100%	100%	100%	100%	100%	100%	100%	100%
Fuel Allowed	24%	24%	24%	24%	24%	24%	24%	24%
Fuel Disallowed	76%	76%	76%	76%	76%	76%	76%	76%
	100%	100%	100%	100%	100%	100%	100%	100%

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

*The Retrograde Condensate Separation fee is 100% disallowed.

**MOBILE BAY 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:	16.667%	Wellhead Volume:	500,000 MMBtu
NGL Retainage	15% NGL Gallons	Residue Volume:	390,000 MMBtu
Residue Gas Price	\$2.00 Per MMBtu	Plant Shrink Volume:	100,000 MMBtu
Weighted Average	\$1.50 Per Gallon	Field Fuel:	- MMBtu
NGL Volume:	1,000,000 Gross Gallons	Plant Fuel:	10,000 MMBtu
Net Volume:	850,000 Net Gallons		500,000 Ties to Wellhead MMBtu
			500,000 Inlet MMBtu

VOLUME AND VALUE REPORTING

Residue Volume	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
	390,000	10,000	76% Non-Allowed		7,600	397,600
		10,000	24% Allowed		2,400	
			100%		10,000	

Residue Value	MMBtu	Residue Gas Price	Sales Value (A * B)
A	B	C	
	397,600	\$2.00	\$795,200.00

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.

NGL Value (PC)	Gallons	NGL Price	Sales Value (A * B)
A	B	C	
	1,000,000	\$1.50	\$1,500,000.00

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
1,000,000	\$1.50	\$1,500,000.00	15%	(\$225,000.00)	67%	(\$150,750.00)	16.667%	<u>(\$25,125.50)</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

Product Code/ Product	NGL Sales Volume (Gal)	Gas Sales Volume (MMBtu)	Sales Value	Royalty Value Prior to Allowances (D * 16.667%)	Transportation Allowance	Processing Allowance	Royalty Value Less Allowances (E + F + G)
A	B	C	D	E	F	G	H
03 Residue		397,600	\$795,200.00	\$132,535.98			\$132,535.98
Natural Gas Liq	1,000,000		\$1,500,000.00	\$250,005.00		(\$25,125.50)	\$224,879.50
						Royalty Due ONRR	\$357,415.48

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

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