

**North Terrebonne Plant
UNBUNDLING COST ALLOCATIONS**

North Terrebonne Plant Cost Allocation

YEAR	2008	2009	2010	2011	2012	2013	2014	2015
Allowed Costs	90%	90%	90%	90%	90%	90%	90%	90%
Disallowed Costs	10%	10%	10%	10%	10%	10%	10%	10%
	100%	100%	100%	100%	100%	100%	100%	100%

Fuel Allowed	98%	98%	98%	98%	98%	98%	98%	98%
Fuel Disallowed	2%	2%	2%	2%	2%	2%	2%	2%
	100%	100%	100%	100%	100%	100%	100%	100%

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

**NORTH TERREBONNE GAS PLANT
SIMPLIFIED EXAMPLE FOR 2014 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:	1,225 MMBtu
NGL Retainage Fee:	20% per Gallon	Residue Volume:	1,000 MMBtu
Residue Gas Price:	\$4.00 Per MMBtu	Plant Shrink Volume:	100 MMBtu
Weighted Average NGL Price:	\$1.50 Per Gallon	Field Fuel:	75 MMBtu
NGL Volume:	2,000 Gross Gallons	Plant Fuel:	50 MMBtu
Net Volume:	1,600 Net Gallons		1,225 Ties to Wellhead MMBtu
			1,150 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	E	F
1,000	50	2% Non-Allowed		1	1,001
	50	98% Allowed		49	
		100%		50	

Residue Value (PC 03)

MMBtu	Residue Gas Price	Sales Value (A * B)
A	B	C
1,001	\$4.00	\$4,004.00

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 07)

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

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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
2,000	\$1.50	\$3,000.00	20%	(\$600.00)	90%	(\$540.00)	16.6667%	(\$90.00)

* 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 * 16.6667%)	Transportation Allowance	Processing Allowance	Royalty Value Less Allowances (E + F + G)
A	B	C	D	E	F	G	H
03 Residue		1,001	\$4,004.00	\$667.33			\$667.33
07 Natural Gas Liquids	2,000		\$3,000.00	\$500.00		(\$90.00)	\$410.00
						Royalty Due ONRR	<u>\$1,077.33</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 at:

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

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