

Offshore Standardized UCA for Cryogenic Gas Plant

SIMPLIFIED EXAMPLE FOR UCA

Lessees may not substitute Standardized UCAs for plant-specific UCAs that ONRR has already published.

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:	200,000	MMBtu
NGL Retainage Fee:	20% NGL Gallons	Residue Volume:	110,000	MMBtu
Residue Gas Price:	\$2.50 Per MMBtu	Plant Shrink Volume:	87,000	MMBtu
Weighted Average NGL Price:	\$1.40 Per Gallon	Field Fuel:	-	MMBtu
NGL Volume:	500,000 Gross Gallons	Plant Fuel:	3,000	MMBtu
Net Volume:	400,000 Net Gallons		200,000	Ties to Wellhead MMBtu
			200,000	Inlet MMBtu

VOLUME AND VALUE REPORTING

<u>Residue Volume (PC 03)</u>	Residue MMBtu A	Total Plant Fuel MMBtu B	Unbundling Plant Fuel Allocation C	D	Disallowed/ Allowed Plant Fuel MMBtu (B * C) E	Total Residue MMBtu (A + E) F
	110,000	3,000	75% Non-Allowed		2,250	112,250
		3,000	25% Allowed		750	
			100%		3,000	

<u>Residue Value (PC 03)</u>	MMBtu A	Residue Gas Price B	Sales Value (A * B) C
	112,250	\$2.50	\$280,625.00

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 A	NGL Price B	Sales Value (A * B) C
	500,000	\$1.40	\$700,000.00

ALLOWANCE REPORTING

Processing Allowance PC 07

NGL Volume (Gallons) A	NGL Price B	Sales Value (A * B) C	NGL Retainage % D	Total Bundled Processing Cost (C * D) E	Allowed Unbundling Cost Allocation F	Allowed Processing Cost (E * F) G	Royalty Rate H	Total Processing Allowance (G * H) I
500,000	\$1.40	\$700,000.00	20%	(\$140,000.00)	65%	(\$91,000.00)	12.5000%	<u><u>(\$11,375.00)</u></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 A	NGL Sales Volume (Gal) B	Gas Sales Volume (MMBtu) C	Sales Value D	Royalty Value Prior to Allowances (D * 12.50%) E	Transportation Allowance F	Processing Allowance G	Royalty Value Less Allowances (E + F + G) H
03 Residue		112,250	\$280,625.00	\$35,078.13			\$35,078.13
07 Natural Gas Liquids	500,000		\$700,000.00	\$87,500.00		(\$11,375.00)	\$76,125.00
						Royalty Due ONRR	<u><u>\$111,203.13</u></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>