

**PASCAGOULA GAS PLANT
UNBUNDLING COST ALLOCATION**

The Pascagoula UCAs are for the plant only.

PASCAGOULA GAS PLANT							
YEAR	2008	2009	2010	2011	2012	2013	2014*
Allowed Costs	85%	85%	85%	84%	84%	85%	85%
Disallowed Costs	15%	15%	15%	16%	16%	15%	15%
	100%	100%	100%	100%	100%	100%	100%
Fuel Allowed	88%	88%	88%	88%	88%	88%	88%
Fuel Disallowed	12%	12%	12%	12%	12%	12%	12%
	100%	100%	100%	100%	100%	100%	100%

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

**PASCAGOULA 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:	12.5%	Wellhead Volume:	1,200	MMBtu
Bundled Processing Rate:	\$1.00 Per MMBtu	Residue Volume:	1,000	MMBtu
Residue Gas Price:	\$4.00 Per MMBtu	Plant Shrink Volume:	100	MMBtu
NGL Price:	\$1.50 Per Gallon	Field Fuel:	75	
NGL Volume:	2,000 Gross Gallons	Plant Fuel:	25	MMBtu
			1,200	Ties to Wellhead MMBtu
			1,125	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
	1,000	25	12%	Non-Allowed	3	1,003
		25	88%	Allowed	22	
			100%		25	

Residue Value (PC 03)

MMBtu	Residue Gas Price	Sales Value (A * B)
A	B	C
1,003	\$4.00	\$4,012.00

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

ALLOWANCE REPORTING

Processing Allowance PC 07

MMBtu	Bundled Processing Rate	Total Bundled Processing Cost (A * B)	Allowed Unbundling Cost Allocation	Allowed Processing Cost (C * D)	Royalty Rate	Total Processing Allowance (E * F)
A	B	C	D	E	F	G
1,125	\$1.00	(\$1,125.00)	85%	(\$956.25)	12.5%	(\$119.53)

*Processing Rate Cost

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

ROYALTY REPORTING

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		1,003	\$4,012.00	\$501.50			\$501.50
07 Natural Gas Liquids	2,000		\$3,000.00	\$375.00		(\$119.53)	\$255.47
						Royalty Due ONRR	<u><u>\$756.97</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>