

Yscloskey Plant COST ALLOCATIONS					
Yscloskey Plant Cost Allocation - Gas delivered to Tennessee Gas Pipeline					
YEAR	2008	2009	2010	2011	2012
Allowed Costs	88%	88%	88%	88%	88%
Disallowed Costs	12%	12%	12%	12%	12%
	100%	100%	100%	100%	100%
Fuel Allowed	88%	88%	88%	88%	88%
Fuel Disallowed	12%	12%	12%	12%	12%
	100%	100%	100%	100%	100%

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

**YSCLOSKEY GAS PLANT
SIMPLIFIED EXAMPLE FOR 2012 UCA**

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

Btu Factor:	1,048				
Royalty Rate:	12.5%		Wellhead Volume:	1,000 MMBtu	954 Mcf
Bundled Processing Rate:	\$1.00 Per MCF		Residue Volume:	800 MMBtu	763 Mcf
Residue Gas Price:	\$5.00 Per MMBtu		Plant Shrink Volume:	100 MMBtu	95 Mcf
Weighted Average NGL Price:	\$2.00 Per Gallon		Field Fuel:	50	48
NGL Volume:	2,000 Gross Gallons		Plant Fuel:	50 MMBtu	48 Mcf
NGL Retainage %:	10%			1,000 Ties to Wellhead MMBtu	954 Ties to Wellhead Mcf
Net Volume:	1,800 Net Gallons			950 Inlet MMBtu	906 Inlet Mcf

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 + D)
	A	B	C	D	E
	800	50	12% Non-Allowed	6	806
		50	88% Allowed	44	
			100%	50	

<u>Residue Value (PC 03)</u>	MMBtu	Residue Gas Price	Sales Value (A * B)
	A	B	C
	806	\$5.00	\$4,030.00

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
	2,000	\$2.00	\$4,000.00

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Royalty Rate:	12.5%	Residue Volume:	800 MMBtu	763 Mcf
Bundled Processing Rate:	\$1.00 Per MCF	Plant Shrink Volume:	100 MMBtu	95 Mcf
Residue Gas Price:	\$5.00 Per MMBtu	Field Fuel:	50	48 Mcf
Weighted Average NGL Price:	\$2.00 Per Gallon	Plant Fuel:	50 MMBtu	48 Mcf
NGL Volume:	2,000 Gross Gallons		1,000 Ties to Wellhead MMBtu	954 Ties to Wellhead Mcf
NGL Retainage %:	10%		950 Inlet MMBtu	906 Inlet Mcf
Net Volume:	1,800 Net Gallons			

ALLOWANCE REPORTING

Processing Allowance PC 07	Volume	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
*Processing Rate Cost per MCF	906	\$1.00	(\$906.00)	88%	(\$797.28)	12.50%	(\$99.66)
NGL Retainage Cost (Gallons)	200	\$2.00	(\$400.00)	88%	(\$352.00)	12.50%	(\$44.00)
						Total Processing Cost	(\$143.66)

* 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 Inlet Mcf and NGL gallons.

ROYALTY REPORTING

Product Code/ Product	NGL Sales Volume (Gal)	Gas Sales Volume (MMBtu)	Sales Value	Royalty Value Prior to Allowances (D * 12.5%)	Processing Allowance	Royalty Value Less Allowances (E + F)
A	B	C	D	E	F	G
03 Residue		806	\$4,030.00	\$503.75		\$503.75
07 Natural Gas Liquids	2,000		\$4,000.00	\$500.00	(\$143.66)	\$356.34
						\$860.09

Royalty Due ONRR

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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