

**Opal Plant
Cost Allocation**

The Opal UCAs are for the plant only.

**Opal Plant Cost Allocation - Gas Delivered to Ruby / Colorado Interstate Gas/
Questar / Northwest / Kern River pipelines**

YEAR	2008	2009	2010	2011	2012	2013
Allowed Costs	41%	44%	52%	44%	45%	50%
Disallowed Costs	59%	56%	48%	56%	55%	50%
	100%	100%	100%	100%	100%	100%
Fuel Allowed	41%	44%	52%	44%	45%	50%
Fuel Disallowed	59%	56%	48%	56%	55%	50%
	100%	100%	100%	100%	100%	100%

**Opal Gas Processing Plant
SIMPLIFIED EXAMPLE FOR 2013 UCA**

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

Royalty Rate:	12.50%	Wellhead Volume:	1,000 MMBtu
Bundled Processing Rate:	\$1.00 Per Gallon	Residue Volume:	800 MMBtu
Residue Gas Price:	\$4.00 Per MMBtu	Plant Shrink Volume:	100 MMBtu
NGL Price:	\$1.10 Per Gallon	Field Fuel:	70 MMBtu
NGL Volume:	1,500 Gross Gallons	Plant Fuel:	30 MMBtu
			1,000 Ties to Wellhead MMBtu
			930 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	F
800	30	50% Non-Allowed 50% Allowed 100.00%	15 15 30	815

Residue Value (PC 03)

MMBtu	Residue Gas Price	Sales Value (A * B)
A	B	C
815	\$4.00	\$3,260.00

udes the 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
1,500	\$1.10	\$1,650.00

ALLOWANCE REPORTING

Processing Allowance PC 07

MMBtu	Bundled Rate/Price	Total Bundled Processing Cost (A * B)	Allowed Unbundling Cost Allocation	Allowed Processing Cost (C * D)	Royalty Rate ⁴	Total Processing Allowance (E * F)
A	B	C	D	E	F	G
930	\$1.00	(\$930.00)	50%	(\$465.00)	12.50%	(\$58.13)

* 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 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%)	Transportation Allowance	Processing Allowance	Royalty Value Less Allowances (E + F + G)
A	B	C	D	E	F	G	H
03 Residue		815	\$3,260.00	\$407.50	-		\$407.50
07 Natural Gas Liquids	1,500		\$1,650.00	\$206.25	-	(\$58.13)	\$148.12
						Royalty Due ONRR	<u>\$555.62</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 located at: <http://www.onrr.gov/ReportPay/PDFDocs/royassign.pdf>