

**WILLOW CREEK GAS PLANT  
UNBUNDLING COST ALLOCATION**

**WILLOW CREEK GAS PLANT – PARACHUTE CREEK INLET  
PROCESSING UNBUNDLING COST ALLOCATION**

YEAR	2011	2012	2013	2014	2015	2016	2017	2018
Allowed Costs	50%	50%	50%	50%	50%	50%	50%	50%
Disallowed Costs	50%	50%	50%	50%	50%	50%	50%	50%
	100%	100%	100%	100%	100%	100%	100%	100%

Fuel Allowed	89%	89%	89%	89%	89%	89%	89%	89%
Fuel Disallowed	11%	11%	11%	11%	11%	11%	11%	11%
	100%	100%	100%	100%	100%	100%	100%	100%

**WILLOW CREEK GAS PLANT – RYAN GULCH INLET  
PROCESSING UNBUNDLING COST ALLOCATION**

YEAR	2011	2012	2013	2014	2015	2016	2017	2018
Allowed Costs	34%	34%	34%	34%	34%	34%	34%	34%
Disallowed Costs	66%	66%	66%	66%	66%	66%	66%	66%
	100%	100%	100%	100%	100%	100%	100%	100%

Fuel Allowed	52%	52%	52%	52%	52%	52%	52%	52%
Fuel Disallowed	48%	48%	48%	48%	48%	48%	48%	48%
	100%	100%	100%	100%	100%	100%	100%	100%

**Willow Creek Gas Plant- Ryan Gulch Inlet  
SIMPLIFIED EXAMPLE FOR 2018 UCA**

all situations or include all transportation and processing fees that may be charged.

Royalty Rate:	12.50%	Wellhead Volume:	1,000 MMBtu
Bundled Rate:	\$1.00 Per MMBtu	Residue Volume:	700 MMBtu
Residue Gas Price:	\$4.00 Per MMBtu	Plant Shrink Volume:	200 MMBtu
NGL Price:	\$1.50 Per Gallon	Field Fuel:	75 MMBtu
NGL Volume:	2,000 Gross Gallons	Plant Fuel:	25 MMBtu
			1,000 Ties to Wellhead MMBtu
			925 Calculated 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
700	25	48% Non-Allowed		12	712
	25	52% Allowed		13	
		100.00%		25	

**Residue Value (PC 03)**

MMBtu	Residue Gas Price	Sales Value (A * B)
A	B	C
712	\$4.00	\$2,848.00

Residue value calculation excludes 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
2,000	\$1.50	\$3,000.00

Table of Calculated UCA

**ALLOWANCE REPORTING**

**Processing Allowance PC 07**

MMBtu	Bundled 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
925	\$1.00	(\$925.00)	34%	(\$314.50)	12.50%	(\$39.31)

\*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		712	\$2,848.00	\$356.00			\$356.00
07 Natural Gas Liquids	2,000		\$3,000.00	\$375.00		(\$39.31)	\$335.69
						Royalty Due ONRR	<u><u>\$691.69</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 located at: <http://www.onrr.gov/ReportPay/PDFDocs/royassign.pdf>