

ENTERPRISE - VAL VERDE TRANSPORTATION SYSTEM AND TREATMENT PLANT

Fuel is entirely not allowed on this system as it is for compression, dehydration, and treating that is necessary to place the gas in marketable condition.

SYSTEM TO PLANT ALLOCATION					
YEAR	2006	2007	2008	2009	2010
System	65.66%	65.86%	65.58%	65.47%	65.23%
Plant	34.34%	34.14%	34.42%	34.53%	34.77%
	100.00%	100.00%	100.00%	100.00%	100.00%

The following percentages apply after allocating the fee between system and plant.

VAL VERDE TRANSPORTATION SYSTEM COST ALLOCATION					
YEAR	2006	2007	2008	2009	2010
Allowed Costs	78.74%	78.88%	78.97%	78.98%	78.98%
Disallowed Costs	21.26%	21.12%	21.03%	21.02%	21.02%
	100.00%	100.00%	100.00%	100.00%	100.00%

VAL VERDE TREATMENT PLANT ALLOCATION					
YEAR	2006	2007	2008	2009	2010
Allowed Costs	0.00%	0.00%	0.00%	0.00%	0.00%
Disallowed Costs	100.00%	100.00%	100.00%	100.00%	100.00%
	100.00%	100.00%	100.00%	100.00%	100.00%

Sample Case - 2006	<i>The data in the highlighted fields may be changed to reflect the reporter's actual data</i>				
Bundled Fee :	\$0.20	Per Mcf	*CO2 %	8%	
Wellhead Volume:	1000	Mcf			

*This is the portion of CO2 gas above the pipeline specifications that establishes the marketable condition of the gas.

Step 1	Identify total cost of Bundled Fee.				
	Mcf				
Total Cost of Fee	=	1,000	*	\$0.20	= \$200.00

Step 2	Use the plant-to-system allocation percentages to determine the correct allocation of transportation and processing.				
	Total Cost of Fee		System %		
Transportation portion of fee	=	\$200.00	*	65.66%	= \$131.32
Treating portion of fee	=	\$200.00	*	34.34%	= \$68.68

Step 3	Determine the allowable portion of the total fee by multiplying the transportation and processing portions by the allowed percentage (Annual Factor).				
Allowed Transportation portion of fee	=	\$131.32	*	78.74%	= \$103.40
Allowed Treating portion of fee	=	\$68.68	*	0.00%	= \$0.00

Step 4	Calculate the cost of transporting non-royalty bearing products and subtract this cost from the allowed transportation allowance.				
Non-royalty bearing product portion	=	\$103.40	*	8.00%	= \$8.27
Allowable cost after accounting for non-royalty bearing product	=	\$103.40	-	\$8.27	= \$95.13

Step 5	Calculate Final Transportation & Processing Allowances				
				Royalty Rate	
Transportation Allowance	=	\$95.13	*	12.50%	= \$11.89