

**WILLIAMS TORRE ALTA TRANSPORTATION SYSTEM - LYBROOK PLANT  
COST ALLOCATION**

SYSTEM-TO-PLANT ALLOCATION				
YEAR	2003	2004	2005	2006
System	46.72%	44.72%	50.19%	50.22%
Plant	53.28%	55.28%	49.81%	49.78%
	100.00%	100.00%	100.00%	100.00%

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

TORRE ALTA TRANSPORTATION SYSTEM COST ALLOCATION				
YEAR	2003	2004	2005	2006
Allowed Costs	70.07%	71.89%	73.06%	75.73%
Disallowed Costs	29.93%	28.11%	26.94%	24.27%
	100.00%	100.00%	100.00%	100.00%
Fuel Allowed	15.23%	15.23%	15.23%	15.23%
Fuel Disallowed	84.77%	84.77%	84.77%	84.77%
	100.00%	100.00%	100.00%	100.00%

LYBROOK PLANT COST ALLOCATION				
YEAR	2003	2004	2005	2006
Allowed Costs	57.76%	57.81%	57.79%	57.84%
Disallowed Costs	42.24%	42.19%	42.21%	42.16%
	100.00%	100.00%	100.00%	100.00%
Fuel Allowed	57.76%	57.81%	57.79%	57.84%
Fuel Disallowed	42.24%	42.19%	42.21%	42.16%
	100.00%	100.00%	100.00%	100.00%

Sample Case - 2006		<i>The data in the highlighted fields may be changed to reflect reporter's actual contract data</i>	
Bundled Fee :	\$210.00	Processing Fuel:	40 MMBtu
Wellhead Volume:	1000 Mcf	Residue Price:	\$4.00 MMBtu
Btu Content	1050	Residue Volume:	770 MMBtu
Transportation Fuel:	40 MMBtu	Plant Shrink Volume:	200 MMBtu

<b>Step 1</b>	Identify total cost of Bundled Fee.
	Total Cost of Fee = \$210.00

<b>Step 2</b>	Use the plant-to-system allocation percentages, if available, to determine the correct allocation of transportation and processing.
	Total Cost of Fee                      System %
Transportation portion of fee	= \$210.00 * 50.22% = \$105.46
Processing portion of fee	= \$210.00 * 49.78% = \$104.54

<b>Step 3</b>	<b>Determine the allowable portion of the total fee by multiplying the transportation and processing portions by the allowed percentage (Annual Factor).</b>				
Allowed Transportation portion of fee	=	\$105.46	*	75.73%	= \$79.86
Allowed Processing portion of fee	=	\$104.54	*	57.84%	= \$60.47

<b>Step 4</b>	<b>Fuel - Determine the allowable portion of fuel costs by multiplying each fuel volume by the residue price and then by the allowed percentage.</b>				
		Fuel	(MMBtu)	Residue Price	
Transportation	=	40	*	\$4.00	= \$160.00
Processing	=	40	*	\$4.00	= \$160.00
				Allowed %	
Allowed Transportation fuel cost	=	\$160.00	*	15.23%	= \$24.37
Allowed Processing fuel cost	=	\$160.00	*	57.84%	= \$92.54

<b>Step 5</b>	<b>Calculate Total Allowed Transportation and Processing Costs</b>				
Total Allowed Transportation Costs	=	\$79.86	+	\$24.37	= \$104.23
Total Allowed Processing Costs	=	\$60.47	+	\$92.54	= \$153.01

<b>Step 6</b>	<b>Calculate the Residue and NGL Transportation Allocation Percentage</b>				
		Residue Volume			
Residue Transportation Percentage	=	770	/	(770+200)	= 79.38%
NGL Transportation Percentage	=	200	/	(770+200)	= 20.62%

<b>Step 7</b>	<b>Calculate the Allowed Residue and NGL Transportation Costs</b>				
Residue Transportation Costs	=	\$104.23	*	79.38%	= \$82.74
NGL Transportation Costs	=	\$104.23	*	20.62%	= \$21.49

<b>Step 8</b>	<b>Calculate Final Transportation &amp; Processing Allowances</b>				
				Royalty Rate	
Residue Transportation Allowance	=	\$82.74	*	12.50%	= \$10.34
NGL Transportation Allowance	=	\$21.49	*	12.50%	= \$2.69
Processing Allowance	=	\$153.01	*	12.50%	= \$19.13