CONOCO-PHILLIPS SAN JUAN BLANCO PLANT
COST ALLOCATION

BLANCO PLANT COST ALLOCATION					
YEAR	2003	2004	2005	2006	2007
*Allowed Costs	34.15%	34.39%	37.86%	38.33%	55.22%
*Disallowed Costs	65.85%	65.61%	62.14%	61.67%	44.78%
	100.00%	100.00%	100.00%	100.00%	100.00%
*Fuel Allowed	34.15%	34.39%	37.86%	38.33%	55.22%
*Fuel Disallowed	65.85%	65.61%	62.14%	61.67%	44.78%
	100.00%	100.00%	100.00%	100.00%	100.00%

Percentages revised August 18th 2011 for years 2004-2007.

Sample Case - 2006		*The data in the highlighted fields may be changed to reflect reporter's actual contract data*
Value of retainage	$210.00	Processing Fuel: 40 MMBtu
Wellhead Volume:	1000 Mcf	Residue Price: $4.00 MMBtu
Btu Content	1050	Residue Volume: 770 MMBtu

Step 1   Identify total cost of Bundled Fee.

Value of retainage   = $210.00

Step 2   Determine the allowable portion of the total fee by multiplying the fee by the allowed percentage (Annual Factor).

Allowed Processing portion of retainage   = $210.00   *   38.33%   = $80.49

Step 3   Fuel - Determine the allowable portion of fuel costs by multiplying the fuel volume by the residue price and then by the allowed percentage.

		Fuel	(MMBtu)	Residue Price		
Processing	=	40	*	$4.00	=	$160.00
				Allowed %		
Allowed Processing fuel cost	=	$160.00	*	38.33%	=	$61.33

Step 4   Calculate Total Allowed Processing Cost

Total Allowed Processing Costs   = $80.49   + $61.33   = $141.82

Step 5   Calculate Final Processing Allowance

Royalty Rate

Processing Allowance   = $141.82   *   12.50%   = $17.73