

ENTERPRISE - SAN JUAN TRANSPORTATION SYSTEM

Fuel is not allowed on this system as it is used by equipment to put the gas in marketable condition.

Additionally, Enterprise invoices separately for certain costs that are related to field dehydration, global, lateral, and electrical compression. These costs are disallowed because they are necessary to place the gas in marketable condition.

SAN JUAN TRANSPORTATION SYSTEM COST ALLOCATION						
YEAR	2005	2006	2007	2008	2009	2010
Allowed Costs	68.05%	64.17%	64.41%	62.77%	63.79%	64.85%
Disallowed Costs	31.95%	35.83%	35.59%	37.23%	36.21%	35.15%
	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	Wellhead Volume:	1000 Mcf
Royalty Rate	12.50%		

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

Step 2	Determine the allowable portion of the total fee by multiplying the transportation cost by the allowed percentage (Annual Factor).					
	Transportation Cost	=	\$200.00	*	64.17%	= \$128.34

Step 3	Calculate Final Transportation Allowance					
	Transportation Allowance	=	\$128.34	*	Royalty Rate 12.50%	= \$16.04