

**Neptune Plant  
COST ALLOCATIONS**

Neptune Plant Cost Allocation - Gas delivered to Trunkline / ANR / Nautilus pipelines								
YEAR	2008	2009	2010	2011	2012	2013	2014	2015
Allowed Costs	73%	73%	73%	69%	68%	68%	68%	68%
Disallowed Costs	27%	27%	27%	31%	32%	32%	32%	32%
	100%	100%	100%	100%	100%	100%	100%	100%
Fuel Allowed	0%	0%	0%	6%	11%	11%	11%	11%
Fuel Disallowed	100%	100%	100%	94%	89%	89%	89%	89%
	100%	100%	100%	100%	100%	100%	100%	100%

These UCAs are based on the most current information available (see "Disclaimer for ONRR Unbundling Website")

**NEPTUNE PLANT  
SIMPLIFIED EXAMPLE FOR 2015 UCA**

This example does not represent all contractual situations or include all transportation and processing fees that may be charged.

Royalty Rate:	12.5%	Wellhead Volume:	300,000 MMBtu
NGL Retainage	10% NGL Gallons	Residue Volume:	198,000 MMBtu
Residue Gas Price	\$2.50 Per MMBtu	Plant Shrink Volume:	100,000 MMBtu
Weighted Average	\$1.00 Per Gallon	Field Fuel:	- MMBtu
NGL Volume:	1,000,000 Gross Gallons	Plant Fuel:	2,000 MMBtu
Net Volume:	900,000 Net Gallons		300,000 Ties to Wellhead MMBtu
			300,000 Inlet MMBtu

**VOLUME AND VALUE REPORTING**

Residue Volume	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
	198,000	2,000	89% Non-Allowed		1,780	199,780
		2,000	11% Allowed		220	
			100%		2,000	

Residue Value	MMBtu	Residue Gas Price	Sales Value (A * B)
	A	B	C
	199,780	\$2.50	\$499,450.00

The calculation accounts for 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)	Gallons	NGL Price	Sales Value (A * B)
	A	B	C
	1,000,000	\$1.00	\$1,000,000.00

**ALLOWANCE REPORTING**

**Processing Allowance PC 07**

NGL Volume (Gallons)	NGL Price	Sales Value (A * B)	NGL Retainage %	Total Bundled Processing Cost (C * D)	Allowed Unbundling Cost Allocation	Allowed Processing Cost (E * F)	Royalty Rate	Total Processing Allowance (G * H)
A	B	C	D	E	F	G	H	I
1,000,000	\$1.00	\$1,000,000.00	10%	(\$100,000.00)	68%	(\$68,000.00)	12.5000%	(\$8,500.00)

\* Review your contract to determine if processing cost is based on inlet volume, wellhead volume, or NGL gallons and revise calculation accordingly. For this example, the processing cost is based on NGL Gallons.

**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)
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
03 Residue		199,780	\$499,450.00	\$62,431.25			\$62,431.25
Natural Gas Liq	1,000,000		\$1,000,000.00	\$125,000.00		(\$8,500.00)	\$116,500.00
						Royalty Due ONRR	<b>\$178,931.25</b>

*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 a <http://www.onrr.gov/ReportPay/PDFDocs/royassign.pdf>*

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