

**BUENA SUERTE TRANSPORTATION SYSTEM
COST ALLOCATION**

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YEAR	2007	2008	2009	2010	2011	2012	2013*
Allowed Costs	77.76%	74.92%	72.49%	70.10%	70.58%	73.90%	74.03%
Disallowed Costs	22.24%	25.08%	27.51%	29.90%	29.42%	26.10%	25.97%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Fuel Allowed	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fuel Disallowed	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*2013 values are for January through July 2013

**BUENA SUERTE TRANSPORTATION SYSTEM
SIMPLIFIED EXAMPLE FOR 2013 UCA**

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

Royalty Rate:	12.50%	Wellhead Volume:	10,000 MMBtu
Bundled Gathering (Transport) Rate:	\$0.40 Per MMBtu	Field Fuel:	200 MMBtu
Gas Price:	\$4.00 Per MMBtu	Net Volume:	9,800 MMBtu

VOLUME AND VALUE REPORTING

Unprocessed Gas (PC 04)

MMBtu	Gas Price	Sales Value (A * B)
A	B	C
10,000	\$4.00	\$40,000.00

ALLOWANCE REPORTING

Transportation Allowance

	MMBtu A	Rate/Price B	Total Transportation Cost (A * B) C	Allowed Unbundling Cost Allocation D	Allowed Transportation Cost (C * D) E	Royalty Rate F	Total Transportation Allowance (E * F) G
Transportation Rate Cost	9,800	\$0.40	(\$3,920.00)	74.03%	(\$2,901.98)		
Field Fuel Value	200	\$4.00	(\$800.00)	0.00%	\$0.00		
			<u>(\$4,720.00)</u>		<u>(\$2,901.98)</u>	12.50%	<u>(\$362.75)</u>
							<u>(\$362.75)</u>

ROYALTY REPORTING

Product Code/ Product	Gas Sales Volume (MMBtu)	Sales Value	Royalty Value Prior to Allowances (C * 12.5%)	Transportation Allowance	Royalty Value Less Allowances (D + E)
A	B	C	D	E	F
04 Unprocessed Gas	10,000	\$40,000.00	\$5,000.00	(\$362.75)	\$4,637.25

Royalty Due ONRR \$4,637.25

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 located at: <http://www.onrr.gov/ReportPay/PDFDocs/royassign.pdf>