U.S. DEPARTMENT OF THE INTERIOR
Minerals Management Service
Minerals Revenue Management

GAS PROCESSING ALLOWANCE SUMMARY REPORT

OMB NO. 1010 - 0075
Expires 10/31/2004

FOR MMS USE ONLY:

1 PAYOR NAME _____ 2 PAYOR CODE [ ]

ADDRESS _____

4 AMENDED REPORT [ ]

CITY _____ STATE _____ ZIP _____

6 PLANT NAME _____

5 REPORTING PERIOD (mm/dd/ccyy) _____ to _____

3 FOR PAYOR USE ONLY:

7	8 LEASE NUMBER	9 AGREEMENT NUMBER	10 PRODUCT CODE	11 NON-ARM'S LENGTH INDICATOR	12 ACTUAL DATA a ROYALTY QUANTITY	b ALLOWANCE RATE PER UNIT	c ROYALTY ALLOWANCE AMOUNT
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							

13	PAGE TOTAL			xxxxxxxxxxxx	
14	REPORT TOTAL (LAST PAGE ONLY)			xxxxxxxxxxxx	

IF MORE LINES ARE NEEDED, ATTACH ADDITIONAL PAGES OF FORM MMS-4109

I have read and examined the statements in this report and, to the best of my knowledge, they are accurate and complete.

NAME (FIRST, MIDDLE INITIAL, LAST) (typed or printed) DATE:

AUTHORIZED SIGNATURE: DATE:

NAME OF PREPARER: TELEPHONE NUMBER:

THIS INFORMATION SHOULD BE CONSIDERED (Please check one) [ ] PROPRIETARY [ ] NONPROPRIETARY

The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected to aid the Minerals Management Service (MMS) in its product valuation and allowance determination process, essential to assuring that Indians receive proper royalty value for minerals removed. Respondents need only submit this information if they choose to file for a royalty allowance. We estimate the burden for voluntarily filing is 1/4 hour per allowance data line. Comments on the accuracy of this burden estimate or suggestions on reducing this burden should be directed to the Information Collection Clearance Officer, MS 4230, MMS, 1849 C Street, N.W., Washington, DC 20240. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

FORM MMS-4109 -- GENERAL INSTRUCTIONS, GAS PROCESSING ALLOWANCE REPORT

In accordance with 30 CFR 206.179, a payor may deduct from royalty payments the reasonable actual costs for processing gas plant products (e.g., natural gas liquids (NGLs), sulfur, etc.) from a gas stream. All natural gas liquids are considered as one product – NGLs, and the processing allowance rate for NGLs shall be based upon their aggregate processing cost. No allowance will be given for non-royalty-bearing plant products unless the lessee has secured prior approval from MMS.

Gas processing costs incurred under an arm's-length contract may be claimed as the gas processing allowance. Processing costs incurred under other than an arm's-length contract consist of the following: plant operating costs plus depreciation plus a return on undepreciated capital investment. A gas processing allowance rate is determined by dividing the total processing costs by the quantity processed.

Payors are required to report to MMS the actual processing costs deducted during the reporting period using Form MMS-4109. For processing costs incurred under arm's-length conditions, payors are not required to submit Form MMS–4109. Instead, payors are required to submit a copy of their arm's-length processing contract to MMS within 2 months of the date MMS receives your first report that deducts the allowance on the Form MMS-2014. For processing costs incurred under non-arm's-length or no contract situations, Page 1 of Form MMS-4109 and Schedules 1, 2, 2A and 2B must be submitted within 3 months after the end of the 12-month period to which the allowance applies.

Form MMS-4109, Page 1, is used to report the non-arm's-length processing allowance amount claimed for a plant product during the reporting period.

Form MMS-4109, Schedule 1, is used to compute the non-arm's-length processing allowance rate for a plant product. A separate Schedule 1 must be completed for each plant product,

Form MMS-4109, Schedule 2, is used to summarize plant product costs based upon the lessee's portion of actual plant operating, maintenance, and overhead costs for non-arm's-length or no contract situations.

Form MMS-4109, Schedule 2A, summarizes plant operating, maintenance, and overhead costs for a plant product for non-arm's-length or no contract situations.

Form MMS-4109, Supplemental Schedule 2A, is used to detail operating, maintenance, and overhead costs that could not be shown on Schedule 2A because of limited space.

Form MMS-4109, Schedule 2B, summarizes plant depreciation and undepreciated capital investment for a plant product for non-arm's-length or no contract situations.

INSTRUCTIONS FOR COMPLETING FORM MMS-4109, PAGE 1

Page 1 of Form MMS-4109 is used to report the royalty processing allowance amount claimed for plant products during the reporting period. In accordance with 30 CFR 206.179, "the gas processing allowance shall not exceed 66-2/3 percent of the value of each gas plant product . . . less any applicable transportation allowances. . . ." The product processing allowance rate, determined using Schedule 1, must be computed prior to completing Page 1 of Form MMS-4109.

1. Enter the same payor name and address as used for reporting gas royalties and processing deductions on Form MMS-2014.

2. Enter the same payor code as reported on Form MMS-2014.

3. Reserved for payor comment.

4. Check the Amended Report box if this report is amending previously submitted data. A corrected report requires a two-line entry. The first line reverses the original entry using a minus sign (-) in columns 12a, 12b, and 12c, as applicable, and the second line shows the correct entry.

5. Enter as the reporting period the period covered by the actual cost data for the processing allowance being reported in column 12. The reporting period will begin the first day of the calendar year or when the processing contract begins, is modified or amended rate and will end the last day of the calendar year or when the processing contract or rate terminates, is modified or amended whichever is earlier.

6. Enter the plant name. If extraction and fractionation takes place at separate facilities, enter the plant name of each facility.

7. Line count; i.e., the number of allowances being reported.

8. Enter the same Lease Number as reported on Form MMS-2014.

9. Enter the same Agreement Number (if applicable), as reported on Form MMS-2014.

10. Enter the same product code as reported on Form MMS-2014.

11. Enter the non-arm's-length indicator as "NARM" for the portion of the processing costs incurred under non-arm's-length conditions.

12. Column 12 is used for reporting the royalty allowance amount deducted for the reporting period, the allowance rate, and the royalty quantity processed during the reporting period.

    Enter in column 12a the total royalty quantity processed during the reporting period. Total royalty quantity is the sum of the monthly royalty quantities. Enter in column 12b the product processing allowance rate from Schedule 1. In column 12c enter the royalty allowance amount determined by multiplying column 12a by column 12b. Care should be taken to ensure that the allowance comply with allowance limitations set forth under 30 CFR 206.179.

13. Enter page totals on line 13.

14. If the number of allowances being reported exceeds the number of lines on the Form MMS-4109, use additional Page 1, Form MMS-4109s. If more than one Page 1, Form MMS-4109 is submitted, sum the amount on line 13 for each page and enter the total only once, on line 14 of the last page of the Form MMS-4109 submittal.

Indicate by checking the appropriate box whether the information should be considered proprietary or nonproprietary.