Attachment B.

However, the opposite is also true, whereby it may be necessary for actual expenses to exceed budgeted. Absent a reserve, this would require a fee change within the then existing fiscal-year, but with a reserve, the variability can be better managed and attenuate the potential impact on fees. The following example assumes a draw on reserves is within the 20% annual replenishment limit, therefore the draw would be recovered in the subsequent fiscal-year:

	Assumes draw from reserves are within the 20% annual replenishment limit.	
	GMP Yr 3	GMP Yr 4
Opening Balance	$ -	$ (80,000)
Budget Expenses	$ 800,000	$ 800,000
# of Wells	3,000	3,000
Reg Fee	$ 267	$ 293
Reserves	$ 320,000	$ 400,000
Actual Expenses	$ 880,000	$ 800,000
Ending Balance	$ (80,000)	$ -