

Royalty Payment Practice Worksheet - Money Decimal

Instructions: Use the formula below to calculate the royalty payment for each question:

Royalty Payment = Production Volume × Price per Unit × Royalty Decimal

Example:

Production Volume: 1,000 barrels

Price per barrel: \$75

Royalty: $3/16 = 0.1875$

Royalty Payment: $1,000 \times 75 \times 0.1875 = \$14,062.50$

PRACTICE PROBLEMS

1. Production Volume: 2,500 barrels

Price per barrel: \$82

Royalty: $1/8 = 0.125$

What is the royalty payment for this owner? \$_____

2. Production Volume: 1,100 MCF

Price per MCF: \$3.25

Royalty: $1/5 = 0.20$

What is the royalty payment for this owner? \$_____

3. Production Volume: 800 barrels

Price per barrel: \$90

Royalty: $3/16 = 0.1875$

What is the royalty payment for this owner? \$_____

4. Production Volume: 5,000 MCF

Price per MCF: \$2.80

Royalty: $1/6 = 0.1667$

What is the royalty payment for this owner? \$_____

5. Production Volume: 3,600 barrels

Price per barrel: \$77.50

Royalty: $1/4 = 0.25$

What is the royalty payment for this owner? \$_____

Bonus Question Production Volume: 1,200 barrels

Price per barrel: \$80

Royalty: $20\% = 0.20$

What is the royalty payment for this owner? \$_____



ANSWER KEY

1. $2,500 \times 82 \times 0.125 = \$25,625.00$

2. $1,100 \times 3.25 \times 0.20 = \715.00

3. $800 \times 90 \times 0.1875 = \$13,500.00$

4. $5,000 \times 2.80 \times 0.1667 = \$2,334.00$

5. $3,600 \times 77.50 \times 0.25 = \$69,750.00$

Bonus: $1,200 \times 80 \times 0.20 = \$19,200.00$