

OIL AND GAS TAX REVENUES QUARTERLY UPDATE SUMMARY

This memorandum provides a summary of oil production and prices, oil and gas tax revenue collections, and oil and gas tax revenue allocations, including comparisons to forecasted amounts, projections for the biennium, and comparisons to the prior biennium. **The forecasted amounts reflect the 2017 legislative revenue forecast,** prepared at the close of the 2017 legislative session.

QUARTERLY SUMMARY

Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for September 2017 through November 2017. Oil and gas tax revenue collections and allocations reflect production and prices from 2 months prior. The amounts shown for the actual oil prices reflect the average of Flint Hills Resources posted prices and West Texas Intermediate posted prices.

Average Daily Oil Production - Barrels Per Day			
	September 2017	October 2017	November 2017
Actual	1,107,345	1,183,810	1,194,920
Forecast	925,000	925,000	925,000
Variance to forecast	182,345	258,810	269,920
Percentage variance to forecast	19.7%	28.0%	29.2%

Average Oil Price - Price Per Barrel			
	September 2017	October 2017	November 2017
Actual	\$44.72	\$47.62	\$53.15
Forecast	47.00	47.00	47.00
Variance to forecast	(\$2.28)	\$0.62	\$6.15
Percentage variance to forecast	(4.9%)	1.3%	13.1%

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for November 2017 through January 2018.

	November 2017	December 2017	January 2018
Actual	\$138,077,116	\$163,716,093	\$171,462,564
Forecast	126,512,250	130,729,325	126,512,250
Variance to forecast	\$11,564,866	\$32,986,768	\$44,950,314
Percentage variance to forecast	9.1%	25.2%	35.5%

Oil and Gas Tax Revenue Allocations

The schedule below provides information on the oil and gas tax revenue allocations to the Three Affiliated Tribes of the Fort Berthold Reservation, state funds, and political subdivisions for November 2017 through January 2018.

	November 2017	December 2017	January 2018
Three Affiliated Tribes	\$13,148,505	\$15,612,957	\$17,319,611
Legacy fund	37,478,583	44,430,941	46,242,886
North Dakota outdoor heritage fund	939,609	1,120,956	1,163,800
Abandoned well reclamation fund	469,805	560,478	581,900
Oil and gas impact grant fund	7,419,034	3,671,022	0
Political subdivisions	22,356,505	25,311,149	25,645,343
Energy impact fund	0	0	0
Common schools trust fund	5,305,453	6,243,043	6,408,586
Foundation aid stabilization fund	5,305,453	6,243,043	6,408,586
Resources trust fund	10,610,906	12,486,086	12,817,172
Oil and gas research fund	1,002,139	1,320,379	1,466,497
General fund	34,041,124	46,716,039	37,368,742
Tax relief fund	0	0	16,039,441
Budget stabilization fund	0	0	0
Lignite research fund	0	0	0
Strategic investment and improvements fund	0	0	0
State disaster relief fund	0	0	0
Total	\$138,077,116	\$163,716,093	\$171,462,564

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for November 2017 through January 2018. Distributions to political subdivisions pursuant to the new formula in 2017 Senate Bill No. 2013 became effective with July 2017 oil production and September 2017 distributions. However, this memorandum reports the distributions to political subdivisions for the period August 2017 to July 2019 to align with the reporting for the allocations to state funds.

	November 2017	December 2017	January 2018
Hub cities in oil-producing counties	\$3,384,234	\$3,648,199	\$3,671,223
Hub cities in non-oil-producing counties	0	0	0
Hub city school districts	562,500	562,500	562,500
Counties	11,575,816	13,345,349	13,534,109
Cities (excluding hub cities)	3,887,967	4,478,897	4,545,735
School districts (excluding hub city school districts)	1,814,831	1,969,072	2,009,294
Townships	1,131,157	1,307,132	1,322,482
Total	\$22,356,505	\$25,311,149	\$25,645,343

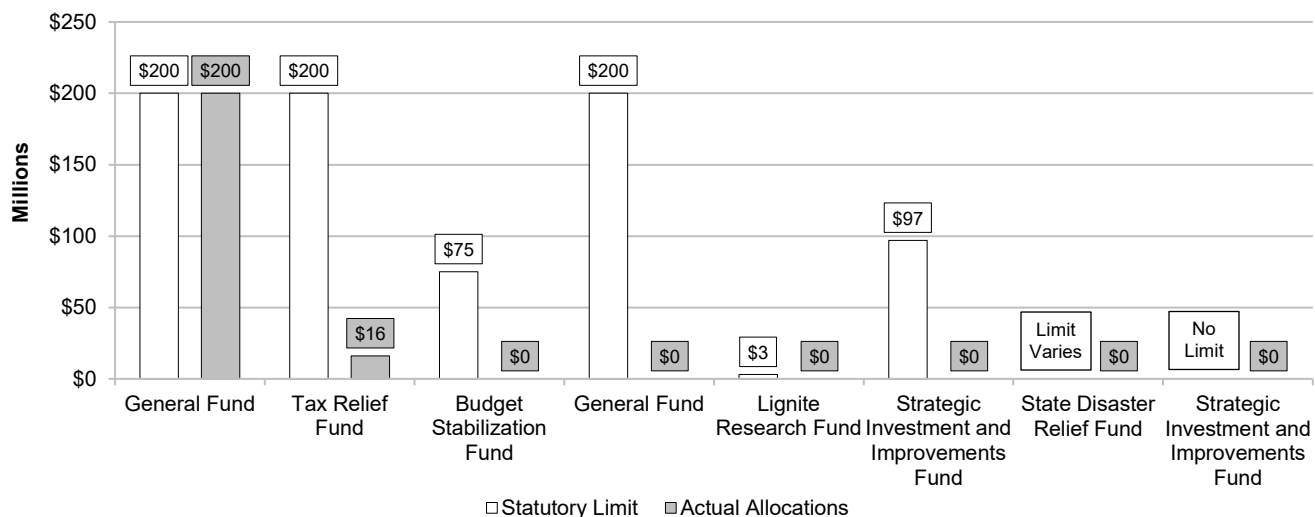
CURRENT BIENNIUM COMPARISON TO FORECAST

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue allocations for the biennium to date through January 2018.

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$82,887,319	\$55,210,146	\$27,677,173	50.1%
Legacy fund	230,636,451	214,954,374	15,682,077	7.3%
North Dakota outdoor heritage fund	5,818,386	5,295,591	522,795	9.9%
Abandoned well reclamation fund	2,909,193	2,647,797	261,396	9.9%
Oil and gas impact grant fund	28,353,446	29,111,924	(758,478)	(2.6%)
Political subdivisions	147,822,995	134,631,706	13,191,289	9.8%
Energy impact fund	2,000,000	2,000,000	0	0.0%
Common schools trust fund	32,225,178	33,033,000	(807,822)	(2.4%)
Foundation aid stabilization fund	32,225,178	33,033,000	(807,822)	(2.4%)
Resources trust fund	64,450,356	66,066,000	(1,615,644)	(2.4%)
Oil and gas research fund	6,307,550	3,914,823	2,392,727	61.1%
General fund	200,000,000	191,826,364	8,173,636	4.3%
Tax relief fund	16,039,441	0	16,039,441	N/A
Budget stabilization fund	0	0	0	N/A
Lignite research fund	0	0	0	N/A
Strategic investment and improvements fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total	\$851,675,493	\$771,724,725	\$79,950,768	10.4%

STATE'S SHARE - FUND STATUS

The chart below provides information on the status of the state's share of allocations ("buckets") for the biennium to date through January 2018.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through January 2018 and forecasted amounts for the remainder of the biennium. The amount shown for the original forecast reflects the 2017 legislative revenue forecast, prepared at the close of the 2017 legislative session.

2017-19 Biennium Actual Allocations and Remaining Forecast				
	Actual Through January 2018	Remaining Forecast	Biennium Total	Original Forecast
Three Affiliated Tribes	\$82,887,319	\$168,003,230	\$250,890,549	\$223,213,376
Legacy fund	230,636,451	654,101,303	884,737,754	869,055,677
North Dakota outdoor heritage fund	5,818,386	4,980,791	10,799,177	10,868,130
Abandoned well reclamation fund	2,909,193	5,490,395	8,399,588	8,434,065
Oil and gas impact grant fund	28,353,446	0	28,353,446	29,111,924
Political subdivisions	147,822,995	361,857,447	509,680,442	496,489,153
Energy impact fund	2,000,000	2,000,000	4,000,000	4,000,000
Common schools trust fund	32,225,178	100,518,675	132,743,853	133,551,675
Foundation aid stabilization fund	32,225,178	100,518,675	132,743,853	133,551,675
Resources trust fund	64,450,356	201,037,343	265,487,699	267,103,343
Oil and gas research fund	6,307,550	3,692,450	10,000,000	10,000,000
General fund	200,000,000	200,000,000	400,000,000	400,000,000
Tax relief fund	16,039,441	183,960,559	200,000,000	200,000,000
Budget stabilization fund	0	75,000,000	75,000,000	75,000,000
Lignite research fund	0	3,000,000	3,000,000	3,000,000
Strategic investment and improvements fund	0	284,180,032	284,180,032	256,686,607
State disaster relief fund	0	0	0	0
Total	\$851,675,493	\$2,348,340,900	\$3,200,016,393	\$3,120,065,625

CURRENT BIENNIUM TO PRIOR BIENNIUM COMPARISON

Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for the first 6 months of 2017-19 biennium and 2015-17 biennium. Oil and gas tax revenue collections and allocations reflect oil production and prices from 2 months prior.

Average Daily Oil Production - Barrels Per Day				
	2017-19 Biennium Through November 2017	2015-17 Biennium Through November 2015	Increase (Decrease)	
			Amount	Percentage
Actual	1,109,394	1,185,925	(76,531)	(6.5%)
Forecast	925,000	1,100,000	(175,000)	(15.9%)
Variance to forecast	184,394	85,925	98,469	114.6%
Percentage variance to forecast	19.9%	7.8%		

Average Oil Price - Price Per Barrel				
	2017-19 Biennium Through November 2017	2015-17 Biennium Through November 2015	Increase (Decrease)	
			Amount	Percentage
Actual	\$44.95	\$41.89	\$3.06	7.3%
Forecast	47.00	44.00	3.00	6.8%
Variance to forecast	(\$2.05)	(\$2.11)	\$0.06	(2.8%)
Percentage variance to forecast	(4.4%)	(4.8%)		

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for the first 6 months of the 2017-19 biennium and 2015-17 biennium.

	2017-19 Biennium Through January 2018	2015-17 Biennium Through January 2016	Increase (Decrease)	
			Amount	Percentage
Actual	\$851,675,493	\$901,071,103	(\$49,395,610)	(5.5%)
Forecast	771,724,725	519,293,720	252,431,005	48.6%
Variance to forecast	\$79,950,768	\$381,777,383	(\$301,826,615)	(79.1%)
Percentage variance to forecast	10.4%	73.5%		