

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 March 2018 through May 2018. 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			
	March 2018	April 2018	May 2018
Actual	1,162,134	1,225,391	1,244,629
Forecast	925,000	925,000	925,000
Variance to forecast	237,134	300,391	319,629
Percentage variance to forecast	25.6%	32.5%	34.6%

Average Oil Price - Price Per Barrel			
	March 2018	April 2018	May 2018
Actual	\$56.89	\$60.68	\$64.01
Forecast	47.00	47.00	47.00
Variance to forecast	\$9.89	\$13.68	\$17.01
Percentage variance to forecast	21.0%	29.1%	36.2%

Oil and Gas Tax Revenue Collections

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

	May 2018	June 2018	July 2018
Actual	\$191,465,591	\$217,087,144	\$231,758,858
Forecast	130,729,325	126,512,250	130,729,325
Variance to forecast	\$60,736,266	\$90,574,894	\$101,029,533
Percentage variance to forecast	46.5%	71.6%	77.3%

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 May 2018 through July 2018.

	May 2018	June 2018	July 2018
Three Affiliated Tribes	\$18,155,485	\$20,926,597	\$23,298,241
Legacy fund	51,993,032	58,848,164	62,538,187
North Dakota outdoor heritage fund	1,147,485	0	0
Abandoned well reclamation fund	0	0	0
Oil and gas impact grant fund	0	0	0
Political subdivisions	26,233,335	28,760,542	30,160,427
Energy impact fund	0	0	0
Common schools trust fund	7,398,616	8,301,701	8,880,779
Foundation aid stabilization fund	7,398,616	8,301,701	8,880,779
Resources trust fund	14,797,231	16,603,401	17,761,558
Oil and gas research fund	0	0	0
General fund	0	62,381,569	80,238,887
Tax relief fund	2,305,260	0	0
Budget stabilization fund	62,036,531	12,963,469	0
Lignite research fund	0	0	0
Strategic investment and improvements fund	0	0	0
State disaster relief fund	0	0	0
Total	\$191,465,591	\$217,087,144	\$231,758,858

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for May 2018 through July 2018. Distributions to political subdivisions pursuant to the new formula in 2017 Senate Bill No. 103 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.

	May 2018	June 2018	July 2018
Hub cities in oil-producing counties	\$3,722,778	\$3,945,063	\$4,063,117
Hub cities in non-oil-producing counties	0	0	0
Hub city school districts	562,500	562,500	562,500
Counties	13,884,630	15,392,349	16,219,055
Cities (excluding hub cities)	4,663,334	5,168,775	5,448,752
School districts (excluding hub city school districts)	2,043,241	2,186,814	2,283,259
Townships	1,356,852	1,505,041	1,583,744
Total	\$26,233,335	\$28,760,542	\$30,160,427

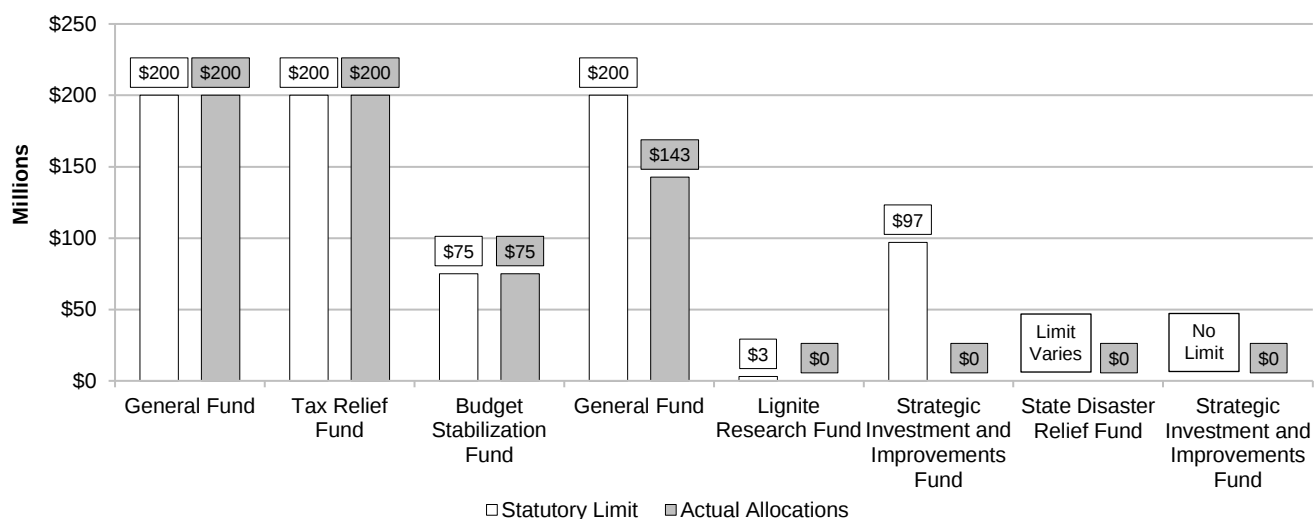
CURRENT BIENNIUM COMPARISON TO FORECAST

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

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$197,466,055	\$110,118,599	\$87,347,456	79.3%
Legacy fund	557,089,584	428,734,133	128,355,451	29.9%
North Dakota outdoor heritage fund	10,799,177	10,562,243	236,934	2.2%
Abandoned well reclamation fund	4,399,588	4,434,065	(34,477)	(0.8%)
Oil and gas impact grant fund	28,353,446	29,111,924	(758,478)	(2.6%)
Political subdivisions	312,091,616	246,996,777	65,094,839	26.4%
Energy impact fund	2,000,000	2,000,000	0	0.0%
Common schools trust fund	78,652,853	65,885,492	12,767,361	19.4%
Foundation aid stabilization fund	78,652,853	65,885,492	12,767,361	19.4%
Resources trust fund	157,305,705	131,770,983	25,534,722	19.4%
Oil and gas research fund	10,000,000	8,874,654	1,125,346	12.7%
General fund	342,620,456	200,000,000	142,620,456	71.3%
Tax relief fund	200,000,000	200,000,000	0	0.0%
Budget stabilization fund	75,000,000	34,858,013	40,141,987	115.2%
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	\$2,054,431,333	\$1,539,232,375	\$515,198,958	33.5%

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 July 2018.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through July 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 July 2018	Remaining Forecast	Biennium Total	Original Forecast
Three Affiliated Tribes	\$197,466,055	\$113,094,777	\$310,560,832	\$223,213,376
Legacy fund	557,089,584	440,321,544	997,411,128	869,055,677
North Dakota outdoor heritage fund	10,799,177	0	10,799,177	10,868,130
Abandoned well reclamation fund	4,399,588	4,000,000	8,399,588	8,434,065
Oil and gas impact grant fund	28,353,446	0	28,353,446	29,111,924
Political subdivisions	312,091,616	249,492,376	561,583,992	496,489,153
Energy impact fund	2,000,000	2,000,000	4,000,000	4,000,000
Common schools trust fund	78,652,853	67,666,183	146,319,036	133,551,675
Foundation aid stabilization fund	78,652,853	67,666,183	146,319,036	133,551,675
Resources trust fund	157,305,705	135,332,360	292,638,065	267,103,343
Oil and gas research fund	10,000,000	0	10,000,000	10,000,000
General fund	342,620,456	57,379,544	400,000,000	400,000,000
Tax relief fund	200,000,000	0	200,000,000	200,000,000
Budget stabilization fund	75,000,000	0	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	440,880,283	440,880,283	256,686,607
State disaster relief fund	0	0	0	0
Total	\$2,054,431,333	\$1,580,833,250	\$3,635,264,583	\$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 12 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 May 2018	2015-17 Biennium Through May 2016	Increase (Decrease)	
			Amount	Percentage
Actual	1,152,358	1,143,003	9,355	0.8%
Forecast	925,000	1,100,000	(175,000)	(15.9%)
Variance to forecast	227,358	43,003	184,355	428.7%
Percentage variance to forecast	24.6%	3.9%		

Average Oil Price - Price Per Barrel				
	2017-19 Biennium Through May 2018	2015-17 Biennium Through May 2016	Increase (Decrease)	
			Amount	Percentage
Actual	\$51.73	\$36.89	\$14.84	40.2%
Forecast	47.00	46.00	1.00	2.2%
Variance to forecast	\$4.73	(\$9.11)	\$13.84	(151.9%)
Percentage variance to forecast	10.1%	(19.8%)		

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 12 months of the 2017-19 biennium and 2015-17 biennium.

	2017-19 Biennium Through July 2018	2015-17 Biennium Through July 2016	Increase (Decrease)	
			Amount	Percentage
Actual	\$2,054,431,333	\$1,486,483,072	\$567,948,261	38.2%
Forecast	1,539,232,375	1,465,773,628	73,458,747	5.0%
Variance to forecast	\$515,198,958	\$20,709,444	\$494,489,514	2,387.7%
Percentage variance to forecast	33.5%	1.4%		