

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 June 2017 through August 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			
	June 2017	July 2017	August 2017
Actual	1,032,873	1,048,099	1,084,690
Forecast	925,000	925,000	925,000
Variance to forecast	107,873	123,099	159,690
Percentage variance to forecast	11.7%	13.3%	17.3%

Average Oil Price - Price Per Barrel			
	June 2017	July 2017	August 2017
Actual	\$39.96	\$41.26	\$43.00
Forecast	47.00	47.00	47.00
Variance to forecast	(\$7.04)	(\$5.74)	(\$4.00)
Percentage variance to forecast	(15.0%)	(12.2%)	(8.5%)

Oil and Gas Tax Revenue Collections

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

	August 2017	September 2017	October 2017
Actual	\$118,067,887	\$123,215,491	\$137,136,342
Forecast	126,512,250	130,729,325	130,729,325
Variance to forecast	(\$8,444,363)	(\$7,513,834)	\$6,407,017
Percentage variance to forecast	(6.7%)	(5.7%)	4.9%

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 August 2017 through October 2017.

	August 2017	September 2017	October 2017
Three Affiliated Tribes	\$12,057,437	\$11,678,005	\$13,070,804
Legacy fund	31,803,135	33,461,246	37,219,660
North Dakota outdoor heritage fund	799,177	856,750	938,094
Abandoned well reclamation fund	399,588	428,375	469,047
Oil and gas impact grant fund	3,353,446	6,507,580	7,402,364
Political subdivisions	19,621,993	32,241,561	22,146,822
Energy impact fund	0	2,000,000	0
Common schools trust fund	4,400,446	4,631,262	5,236,388
Foundation aid stabilization fund	4,400,446	4,631,262	5,236,388
Resources trust fund	8,800,891	9,262,525	10,472,776
Oil and gas research fund	901,693	616,717	1,000,125
General fund	31,529,635	16,900,208	33,943,874
Tax relief fund	0	0	0
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	\$118,067,887	\$123,215,491	\$137,136,342

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for August 2017 through October 2017. 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.

	August 2017	September 2017	October 2017
Hub cities in oil-producing counties	\$4,434,787	\$4,056,370	\$3,369,528
Hub cities in non-oil-producing counties	437,498	0	0
Hub city school districts	1,062,500	562,500	562,500
Counties	8,461,833	17,577,860	11,456,950
Cities (excluding hub cities)	2,836,899	5,964,903	3,846,031
School districts (excluding hub city school districts)	1,556,951	2,323,598	1,790,462
Townships	831,525	1,756,330	1,121,351
Total	\$19,621,993	\$32,241,561	\$22,146,822

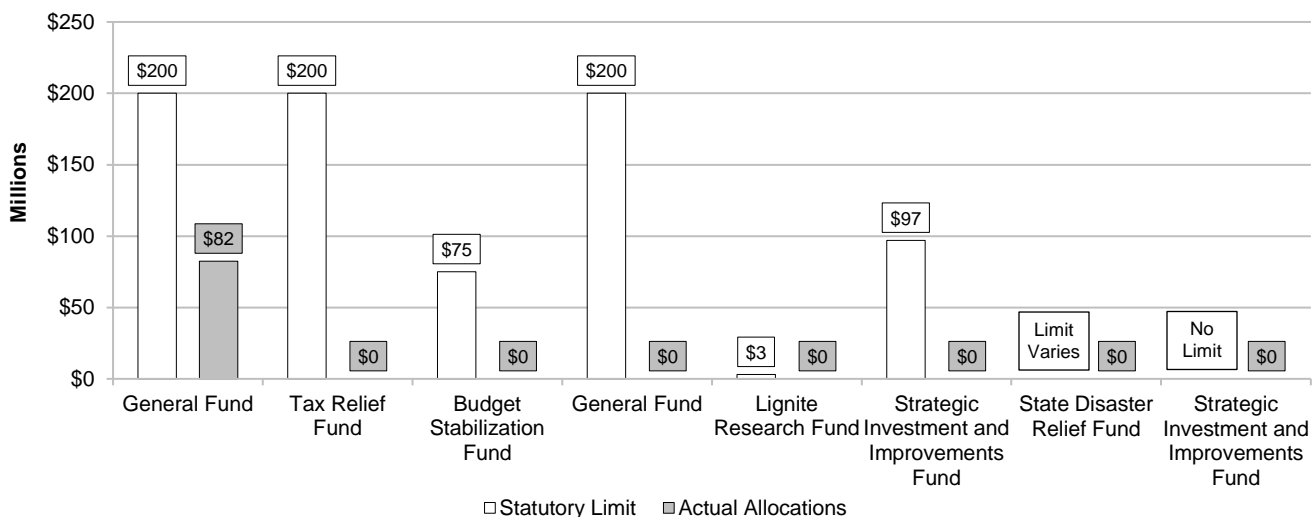
CURRENT BIENNIUM COMPARISON TO FORECAST

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue allocations for the biennium to date through October 2017.

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$36,806,246	\$27,755,921	\$9,050,325	32.6%
Legacy fund	102,484,041	108,064,494	(5,580,453)	(5.2%)
North Dakota outdoor heritage fund	2,594,021	2,662,264	(68,243)	(2.6%)
Abandoned well reclamation fund	1,297,010	1,331,133	(34,123)	(2.6%)
Oil and gas impact grant fund	17,263,390	18,014,070	(750,680)	(4.2%)
Political subdivisions	74,010,376	74,470,001	(459,625)	(0.6%)
Energy impact fund	2,000,000	2,000,000	0	0.0%
Common schools trust fund	14,268,096	16,606,754	(2,338,658)	(14.1%)
Foundation aid stabilization fund	14,268,096	16,606,754	(2,338,658)	(14.1%)
Resources trust fund	28,536,192	33,213,508	(4,677,316)	(14.1%)
Oil and gas research fund	2,518,535	1,744,919	773,616	44.3%
General fund	82,373,717	85,501,082	(3,127,365)	(3.7%)
Tax relief fund	0	0	0	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	\$378,419,720	\$387,970,900	(\$9,551,180)	(2.5%)

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 October 2017.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through October 2017 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	Remaining	Biennium	Original
	October 2017	Forecast	Total	Forecast
Three Affiliated Tribes	\$36,806,246	\$195,457,455	\$232,263,701	\$223,213,376
Legacy fund	102,484,041	760,991,183	863,475,224	869,055,677
North Dakota outdoor heritage fund	2,594,021	8,205,156	10,799,177	10,868,130
Abandoned well reclamation fund	1,297,010	7,102,578	8,399,588	8,434,065
Oil and gas impact grant fund	17,263,390	11,090,056	28,353,446	29,111,924
Political subdivisions	74,010,376	422,019,152	496,029,528	496,489,153
Energy impact fund	2,000,000	2,000,000	4,000,000	4,000,000
Common schools trust fund	14,268,096	116,944,921	131,213,017	133,551,675
Foundation aid stabilization fund	14,268,096	116,944,921	131,213,017	133,551,675
Resources trust fund	28,536,192	233,889,835	262,426,027	267,103,343
Oil and gas research fund	2,518,535	7,481,465	10,000,000	10,000,000
General fund	82,373,717	317,626,283	400,000,000	400,000,000
Tax relief fund	0	200,000,000	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	254,341,720	254,341,720	256,686,607
State disaster relief fund	0	0	0	0
Total	\$378,419,720	\$2,732,094,725	\$3,110,514,445	\$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 3 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 August 2017	2015-17 Biennium Through August 2015	Increase (Decrease)	
			Amount	Percentage
Actual	1,055,221	1,201,589	(146,368)	(12.2%)
Forecast	925,000	1,100,000	(175,000)	(15.9%)
Variance to forecast	130,221	101,589	28,632	28.2%
Percentage variance to forecast	14.1%	9.2%		

Average Oil Price - Price Per Barrel				
	2017-19 Biennium Through August 2017	2015-17 Biennium Through August 2015	Increase (Decrease)	
			Amount	Percentage
Actual	\$41.40	\$45.05	(\$3.65)	(8.1%)
Forecast	47.00	43.00	4.00	9.3%
Variance to forecast	(\$5.60)	\$2.05	(\$7.65)	(373.2%)
Percentage variance to forecast	(11.9%)	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 3 months of the 2017-19 biennium and 2015-17 biennium.

	2017-19 Biennium Through October 2017	2015-17 Biennium Through October 2015	Increase (Decrease)	
			Amount	Percentage
Actual	\$378,419,720	\$485,083,943	(\$106,664,223)	(22.0%)
Forecast	387,970,900	253,388,080	134,582,820	53.1%
Variance to forecast	(\$9,551,180)	\$231,695,863	(\$241,247,043)	(104.1%)
Percentage variance to forecast	(2.5%)	91.4%		