

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 2018 through August 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			
	June 2018	July 2018	August 2018
Actual	1,227,320	1,187,729	1,269,366
Forecast	950,000	950,000	950,000
Variance to forecast	277,320	237,729	319,366
Percentage variance to forecast	29.2%	25.0%	33.6%

Average Oil Price - Price Per Barrel			
	June 2018	July 2018	August 2018
Actual	\$61.28	\$66.94	\$62.83
Forecast	47.00	47.00	47.00
Variance to forecast	\$14.28	\$19.94	\$15.83
Percentage variance to forecast	30.4%	42.4%	33.7%

Oil and Gas Tax Revenue Collections

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

	August 2018	September 2018	October 2018
Actual	\$214,806,079	\$247,155,999	\$231,431,342
Forecast	129,931,500	134,262,550	134,262,550
Variance to forecast	\$84,874,579	\$112,893,449	\$97,168,792
Percentage variance to forecast	65.3%	84.1%	72.4%

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 2018 through October 2018.

	August 2018	September 2018	October 2018
Three Affiliated Tribes	\$21,141,034	\$23,895,990	\$24,463,187
Legacy fund	58,099,513	66,978,003	62,090,447
North Dakota outdoor heritage fund	0	0	0
Abandoned well reclamation fund	0	831,387	772,833
Oil and gas impact grant fund	0	0	0
Political subdivisions	28,373,433	47,491,637	33,028,017
Energy impact fund	0	2,000,000	0
Common schools trust fund	8,197,114	9,544,065	8,590,085
Foundation aid stabilization fund	8,197,114	9,544,065	8,590,085
Resources trust fund	16,394,227	19,088,131	17,180,170
Oil and gas research fund	0	0	0
General fund	57,379,544	0	0
Tax relief fund	0	0	0
Budget stabilization fund	0	0	0
Lignite research fund	3,000,000	0	0
Strategic investment and improvements fund	14,024,100	67,782,721	76,716,518
State disaster relief fund	0	0	0
Total	\$214,806,079	\$247,155,999	\$231,431,342

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 2018 through October 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.

	August 2018	September 2018	October 2018
Hub cities in oil-producing counties	\$3,912,366	\$5,553,327	\$4,244,332
Hub cities in non-oil-producing counties	0	0	0
Hub city school districts	562,500	531,250	531,250
Counties	15,163,655	26,733,030	18,042,744
Cities (excluding hub cities)	5,091,354	8,948,327	6,055,603
School districts (excluding hub city school districts)	2,160,315	3,085,984	2,387,033
Townships	1,483,243	2,639,719	1,767,055
Total	\$28,373,433	\$47,491,637	\$33,028,017

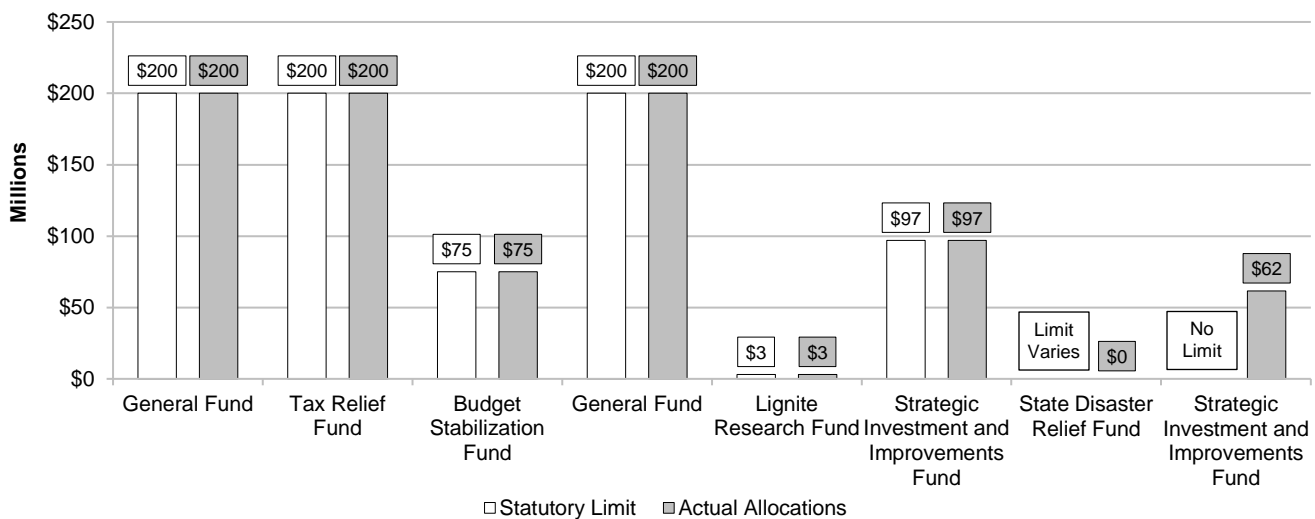
CURRENT BIENNIUM COMPARISON TO FORECAST

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

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$266,966,266	\$138,624,680	\$128,341,586	92.6%
Legacy fund	744,257,547	539,719,289	204,538,258	37.9%
North Dakota outdoor heritage fund	10,799,177	10,868,130	(68,953)	(0.6%)
Abandoned well reclamation fund	6,003,808	5,355,377	648,431	12.1%
Oil and gas impact grant fund	28,353,446	29,111,924	(758,478)	(2.6%)
Political subdivisions	420,984,703	320,481,926	100,502,777	31.4%
Energy impact fund	4,000,000	4,000,000	0	0.0%
Common schools trust fund	104,984,117	82,941,078	22,043,039	26.6%
Foundation aid stabilization fund	104,984,117	82,941,078	22,043,039	26.6%
Resources trust fund	209,968,233	165,882,153	44,086,080	26.6%
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
General fund	400,000,000	272,763,340	127,236,660	46.6%
Tax relief fund	200,000,000	200,000,000	0	0.0%
Budget stabilization fund	75,000,000	75,000,000	0	0.0%
Lignite research fund	3,000,000	0	3,000,000	N/A
Strategic investment and improvements fund	158,523,339	0	158,523,339	N/A
State disaster relief fund	0	0	0	N/A
Total	\$2,747,824,753	\$1,937,688,975	\$810,135,778	41.8%

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 2018.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through October 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	Remaining	Biennium	Original
	October 2018	Forecast	Total	Forecast
Three Affiliated Tribes	\$266,966,266	\$84,588,696	\$351,554,962	\$223,213,376
Legacy fund	744,257,547	329,336,388	1,073,593,935	869,055,677
North Dakota outdoor heritage fund	10,799,177	0	10,799,177	10,868,130
Abandoned well reclamation fund	6,003,808	2,395,780	8,399,588	8,434,065
Oil and gas impact grant fund	28,353,446	0	28,353,446	29,111,924
Political subdivisions	420,984,703	176,007,227	596,991,930	496,489,153
Energy impact fund	4,000,000	0	4,000,000	4,000,000
Common schools trust fund	104,984,117	50,610,597	155,594,714	133,551,675
Foundation aid stabilization fund	104,984,117	50,610,597	155,594,714	133,551,675
Resources trust fund	209,968,233	101,221,190	311,189,423	267,103,343
Oil and gas research fund	10,000,000	0	10,000,000	10,000,000
General fund	400,000,000	0	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	3,000,000	0	3,000,000	3,000,000
Strategic investment and improvements fund	158,523,339	387,606,175	546,129,514	256,686,607
State disaster relief fund	0	0	0	0
Total	\$2,747,824,753	\$1,182,376,650	\$3,930,201,403	\$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 15 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 2018	2015-17 Biennium Through August 2016	Increase (Decrease)	
			Amount	Percentage
Actual	1,167,629	1,116,905	50,724	4.5%
Forecast	930,000	1,100,000	(170,000)	(15.5%)
Variance to forecast	237,629	16,905	220,724	1,305.7%
Percentage variance to forecast	25.6%	1.5%		

Average Oil Price - Price Per Barrel				
	2017-19 Biennium Through August 2018	2015-17 Biennium Through August 2016	Increase (Decrease)	
			Amount	Percentage
Actual	\$54.12	\$37.72	\$16.40	43.5%
Forecast	47.00	47.00	0.00	0.0%
Variance to forecast	\$7.12	(\$9.28)	\$16.40	(176.7%)
Percentage variance to forecast	15.1%	(19.7%)		

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

	2017-19 Biennium Through October 2018	2015-17 Biennium Through October 2016	Increase (Decrease)	
			Amount	Percentage
Actual	\$2,747,824,753	\$1,836,488,665	\$911,336,088	49.6%
Forecast	1,937,688,975	1,949,530,396	(11,841,421)	(0.6%)
Variance to forecast	\$810,135,778	(\$113,041,731)	\$923,177,509	(816.7%)
Percentage variance to forecast	41.8%	(5.8%)		