

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 2018 through November 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			
	September 2018	October 2018	November 2018
Actual	1,359,282	1,392,369	1,375,803
Forecast	950,000	950,000	950,000
Variance to forecast	409,282	442,369	425,803
Percentage variance to forecast	43.1%	46.6%	44.8%

Average Oil Price - Price Per Barrel			
	September 2018	October 2018	November 2018
Actual	\$64.56	\$64.60	\$47.81
Forecast	47.00	47.00	47.00
Variance to forecast	\$17.56	\$17.60	\$0.81
Percentage variance to forecast	37.4%	37.4%	1.7%

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for November 2018 through January 2019.

	November 2018	December 2018	January 2019
Actual	\$253,980,550	\$262,445,444	\$183,213,451
Forecast	129,931,500	134,262,550	129,931,500
Variance to forecast	\$124,049,050	\$128,182,894	\$53,281,951
Percentage variance to forecast	95.5%	95.5%	41.0%

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 2018 through January 2019.

	November 2018	December 2018	January 2019
Three Affiliated Tribes	\$24,539,334	\$26,355,614	\$18,954,295
Legacy fund	68,832,365	70,826,949	49,277,748
North Dakota outdoor heritage fund	0	0	0
Abandoned well reclamation fund	854,313	885,506	621,167
Oil and gas impact grant fund	0	0	0
Political subdivisions	36,593,491	36,383,695	26,165,461
Energy impact fund	0	0	0
Common schools trust fund	9,811,277	9,904,600	6,765,893
Foundation aid stabilization fund	9,811,277	9,904,600	6,765,893
Resources trust fund	19,622,556	19,809,200	13,531,786
Oil and gas research fund	0	0	0
General fund	0	0	0
Tax relief fund	0	0	0
Budget stabilization fund	0	0	0
Lignite research fund	0	0	0
Strategic investment and improvements fund	83,915,937	88,375,280	61,131,208
State disaster relief fund	0	0	0
Total	\$253,980,550	\$262,445,444	\$183,213,451

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 2018 through January 2019. 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 2018	December 2018	January 2019
Hub cities in oil-producing counties	\$4,574,491	\$4,552,245	\$3,657,988
Hub cities in non-oil-producing counties	0	0	0
Hub city school districts	531,250	531,250	531,250
Counties	20,197,474	20,065,987	13,977,354
Cities (excluding hub cities)	6,768,699	6,726,739	4,683,092
School districts (excluding hub city school districts)	2,534,417	2,535,144	1,939,619
Townships	1,987,160	1,972,330	1,376,158
Total	\$36,593,491	\$36,383,695	\$26,165,461

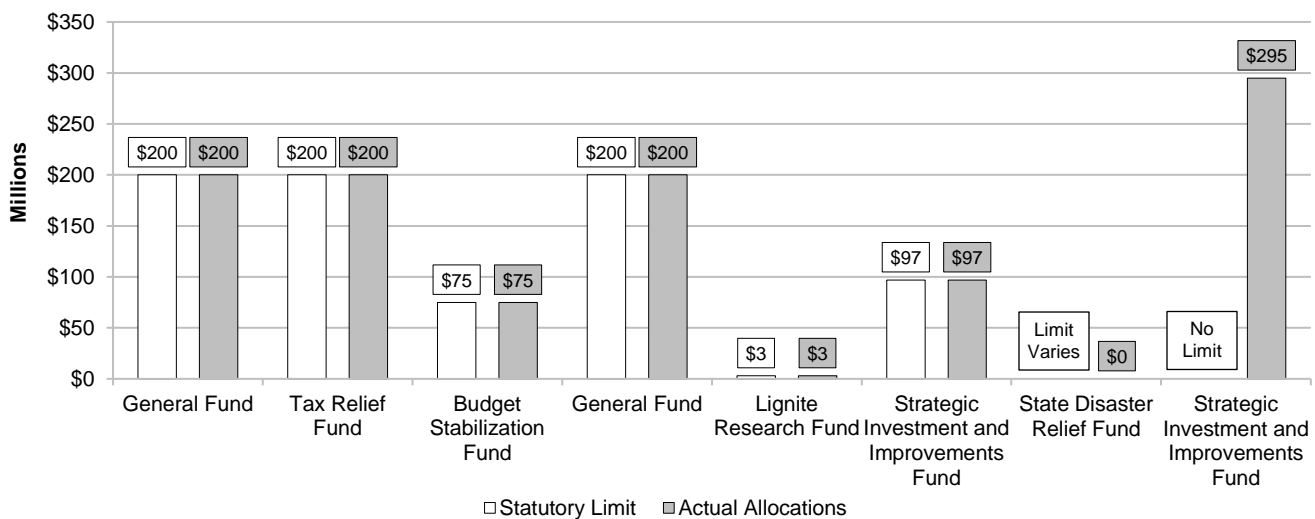
CURRENT BIENNIUM COMPARISON TO FORECAST

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue allocations for the biennium to date through January 2019.

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$336,815,509	\$166,820,912	\$169,994,597	101.9%
Legacy fund	933,194,609	649,498,085	283,696,524	43.7%
North Dakota outdoor heritage fund	10,799,177	10,868,130	(68,953)	(0.6%)
Abandoned well reclamation fund	8,364,794	6,707,625	1,657,169	24.7%
Oil and gas impact grant fund	28,353,446	29,111,924	(758,478)	(2.6%)
Political subdivisions	520,127,350	381,938,541	138,188,809	36.2%
Energy impact fund	4,000,000	4,000,000	0	0.0%
Common schools trust fund	131,465,887	99,811,277	31,654,610	31.7%
Foundation aid stabilization fund	131,465,887	99,811,277	31,654,610	31.7%
Resources trust fund	262,931,775	199,622,550	63,309,225	31.7%
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
General fund	400,000,000	398,624,204	1,375,796	0.3%
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	391,945,764	0	391,945,764	N/A
State disaster relief fund	0	0	0	N/A
Total	\$3,447,464,198	\$2,331,814,525	\$1,115,649,673	47.8%

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 January 2019.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through January 2019 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
	January 2019	Forecast	Total	Forecast
Three Affiliated Tribes	\$336,815,509	\$56,392,464	\$393,207,973	\$223,213,376
Legacy fund	933,194,609	219,557,592	1,152,752,201	869,055,677
North Dakota outdoor heritage fund	10,799,177	0	10,799,177	10,868,130
Abandoned well reclamation fund	8,364,794	34,794	8,399,588	8,434,065
Oil and gas impact grant fund	28,353,446	0	28,353,446	29,111,924
Political subdivisions	520,127,350	114,550,612	634,677,962	496,489,153
Energy impact fund	4,000,000	0	4,000,000	4,000,000
Common schools trust fund	131,465,887	33,740,398	165,206,285	133,551,675
Foundation aid stabilization fund	131,465,887	33,740,398	165,206,285	133,551,675
Resources trust fund	262,931,775	67,480,793	330,412,568	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	391,945,764	262,754,049	654,699,813	256,686,607
State disaster relief fund	0	0	0	0
Total	\$3,447,464,198	\$788,251,100	\$4,235,715,298	\$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 18 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	2015-17 Biennium	Increase (Decrease)	
	Through November 2018	Through November 2016	Amount	Percentage
Actual	1,208,144	1,100,185	107,959	9.8%
Forecast	933,333	1,100,000	(166,667)	(15.2%)
Variance to forecast	274,811	185	274,626	148,446.5%
Percentage variance to forecast	29.4%	0.0%		

Average Oil Price - Price Per Barrel				
	2017-19 Biennium	2015-17 Biennium	Increase (Decrease)	
	Through November 2018	Through November 2016	Amount	Percentage
Actual	\$54.93	\$38.31	\$16.62	43.4%
Forecast	47.00	48.00	(1.00)	(2.1%)
Variance to forecast	\$7.93	(\$9.69)	\$17.62	(181.8%)
Percentage variance to forecast	16.9%	(20.2%)		

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

	2017-19 Biennium	2015-17 Biennium	Increase (Decrease)	
	Through January 2019	Through January 2017	Amount	Percentage
Actual	\$3,447,464,198	\$2,183,723,473	\$1,263,740,725	57.9%
Forecast	2,331,814,525	2,437,028,572	(105,214,047)	(4.3%)
Variance to forecast	\$1,115,649,673	(\$253,305,099)	\$1,368,954,772	(540.4%)
Percentage variance to forecast	47.8%	(10.4%)		