

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 December 2018 through February 2019. 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			
	December 2018	January 2019	February 2019
Actual	1,402,741	1,403,808	1,335,064
Forecast	950,000	950,000	950,000
Variance to forecast	452,741	453,808	385,064
Percentage variance to forecast	47.7%	47.8%	40.5%

Average Oil Price - Price Per Barrel			
	December 2018	January 2019	February 2019
Actual	\$34.61	\$44.54	\$50.66
Forecast	47.00	47.00	47.00
Variance to forecast	(\$12.39)	(\$2.46)	\$3.66
Percentage variance to forecast	(26.4%)	(5.2%)	7.8%

Oil and Gas Tax Revenue Collections

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

	February 2019	March 2019	April 2019
Actual	\$138,804,657	\$177,808,448	\$177,186,182
Forecast	134,262,550	134,262,550	121,269,400
Variance to forecast	\$4,542,107	\$43,545,898	\$55,916,782
Percentage variance to forecast	3.4%	32.4%	46.1%

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 February 2019 through April 2019.

	February 2019	March 2019	April 2019
Three Affiliated Tribes	\$12,774,590	\$16,936,673	\$17,871,755
Legacy fund	37,809,020	48,261,533	47,794,328
North Dakota outdoor heritage fund	0	0	0
Abandoned well reclamation fund	34,794	0	0
Oil and gas impact grant fund	0	0	0
Political subdivisions	20,472,022	25,183,004	24,666,586
Energy impact fund	0	0	0
Common schools trust fund	5,257,462	6,801,858	6,561,477
Foundation aid stabilization fund	5,257,462	6,801,858	6,561,477
Resources trust fund	10,514,924	13,603,717	13,122,953
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	46,684,383	60,219,805	60,607,606
State disaster relief fund	0	0	0
Total	\$138,804,657	\$177,808,448	\$177,186,182

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for February 2019 through April 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.

	February 2019	March 2019	April 2019
Hub cities in oil-producing counties	\$3,158,368	\$3,568,678	\$3,522,557
Hub cities in non-oil-producing counties	0	0	0
Hub city school districts	531,250	531,250	531,250
Counties	10,582,607	13,386,398	13,077,142
Cities (excluding hub cities)	3,544,404	4,486,601	4,383,317
School districts (excluding hub city school districts)	1,612,312	1,893,459	1,866,450
Townships	1,043,081	1,316,618	1,285,870
Total	\$20,472,022	\$25,183,004	\$24,666,586

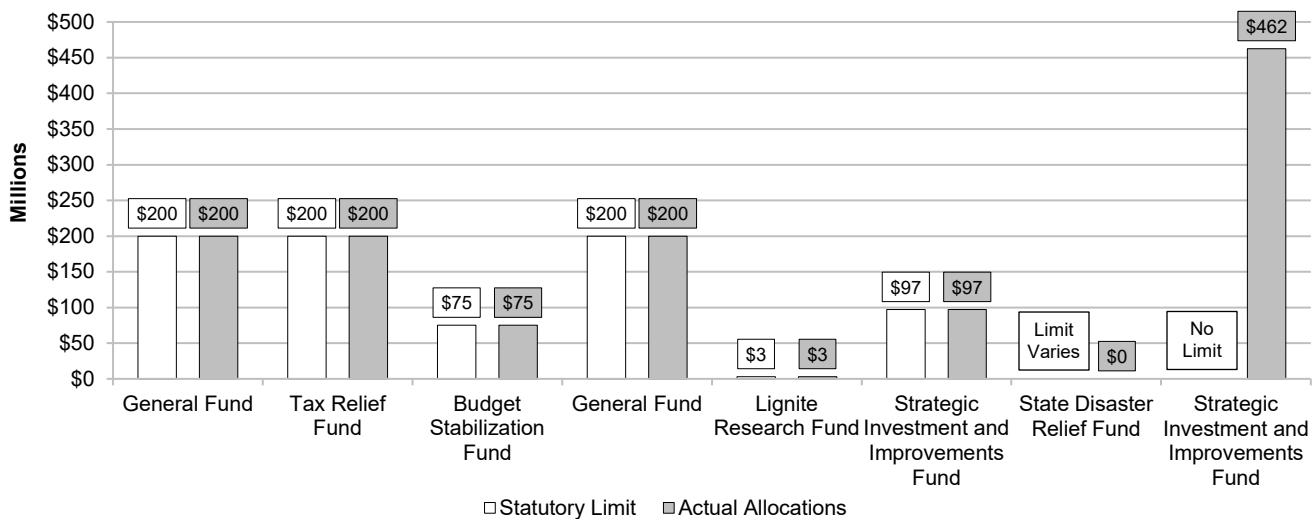
CURRENT BIENNIUM COMPARISON TO FORECAST

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

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$384,398,527	\$194,707,295	\$189,691,232	97.4%
Legacy fund	1,067,059,490	758,070,521	308,988,969	40.8%
North Dakota outdoor heritage fund	10,799,177	10,868,130	(68,953)	(0.6%)
Abandoned well reclamation fund	8,399,588	8,045,014	354,574	4.4%
Oil and gas impact grant fund	28,353,446	29,111,924	(758,478)	(2.6%)
Political subdivisions	590,448,962	439,941,678	150,507,284	34.2%
Energy impact fund	4,000,000	4,000,000	0	0.0%
Common schools trust fund	150,086,684	116,496,089	33,590,595	28.8%
Foundation aid stabilization fund	150,086,684	116,496,089	33,590,595	28.8%
Resources trust fund	300,173,369	232,992,173	67,181,196	28.8%
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
General fund	400,000,000	400,000,000	0	0.0%
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	3,000,000	0	0.0%
Strategic investment and improvements fund	559,457,558	122,880,112	436,577,446	355.3%
State disaster relief fund	0	0	0	N/A
Total	\$3,941,263,485	\$2,721,609,025	\$1,219,654,460	44.8%

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 April 2019.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through April 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
	April 2019	Forecast	Total	Forecast
Three Affiliated Tribes	\$384,398,527	\$28,506,081	\$412,904,608	\$223,213,376
Legacy fund	1,067,059,490	110,985,156	1,178,044,646	869,055,677
North Dakota outdoor heritage fund	10,799,177	0	10,799,177	10,868,130
Abandoned well reclamation fund	8,399,588	0	8,399,588	8,434,065
Oil and gas impact grant fund	28,353,446	0	28,353,446	29,111,924
Political subdivisions	590,448,962	56,547,475	646,996,437	496,489,153
Energy impact fund	4,000,000	0	4,000,000	4,000,000
Common schools trust fund	150,086,684	17,055,586	167,142,270	133,551,675
Foundation aid stabilization fund	150,086,684	17,055,586	167,142,270	133,551,675
Resources trust fund	300,173,369	34,111,170	334,284,539	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	559,457,558	134,195,546	693,653,104	256,686,607
State disaster relief fund	0	0	0	0
Total	\$3,941,263,485	\$398,456,600	\$4,339,720,085	\$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 21 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 February 2019	Through February 2017	Amount	Percentage
Actual	1,232,819	1,083,904	148,915	13.7%
Forecast	935,714	1,100,000	(164,286)	(14.9%)
Variance to forecast	297,105	(16,096)	313,201	(1,945.8%)
Percentage variance to forecast	31.8%	(1.5%)		

Average Oil Price - Price Per Barrel				
	2017-19 Biennium	2015-17 Biennium	Increase (Decrease)	
	Through February 2019	Through February 2017	Amount	Percentage
Actual	\$53.27	\$39.54	\$13.73	34.7%
Forecast	47.00	48.00	(1.00)	(2.1%)
Variance to forecast	\$6.27	(\$8.46)	\$14.73	(174.1%)
Percentage variance to forecast	13.3%	(17.6%)		

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

	2017-19 Biennium	2015-17 Biennium	Increase (Decrease)	
	Through April 2019	Through April 2017	Amount	Percentage
Actual	\$3,941,263,485	\$2,560,372,920	\$1,380,890,565	53.9%
Forecast	2,721,609,025	2,925,701,020	(204,091,995)	(7.0%)
Variance to forecast	\$1,219,654,460	(\$365,328,100)	\$1,584,982,560	(433.9%)
Percentage variance to forecast	44.8%	(12.5%)		