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 2019 through May 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			
	March 2019	**April 2019**	**May 2019**
Actual	1,391,760	1,392,485	1,393,284
Forecast	950,000	950,000	950,000
Variance to forecast	441,760	442,485	443,284
Percentage variance to forecast	46.5%	46.6%	46.7%

Average Oil Price - Price Per Barrel			
	March 2019	**April 2019**	**May 2019**
Actual	$52.86	$58.31	$55.19
Forecast	47.00	47.00	47.00
Variance to forecast	$5.86	$11.31	$8.19
Percentage variance to forecast	12.5%	24.1%	17.4%

Oil and Gas Tax Revenue Collections

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

	May 2019	**June 2019**	**July 2019**
Actual	$209,204,235	$236,866,315	$228,409,509
Forecast	134,262,550	129,931,500	134,262,550
Variance to forecast	$74,941,685	$106,934,815	$94,146,959
Percentage variance to forecast	55.8%	82.3%	70.1%

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 May 2019 through July 2019.

	May 2019	**June 2019**	**July 2019**
Three Affiliated Tribes	$22,195,600	$23,672,107	$23,433,316
Legacy fund	56,102,591	63,958,262	61,492,858
North Dakota outdoor heritage fund	0	0	0
Abandoned well reclamation fund	0	0	0
Oil and gas impact grant fund	0	0	0
Political subdivisions	27,497,290	30,943,322	29,842,167
Energy impact fund	0	0	0
Common schools trust fund	8,904,518	10,058,699	9,702,382
Foundation aid stabilization fund	8,904,518	10,058,699	9,702,382
Resources trust fund	17,809,037	20,117,398	19,404,764
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	67,790,681	78,057,828	74,831,640
State disaster relief fund	0	0	0
Total	**$209,204,235**	**$236,866,315**	**$228,409,509**

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 2019 through July 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.

	May 2019	June 2019	July 2019
Hub cities in oil-producing counties	$3,765,862	$4,073,696	$3,971,557
Hub cities in non-oil-producing counties	0	0	0
Hub city school districts	531,250	531,250	531,250
Counties	14,756,467	16,820,239	16,154,488
Cities (excluding hub cities)	4,949,458	5,638,665	5,418,433
School districts (excluding hub city school districts)	2,046,179	2,226,174	2,181,234
Townships	1,448,074	1,653,298	1,585,205
Total	**$27,497,290**	**$30,943,322**	**$29,842,167**

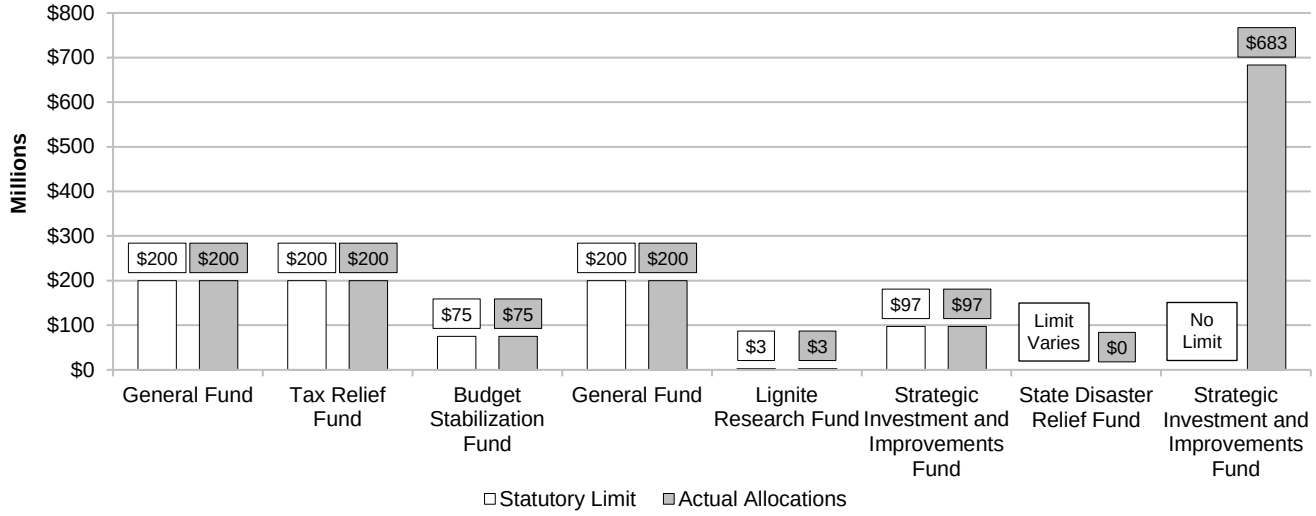
CURRENT BIENNIUM COMPARISON TO FORECAST

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

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	$453,699,550	$223,213,376	$230,486,174	103.3%
Legacy fund	1,248,613,201	869,055,677	379,557,524	43.7%
North Dakota outdoor heritage fund	10,799,177	10,868,130	(68,953)	(0.6%)
Abandoned well reclamation fund	8,399,588	8,434,065	(34,477)	(0.4%)
Oil and gas impact grant fund	28,353,446	29,111,924	(758,478)	(2.6%)
Political subdivisions	678,731,741	496,489,153	182,242,588	36.7%
Energy impact fund	4,000,000	4,000,000	0	0.0%
Common schools trust fund	178,752,283	133,551,675	45,200,608	33.8%
Foundation aid stabilization fund	178,752,283	133,551,675	45,200,608	33.8%
Resources trust fund	357,504,568	267,103,343	90,401,225	33.8%
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	780,137,707	256,686,607	523,451,100	203.9%
State disaster relief fund	0	0	0	N/A
Total	**$4,615,743,544**	**$3,120,065,625**	**$1,495,677,919**	**47.9%**

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 2019.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through July 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 Though July 2019	Remaining Forecast	Biennium Total	Original Forecast
Three Affiliated Tribes	$453,699,550	$0	$453,699,550	$223,213,376
Legacy fund	1,248,613,201	0	1,248,613,201	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	678,731,741	0	678,731,741	496,489,153
Energy impact fund	4,000,000	0	4,000,000	4,000,000
Common schools trust fund	178,752,283	0	178,752,283	133,551,675
Foundation aid stabilization fund	178,752,283	0	178,752,283	133,551,675
Resources trust fund	357,504,568	0	357,504,568	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	780,137,707	0	780,137,707	256,686,607
State disaster relief fund	0	0	0	0
Total	**$4,615,743,544**	**$0**	**$4,615,743,544**	**$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 24 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 2019	2015-17 Biennium Through May 2017	Increase (Decrease)	
			Amount	Percentage
Actual	1,252,802	1,078,265	174,537	16.2%
Forecast	937,500	1,100,000	(162,500)	(14.8%)
Variance to forecast	315,302	(21,735)	337,037	(1,550.7%)
Percentage variance to forecast	33.6%	(2.0%)		

Average Oil Price - Price Per Barrel				
	2017-19 Biennium Through May 2019	2015-17 Biennium Through May 2017	Increase (Decrease)	
			Amount	Percentage
Actual	$53.54	$40.15	$13.39	33.3%
Forecast	47.00	49.00	(2.00)	(4.1%)
Variance to forecast	$6.54	($8.85)	$15.39	(173.9%)
Percentage variance to forecast	13.9%	(18.1%)		

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

	2017-19 Biennium Through July 2019	2015-17 Biennium Through July 2017	Increase (Decrease)	
			Amount	Percentage
Actual	$4,615,743,544	$2,947,631,533	$1,668,112,011	56.6%
Forecast	3,120,065,625	3,433,733,116	(313,667,491)	(9.1%)
Variance to forecast	$1,495,677,919	($486,101,583)	$1,981,779,502	(407.7%)
Percentage variance to forecast	47.9%	(14.2%)		