

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 2017 through February 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			
	December 2017	January 2018	February 2018
Actual	1,182,836	1,179,564	1,174,769
Forecast	925,000	925,000	925,000
Variance to forecast	257,836	254,564	249,769
Percentage variance to forecast	27.9%	27.5%	27.0%

Average Oil Price - Price Per Barrel			
	December 2017	January 2018	February 2018
Actual	\$54.14	\$58.82	\$56.57
Forecast	47.00	47.00	47.00
Variance to forecast	\$7.14	\$11.82	\$9.57
Percentage variance to forecast	15.2%	25.1%	20.4%

Oil and Gas Tax Revenue Collections

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

	February 2018	March 2018	April 2018
Actual	\$185,958,234	\$208,900,334	\$167,585,679
Forecast	130,729,325	130,729,325	118,078,100
Variance to forecast	\$55,228,909	\$78,171,009	\$49,507,579
Percentage variance to forecast	42.2%	59.8%	41.9%

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 February 2018 through April 2018.

	February 2018	March 2018	April 2018
Three Affiliated Tribes	\$18,256,089	\$18,694,898	\$15,247,426
Legacy fund	50,310,643	57,061,632	45,701,475
North Dakota outdoor heritage fund	1,244,642	1,446,034	1,142,630
Abandoned well reclamation fund	622,321	723,017	145,057
Oil and gas impact grant fund	0	0	0
Political subdivisions	26,491,104	29,032,710	23,590,503
Energy impact fund	0	0	0
Common schools trust fund	7,165,593	8,113,338	6,567,648
Foundation aid stabilization fund	7,165,593	8,113,338	6,567,648
Resources trust fund	14,331,186	16,226,677	13,135,296
Oil and gas research fund	1,602,896	1,859,744	229,810
General fund	0	0	0
Tax relief fund	58,768,167	67,628,946	55,258,186
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	\$185,958,234	\$208,900,334	\$167,585,679

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 2018 through April 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.

	February 2018	March 2018	April 2018
Hub cities in oil-producing counties	\$3,744,808	\$3,966,477	\$3,488,518
Hub cities in non-oil-producing counties	0	0	0
Hub city school districts	562,500	562,500	562,500
Counties	14,037,344	15,550,515	12,304,921
Cities (excluding hub cities)	4,714,887	5,223,209	4,134,767
School districts (excluding hub city school districts)	2,060,026	2,210,691	1,899,117
Townships	1,371,539	1,519,318	1,200,680
Total	\$26,491,104	\$29,032,710	\$23,590,503

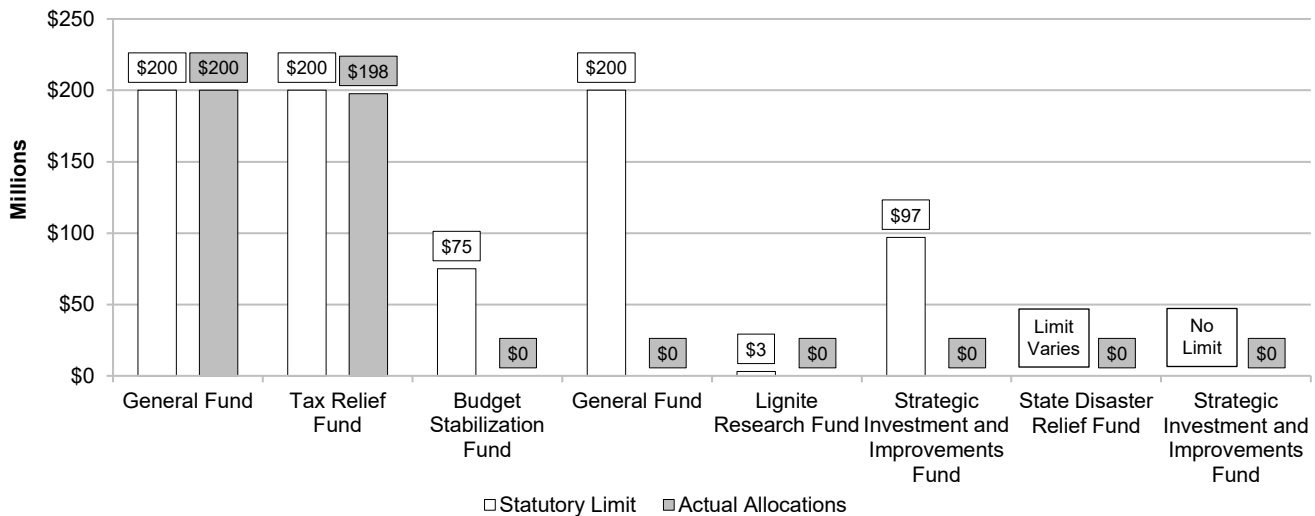
CURRENT BIENNIUM COMPARISON TO FORECAST

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

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$135,085,732	\$82,362,678	\$52,723,054	64.0%
Legacy fund	383,710,201	320,669,639	63,040,562	19.7%
North Dakota outdoor heritage fund	9,651,692	7,899,979	1,751,713	22.2%
Abandoned well reclamation fund	4,399,588	3,949,992	449,596	11.4%
Oil and gas impact grant fund	28,353,446	29,111,924	(758,478)	(2.6%)
Political subdivisions	226,937,312	191,522,916	35,414,396	18.5%
Energy impact fund	2,000,000	2,000,000	0	0.0%
Common schools trust fund	54,071,757	49,278,738	4,793,019	9.7%
Foundation aid stabilization fund	54,071,757	49,278,738	4,793,019	9.7%
Resources trust fund	108,143,515	98,557,475	9,586,040	9.7%
Oil and gas research fund	10,000,000	6,332,588	3,667,412	57.9%
General fund	200,000,000	200,000,000	0	0.0%
Tax relief fund	197,694,740	110,296,808	87,397,932	79.2%
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	\$1,414,119,740	\$1,151,261,475	\$262,858,265	22.8%

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 2018.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through April 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 April 2018	Remaining Forecast	Biennium Total	Original Forecast
	Three Affiliated Tribes	\$135,085,732	\$140,850,698	\$275,936,430
Legacy fund	383,710,201	548,386,038	932,096,239	869,055,677
North Dakota outdoor heritage fund	9,651,692	1,147,485	10,799,177	10,868,130
Abandoned well reclamation fund	4,399,588	4,000,000	8,399,588	8,434,065
Oil and gas impact grant fund	28,353,446	0	28,353,446	29,111,924
Political subdivisions	226,937,312	304,966,237	531,903,549	496,489,153
Energy impact fund	2,000,000	2,000,000	4,000,000	4,000,000
Common schools trust fund	54,071,757	84,272,937	138,344,694	133,551,675
Foundation aid stabilization fund	54,071,757	84,272,937	138,344,694	133,551,675
Resources trust fund	108,143,515	168,545,868	276,689,383	267,103,343
Oil and gas research fund	10,000,000	0	10,000,000	10,000,000
General fund	200,000,000	200,000,000	400,000,000	400,000,000
Tax relief fund	197,694,740	2,305,260	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	350,056,690	350,056,690	256,686,607
State disaster relief fund	0	0	0	0
Total	\$1,414,119,740	\$1,968,804,150	\$3,382,923,890	\$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 9 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 February 2018	2015-17 Biennium Through February 2016	Increase (Decrease)	
			Amount	Percentage
Actual	1,132,843	1,168,279	(35,436)	(3.0%)
Forecast	925,000	1,100,000	(175,000)	(15.9%)
Variance to forecast	207,843	68,279	139,564	204.4%
Percentage variance to forecast	22.5%	6.2%		

Average Oil Price - Price Per Barrel				
	2017-19 Biennium Through February 2018	2015-17 Biennium Through February 2016	Increase (Decrease)	
			Amount	Percentage
Actual	\$48.80	\$37.13	\$11.67	31.4%
Forecast	47.00	46.00	1.00	2.2%
Variance to forecast	\$1.80	(\$8.87)	\$10.67	(120.3%)
Percentage variance to forecast	3.8%	(19.3%)		

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

	2017-19 Biennium Through April 2018	2015-17 Biennium Through April 2016	Increase (Decrease)	
			Amount	Percentage
Actual	\$1,414,119,740	\$1,170,450,937	\$243,668,803	20.8%
Forecast	1,151,261,475	992,028,796	159,232,679	16.1%
Variance to forecast	\$262,858,265	\$178,422,141	\$84,436,124	47.3%
Percentage variance to forecast	22.8%	18.0%		