



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Montana Oil Price Differentials

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2007 Oil Production

- Montana is the 3rd Largest Producer in the Region
- Only WY and ND produce more

Oil Production in the Rocky Mountains Calendar Year 2007 (millions of barrels)

<u>State</u>	<u>CY 2007 Production</u>
Wyoming	54.178
N. Dakota	44.706
Montana	34.866
Colorado	23.098
Utah	19.529
Nebraska	2.335
S. Dakota	1.665
Nevada	0.410
Arizona	0.043

Montana Oil Production Distribution

Barrels (millions)

Fiscal Year	Richland County	Fallon County	Other Counties	Total
A 2004	7.296	7.165	7.294	21.755
A 2005	14.098	7.333	7.212	28.643
A 2006	20.050	7.919	7.127	35.095
A 2007	21.034	7.585	7.558	36.176
A 2008 ¹	14.940	5.303	5.858	26.100

Percent of Total

Fiscal Year	Richland County	Fallon County	Other Counties	Total
A 2004	33.54%	32.94%	33.53%	100.00%
A 2005	49.22%	25.60%	25.18%	100.00%
A 2006	57.13%	22.56%	20.31%	100.00%
A 2007	58.14%	20.97%	20.89%	100.00%
A 2008 ¹	57.24%	20.32%	22.44%	100.00%

¹First 3 Qtrs of Production

Montana Oil Value Distribution

Gross Value (\$millions)

Fiscal Year	Richland County	Fallon County	Other Counties	Total
A 2004	\$ 232.8	\$223.4	\$ 214.9	\$ 671.0
A 2005	\$ 666.6	\$323.3	\$ 315.0	\$ 1,304.9
A 2006	\$ 1,204.4	\$413.4	\$ 394.1	\$ 2,012.0
A 2007	\$ 1,227.9	\$390.3	\$ 401.3	\$ 2,019.4
A 2008 ¹	\$ 1,185.6	\$405.9	\$ 451.9	\$ 2,043.3

Percent of Total

Fiscal Year	Richland County	Fallon County	Other Counties	Total
A 2004	34.69%	33.29%	32.02%	100.00%
A 2005	51.08%	24.78%	24.14%	100.00%
A 2006	59.86%	20.55%	19.59%	100.00%
A 2007	60.80%	19.33%	19.87%	100.00%
A 2008 ¹	58.02%	19.87%	22.11%	100.00%

¹First 3 Qtrs of Production

$$(\text{Gross Value})/(\text{Barrels})=\text{Price}$$

Montana Producers Average Price Per Barrel

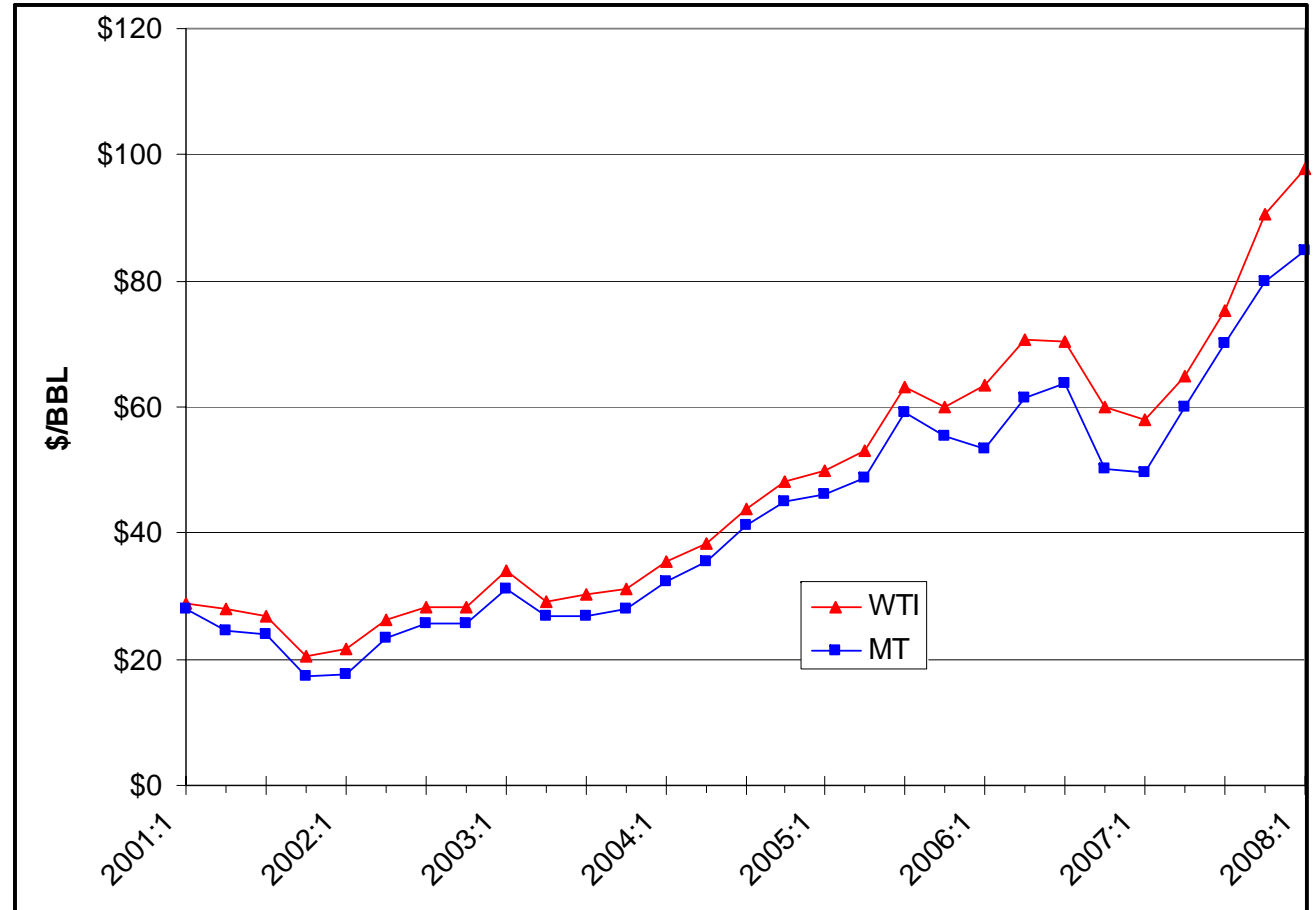
Fiscal Year	Richland County	Fallon County	Other Counties	Total
A 2004	\$ 31.90	\$31.18	\$ 29.46	\$ 30.84
A 2005	\$ 47.28	\$44.09	\$ 43.67	\$ 45.56
A 2006	\$ 60.07	\$52.21	\$ 55.30	\$ 57.33
A 2007	\$ 58.38	\$51.46	\$ 53.09	\$ 55.82
A 2008 ¹	\$ 79.36	\$76.54	\$ 77.14	\$ 78.29

¹First 3 Qtrs of Production

West Texas Intermediate (WTI) and Montana Price Comparison

Montana Oil Price Comparison Dollars per Barrel			
Filling Period ²	MT Price	WTI	Diff.
2001:1	\$27.96	\$28.76	\$0.80
2001:2	\$24.62	\$27.90	\$3.29
2001:3	\$23.90	\$26.69	\$2.78
2001:4	\$17.34	\$20.51	\$3.17
2002:1	\$17.60	\$21.59	\$3.99
2002:2	\$23.44	\$26.29	\$2.86
2002:3	\$25.69	\$28.31	\$2.62
2002:4	\$25.57	\$28.26	\$2.69
2003:1	\$31.13	\$34.05	\$2.92
2003:2	\$26.69	\$29.04	\$2.35
2003:3	\$26.72	\$30.22	\$3.50
2003:4	\$27.88	\$31.17	\$3.29
2004:1	\$32.42	\$35.35	\$2.93
2004:2	\$35.59	\$38.31	\$2.72
2004:3	\$41.13	\$43.91	\$2.78
2004:4	\$45.06	\$48.31	\$3.25
2005:1	\$46.28	\$49.85	\$3.57
2005:2	\$48.88	\$53.11	\$4.23
2005:3	\$59.21	\$63.21	\$4.00
2005:4	\$55.46	\$60.06	\$4.60
2006:1	\$53.24	\$63.35	\$10.11
2006:2	\$61.37	\$70.57	\$9.20
2006:3	\$63.67	\$70.50	\$6.84
2006:4	\$50.13	\$60.06	\$9.93
2007:1	\$49.49	\$58.09	\$8.59
2007:2	\$60.02	\$64.96	\$4.94
2007:3	\$70.12	\$75.19	\$5.07
2007:4	\$79.85	\$90.50	\$10.65
2008:1	\$84.69	\$97.87	\$13.18

²filling periode is referenced by calander year



**Montana Oil Price Comparison
Dollars per Barrel**

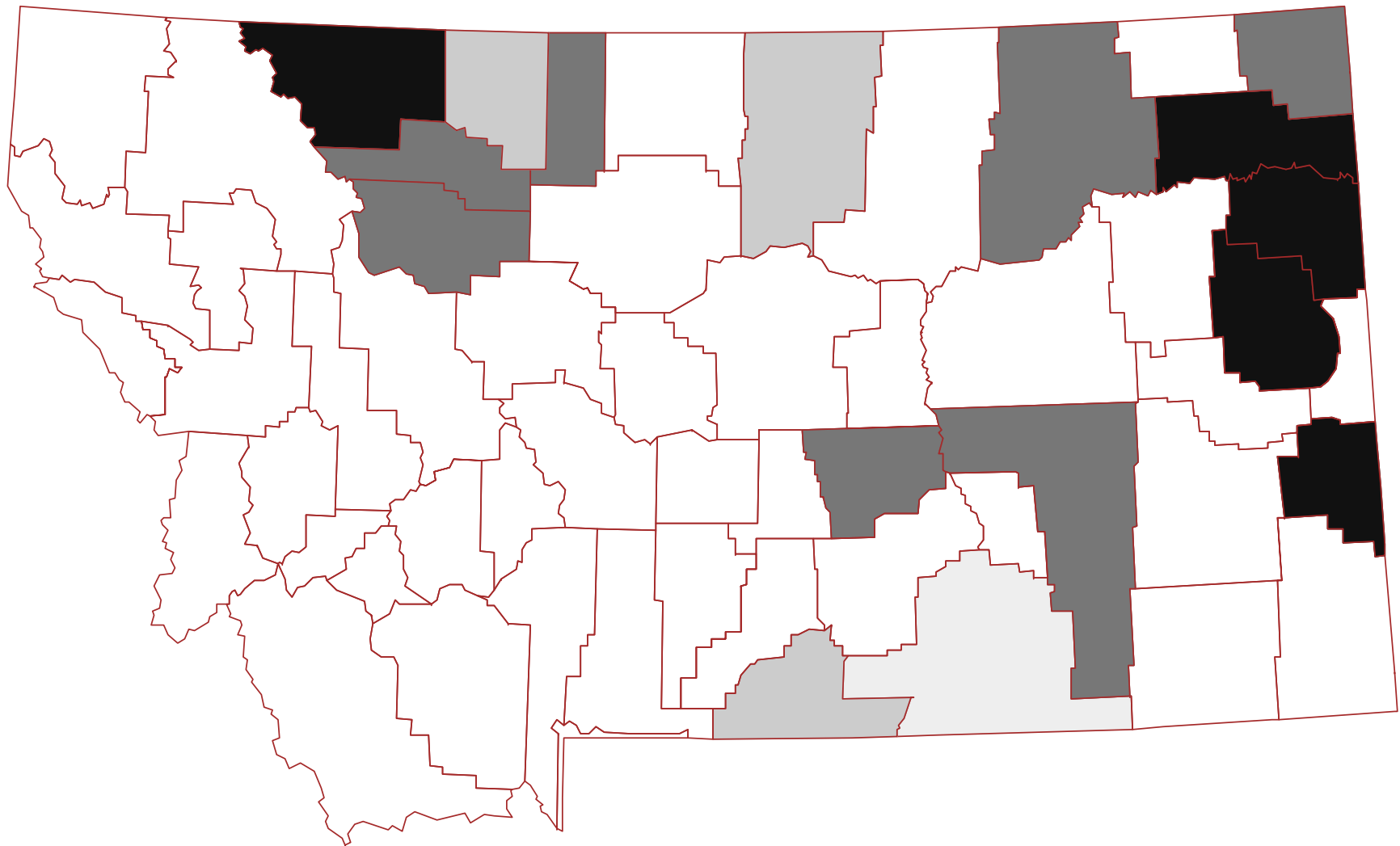
Filling Period²	MT Price	WTI	Diff.
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²filling periode is referenced by calander year

Reasons For Large Differences

- Elm Coulee Production Increased Dramatically
- Large Fire at Denver Refinery in December of CY 2005

Average Price Differential for FY 2004



MT Price as a Percentage of WTI

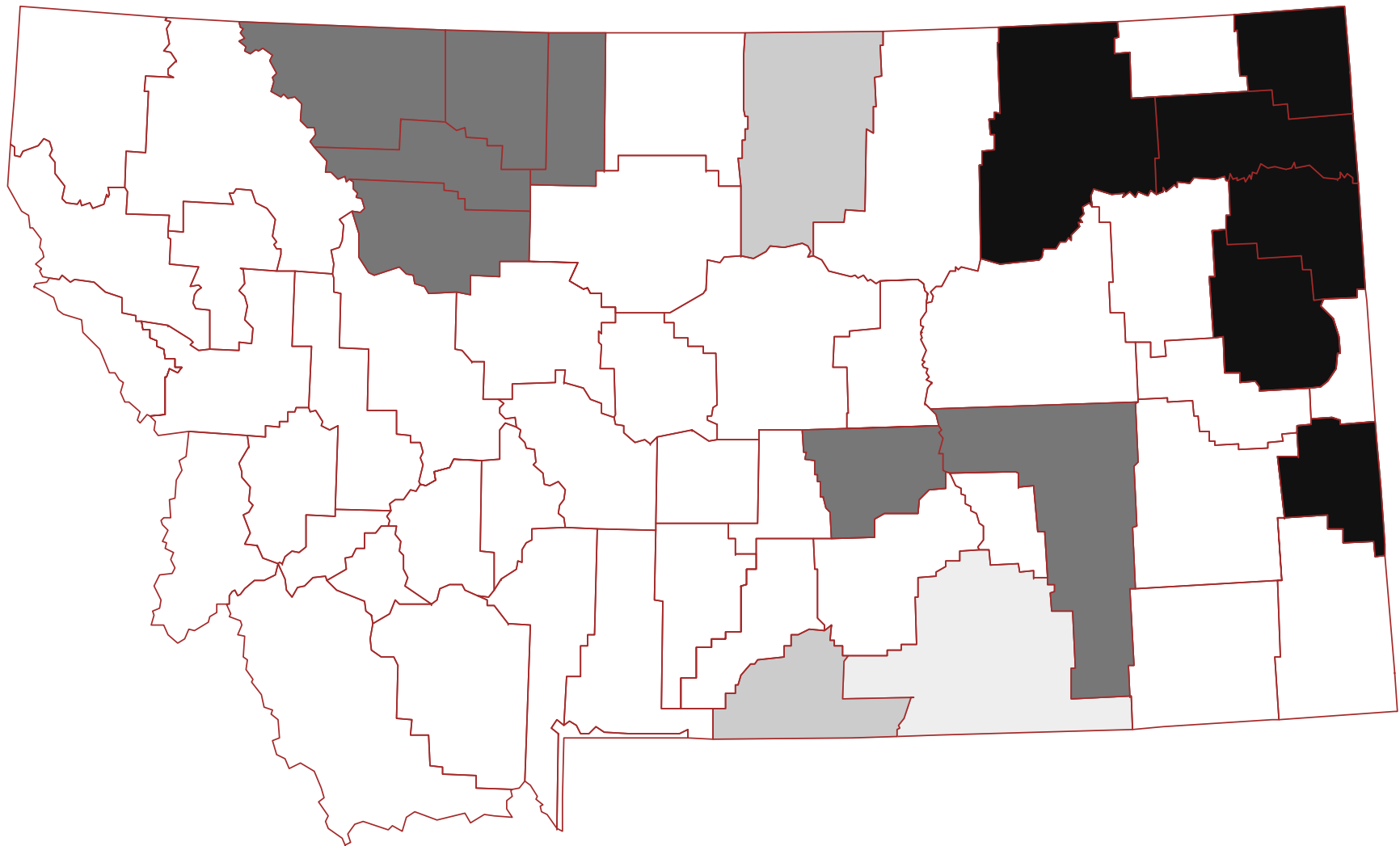
Below 70%

70% to 80%

80% to 90%

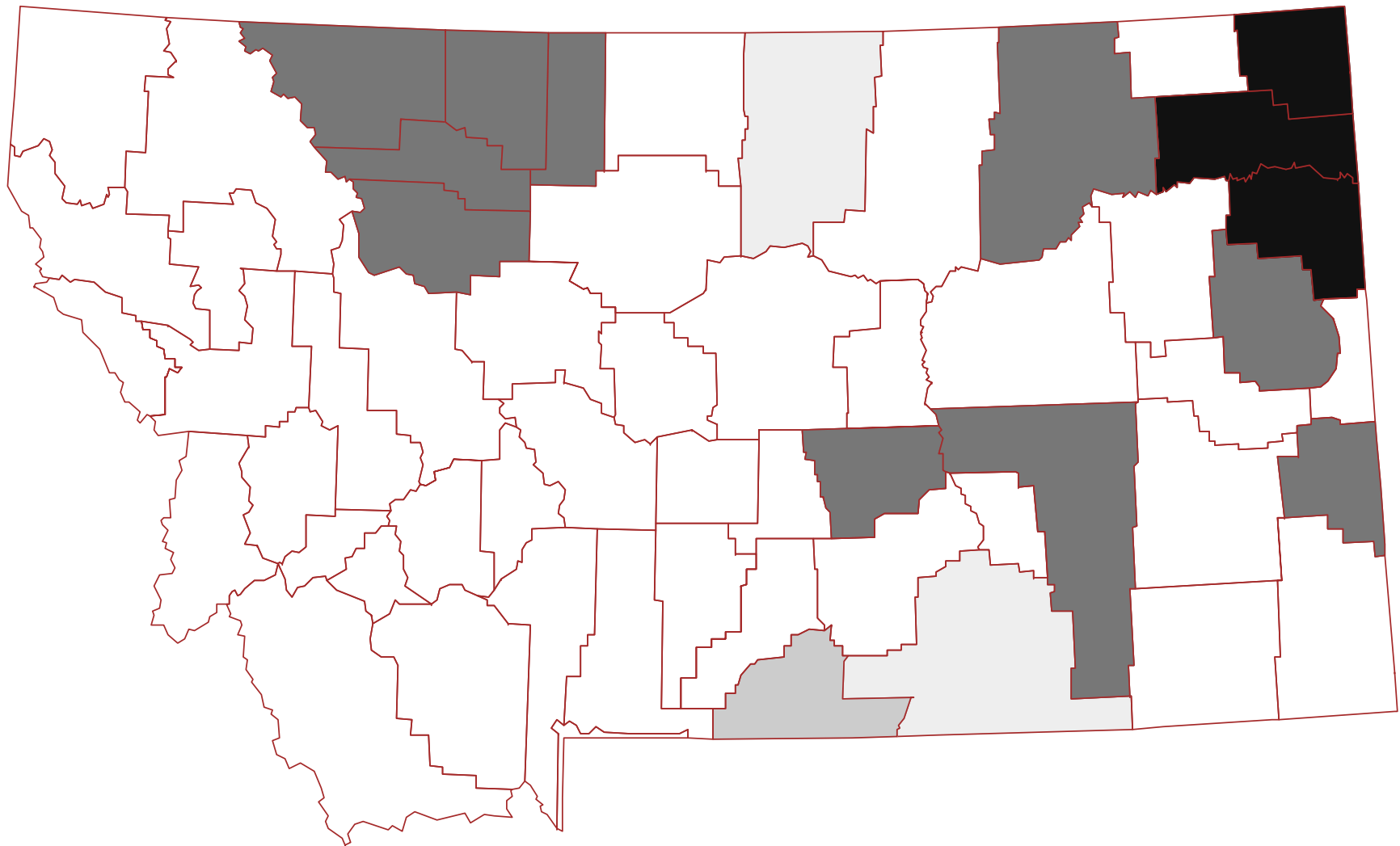
Above 90%

Average Price Differential for FY 2005



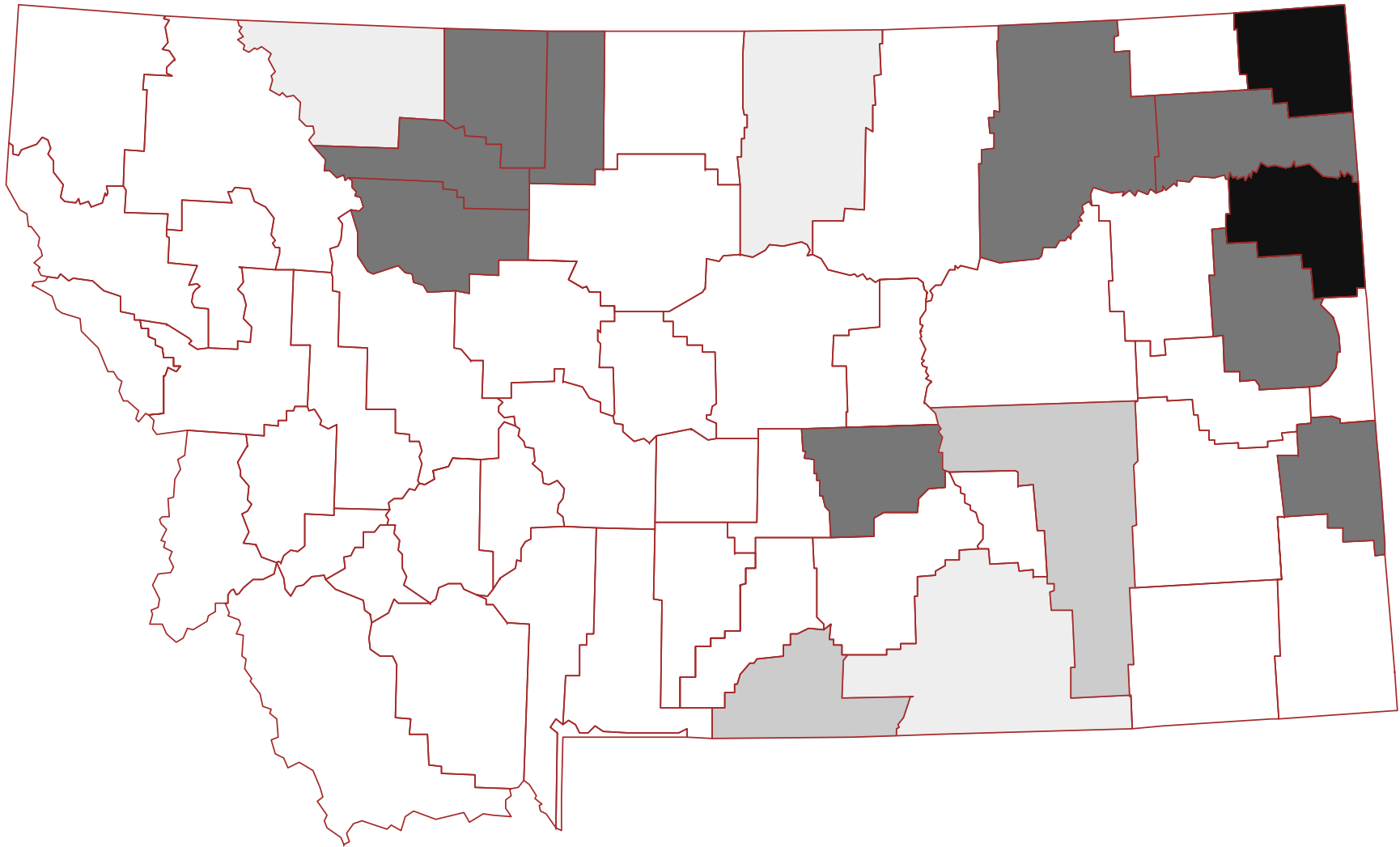
MT Price as a Percentage of WTI Below 70% 70% to 80% 80% to 90% Above 90%

Average Price Differential for FY 2006



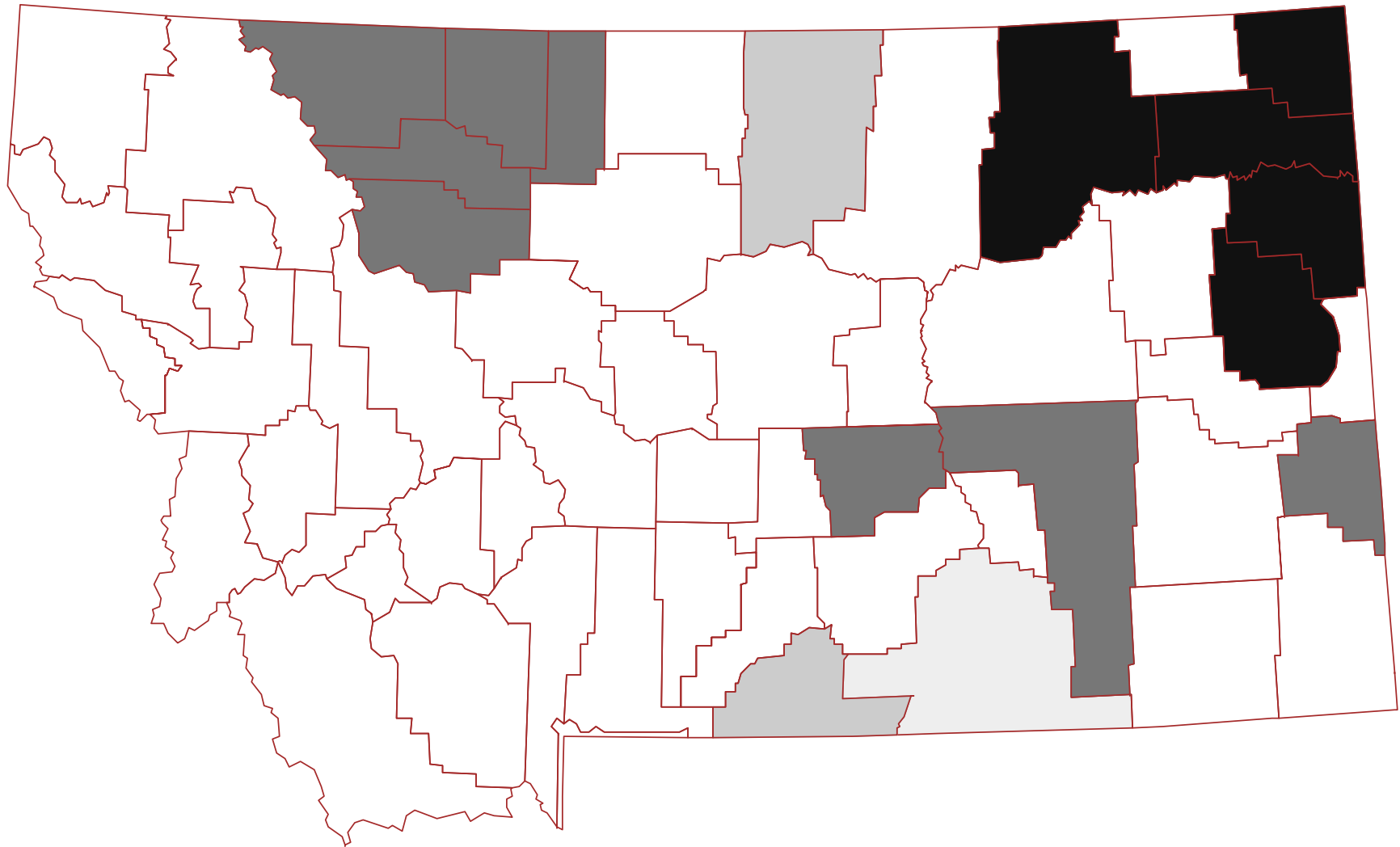
MT Price as a Percentage of WTI Below 70% 70% to 80% 80% to 90% Above 90%

Average Price Differential for FY 2007



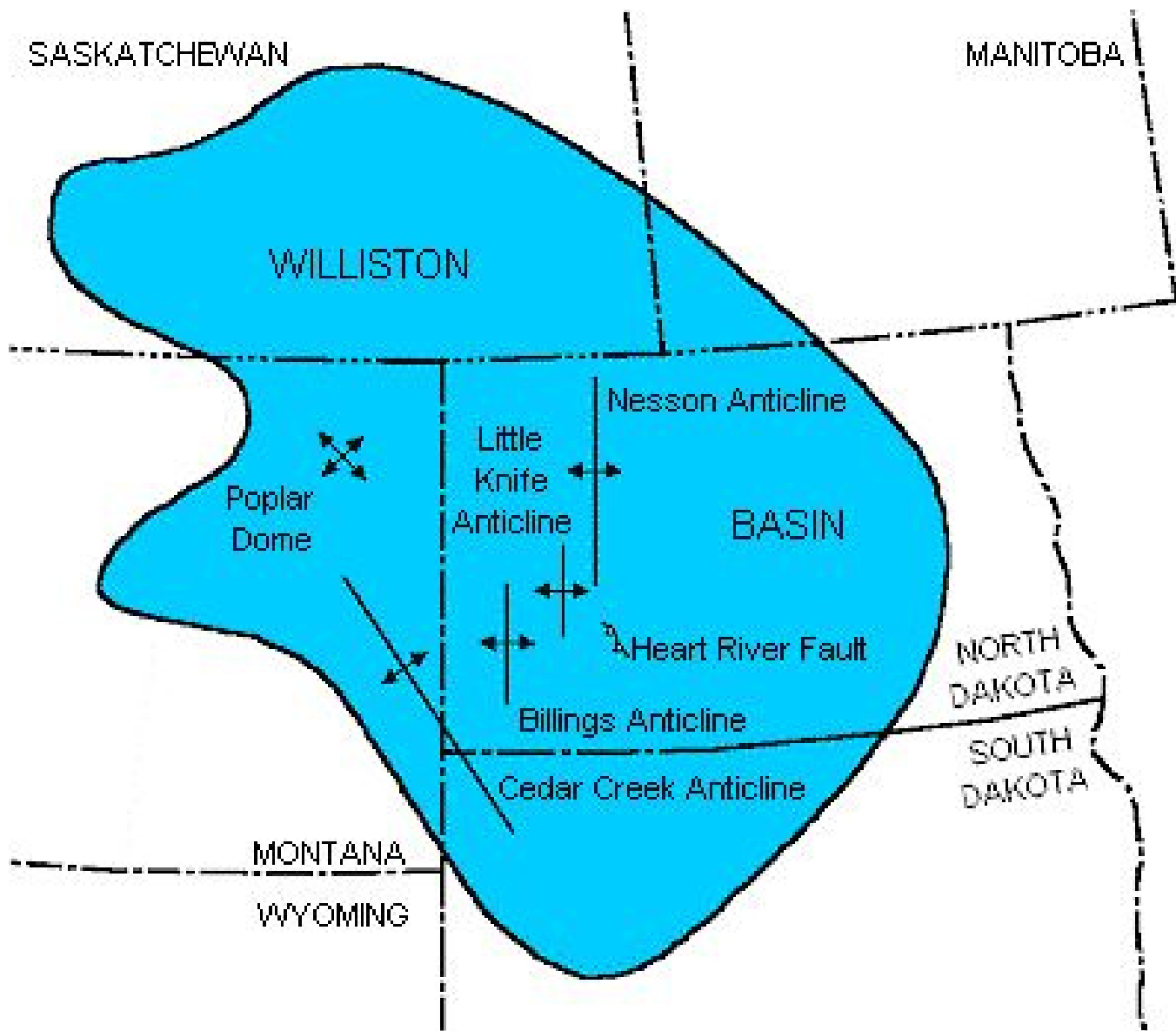
MT Price as a Percentage of WTI Below 70% 70% to 80% 80% to 90% Above 90%

Average Price Differential for FY 2008



MT Price as a Percentage of WTI Below 70% 70% to 80% 80% to 90% Above 90%

First 3 Quarters of FY 2008



North Dakota and Montana Oil Production (millions of barrels)

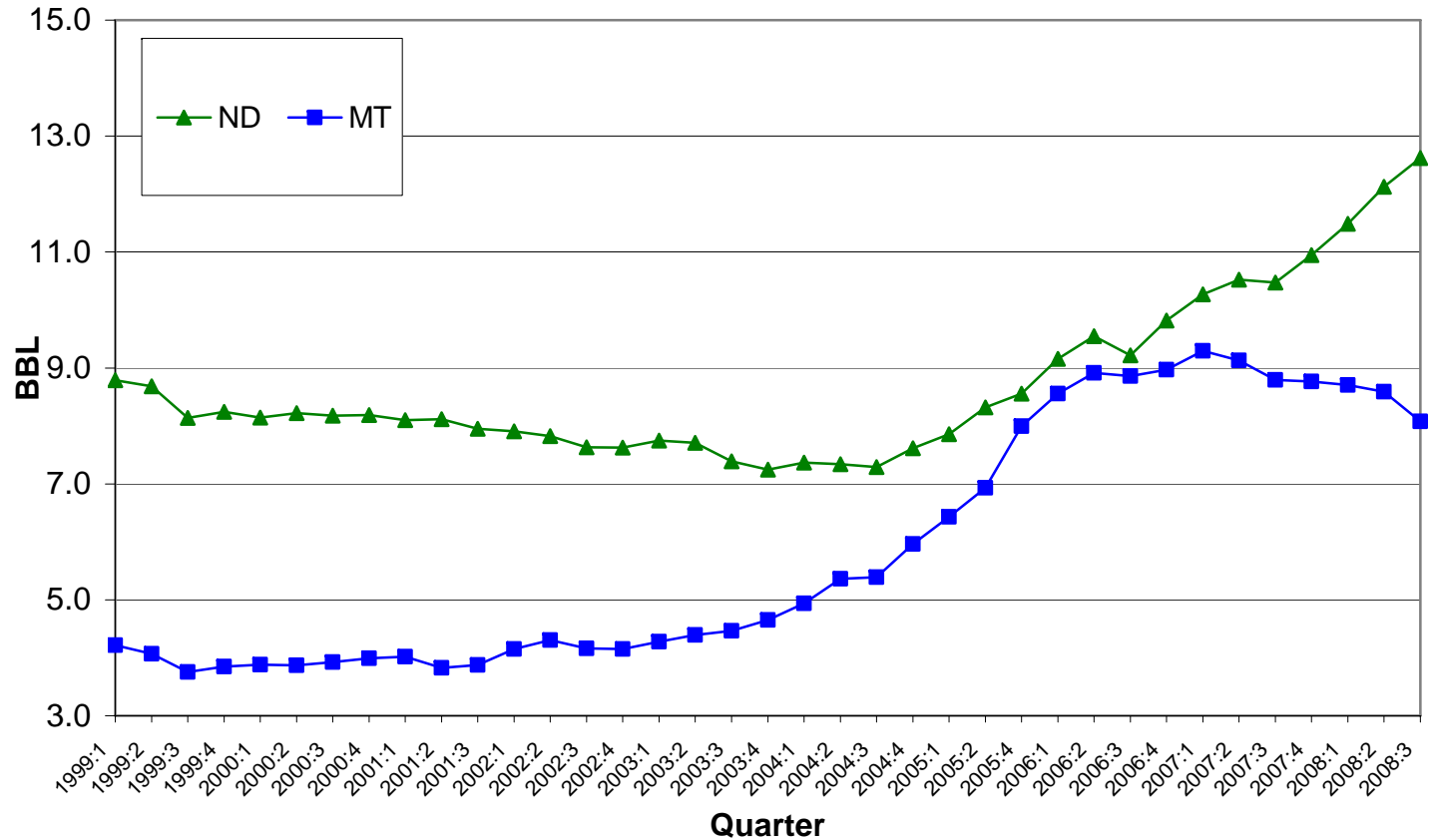
North Dakota

Fiscal Year	Barrels of Oil	Percent Change
A 1999	33.849	
A 2000	32.725	-3.32%
A 2001	32.077	-1.98%
A 2002	30.993	-3.38%
A 2003	30.093	-2.90%
A 2004	29.614	-1.59%
A 2005	33.060	11.63%
A 2006	37.737	14.15%
A 2007	42.209	11.85%

Montana

Fiscal Year	Barrels of Oil	Percent Change
A 1999	15.886	
A 2000	15.664	-1.40%
A 2001	15.683	0.12%
A 2002	16.769	6.93%
A 2003	17.792	6.10%
A 2004	21.655	21.71%
A 2005	28.676	32.42%
A 2006	35.304	23.11%
A 2007	35.982	1.92%

Quarterly Production



Things To Watch For

- Increasing production in North Dakota could lead to new pipeline constraints.
- There are plans that would mitigate pipeline problems, however, it will take time for the changes to take effect.
- The price of oil is very volatile and this could lead to variances due to timing issues.

Data Sources

- Montana Price data was calculated using the Department of Revenue data extract.
- Rocky Mountain oil production data was from the Rocky Mountain Oil Journal
 - <http://www.rmoj.com/>
- Historic North Dakota production data was from the North Dakota Department of Mineral Resources.
 - <https://www.dmr.nd.gov/oilgas/stats/countymot.pdf>
- Historic WTI spot prices are from Global Insight.
- Montana production data was from the Department of Revenue data extract and the Montana Board of Oil and Gas Conservation .

Questions?