

## Summary of State Trust Land Revenue

**Data as of  
June 30, 2017**

### Narrative Summary:

Attached are summary schedules of revenues earned on state trust lands for the period ending June 30, 2017. These schedules reflect various aspects of revenue activity for the permanent land and land income funds, including an analysis of trust land revenue over a period of five years. The following is a listing of the schedules provided:

Schedule 1	Five Year Trust Land Revenue Summary
Schedule 2	Trust Land Revenue Fiscal Years 2017 and 2016
Schedule 3	Trust Land Revenue Distributions Fiscal Year 2017
Schedule 4	Mineral Royalty Revenue Fiscal Years 2017 and 2016
Schedule 5	Other Trust Land Revenue, Fiscal Years 2017 and 2016

### **Schedule 1      Trust Land Revenue Summary, Five Year Comparison**

Schedule 1 provides a summary of trust land revenue by fiscal year, 2013 through 2017. Surface lease rentals and mineral revenues continue to be the major contributors to the state's trust land income for the five year period presented, 99.9% of total fiscal year 2017 annual revenues. Analysis of trust land revenue recorded for fiscal year 2013 through 2015 shows an average net increase of 1.6%. Fiscal year 2016 revenues decreased 29% from the prior year while 2017 receipts increased 48.5%. Surface revenue, including lease rentals, and mineral revenue continue to be the major contributors to the state's trust land income for the five year period presented, 99.9% of total revenues; 23.41% and 76.49%, respectively.

Changes in the market price and production of Wyoming oil and gas has immensely influenced revenues for the state during the presented fiscal years. Competitive Oil and Gas Lease Auction Sales, conducted three times during a fiscal year, on average can generate revenues between \$4 million to \$16 million per year. Fiscal year 2013 through 2016 average auction revenue total \$11.8 million. Fiscal year 2017 auction revenue, \$34.9 million, was a 571% increase over 2016 receipts of \$5.2 million.

Actual fiscal year 2017 oil and gas revenue increased 54.1% or \$39.7 million over the previous fiscal year, 2016. Excluding revenues received for Oil and Gas Lease Auction from both fiscal years, fiscal year 2017 oil and gas revenue increased 14.7%. Oil and gas revenue for fiscal year 2016 declined 46.6% or \$59.6 million over the previous fiscal year, 2015. In addition, fiscal year 2015 oil and gas revenue decreased \$26 million when compared to fiscal year 2014. These declines for 2016 and 2015 are a result of both reduced lease production and depressed price per barrel (ppb) of oil and one million British thermal units (mmbtu) of natural gas Wyoming received during those fiscal years. During fiscal year 2017, the average ppb of oil received in Wyoming, increased approximately 14.3% or \$4.28, from \$30 to \$34.28. The 2016 fiscal year average ppb of oil received in Wyoming declined 25% from 2015 and the 2015 fiscal year average ppb of oil received declined 41% from 2014. Additionally, the average mmbtu of natural gas received in Wyoming for fiscal year 2017, increased approximately 8.6% or \$.19 to \$2.39. The average mmbtu of natural gas received in Wyoming for fiscal year 2016, decreased 5% from 2015 and the 2015 average mmbtu received declined 35% from 2014.

Coal production for fiscal year 2017 shows a decrease of 5.9% in revenues over the prior year 2016. Fiscal year 2016 coal revenue decreased 11.25% over fiscal year 2015, which was a record high of \$73.7 million due to the concentrated mining of two State land leases by two producers. This is the main factor for the considerable surge in coal revenue since fiscal year 2012. The majority of the coal royalties received by the state are from three producers. Coal royalties do not necessarily exhibit the same general continuous production pattern once a lease is in productive status as do oil and gas wells, which are subject to production decline curves. Coal mines generally have a known area extent which constitutes minable reserves, which are embraced in a mine plan approval. Receipt of such approval does not "force" a particular mine-out of an area before moving within dragline/pit patterns or drifts or mining panels. Thus, in the case of mining on a State lease, a portion may be mined in concert with other "pit" areas, or, may be mined through in a particular portion of the State section, and then, mining may move completely off the lease although reserves exist that still must be mined. Currently, the royalty for coal results from the mining of eight state land leases.

Other trust land revenue for fiscal year 2017, \$60.1 million, shows an increase of 279% over the prior year 2016. This large boost is due to the \$46 million sale of state school trust land in Grant Teton National Park, Antelope Flats, with the federal government. Revenue from the sale of state land is recorded on the installment method or cash basis, which can greatly influence the fluctuation of revenues in any given fiscal period.

Absent the \$46 million Antelope Flats land transaction, revenue generated from trust land surface activities shows a five year average of \$17 million per year and 2017 revenue declining 11% as compared to fiscal year 2016. Right of way easements and surface damage revenue decreased 49% or approximately \$2.3 million during fiscal year 2017 over the prior year. Both easement and surface damage revenue can fluctuate between fiscal years due to the timing of application finalization and payment receipt. Trust land leases, which includes grazing and special use revenue, increased 5.3% or approximately \$540,000 during fiscal year 2017 over the prior year. The fiscal year 2017 Animal Unit Month (AUM) fee increased to \$6.49 over the prior year \$6.14 fee.

Additional trust land revenues include timber sales and other miscellaneous income. Revenue recorded for fiscal year 2017 timber sales increased approximately 62% or \$100,000 over the prior year. This rise is twofold, harvesting higher value live timber and extending timber sales contracts in fiscal year 2017. Other revenues include miscellaneous fee income, publication sales and current and prior year recoveries, i.e. timing of federal program reimbursements and forfeitures of trust land deposits, which comprise less than .01% of total trust land revenue.

## **Schedule 2                      Trust Land Revenue Comparisons by Category**

Schedule 2 compares trust land revenues for the fiscal years 2017 and 2016. Revenues are presented by category and shown as a percentage of total revenue projected/collected for the period. Notation has been made on the schedule relative to material changes in revenue collections for each fiscal period.

## **Schedule 3                      Trust Land Revenue Distributions**

Schedule 3 presents revenue distributions to the permanent land funds, land income funds and the general fund, as designated by W.S. § 9-4-310. Additional presentation is made showing distribution of revenue to the individual funds within these fund classes. Notation is made to present trend information and/or material differences in collections between years.

## **Schedule 4                      Mineral Royalty Revenue by Source**

Schedule 4 details subsurface revenues by source and as a percentage of total revenue collected by the division. Comparisons are made between fiscal years 2017 and

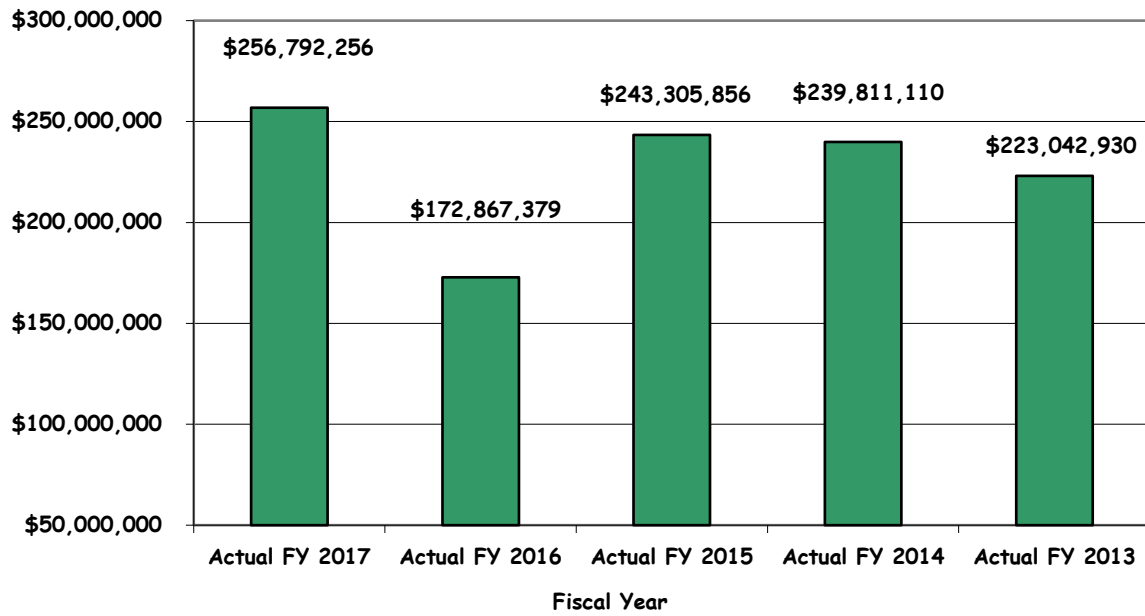
2016. Additional notation is made on the schedule to present trend information and/or material differences in collections between years.

**Schedule 5**                    **Other Trust Land Revenue by Source**

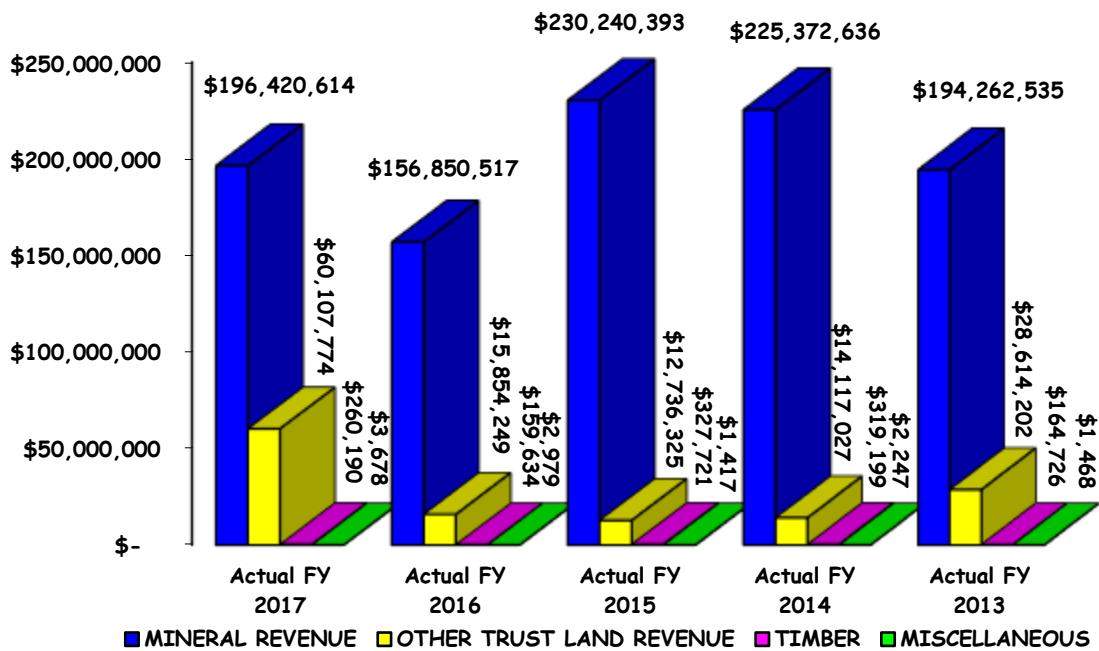
Similar to Schedule 4, Schedule 5 is a presentation of trust land revenue collected by the trust land management division. Schedule 5 details revenues by source and as a percentage of total collections for fiscal years 2017 and 2016. Notation is made to present trend information and/or material differences in collections between years.

# Schedule 1: Five Year Trust Land Revenue Summary

## Five Year Trust Land Revenue Summary



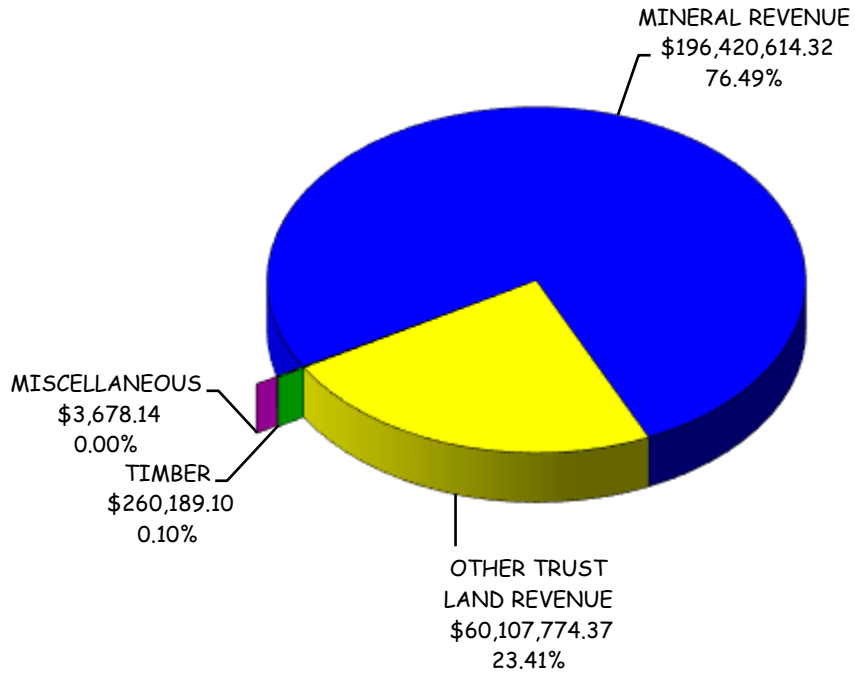
## Fiscal Year Trust Land Revenue Summary by Category



Note: Fiscal Year 2017 Other Trust Land Revenue includes \$46 million for the Antelope Flats parcel in Grand Teton National Park state trust land sale.

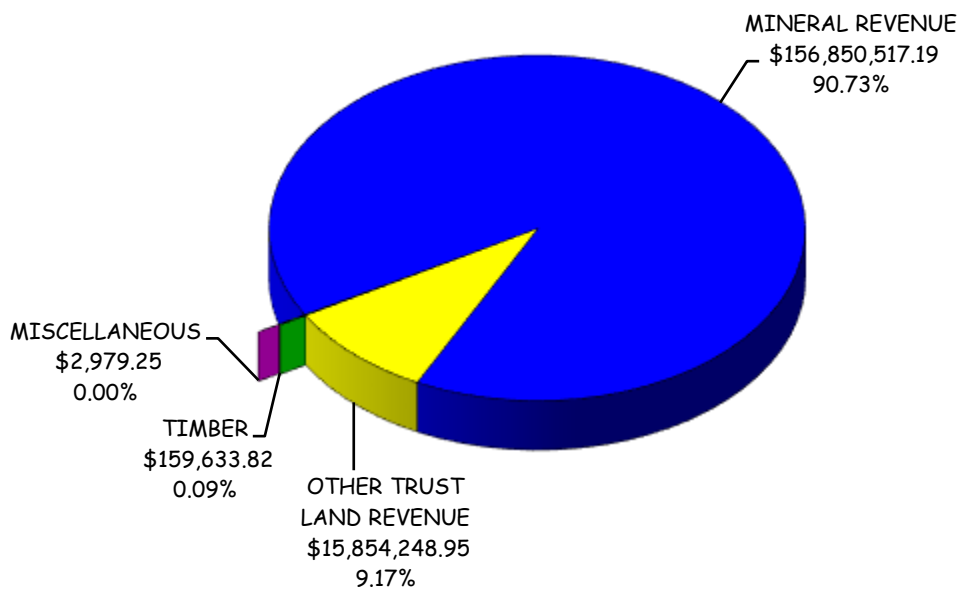
## Schedule 2: Trust Land Revenue Comparison

### Fiscal Year 2017 \$256,792,256 Trust Land Revenue



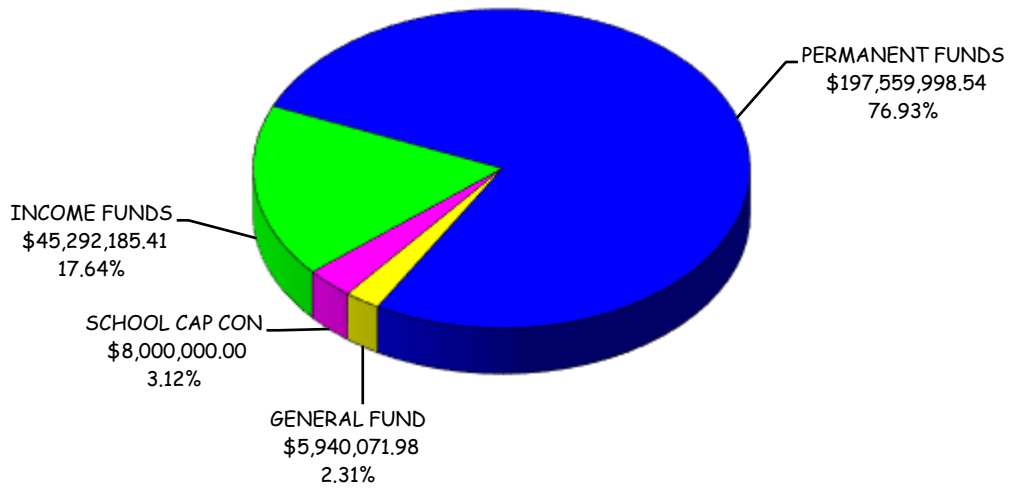
Note: Fiscal Year 2017 Other Trust Land Revenue includes \$46 million for the Antelope Flats parcel in Grand Teton National Park state trust land sale.

### Fiscal Year 2016 \$172,867,379 Trust Land Revenue

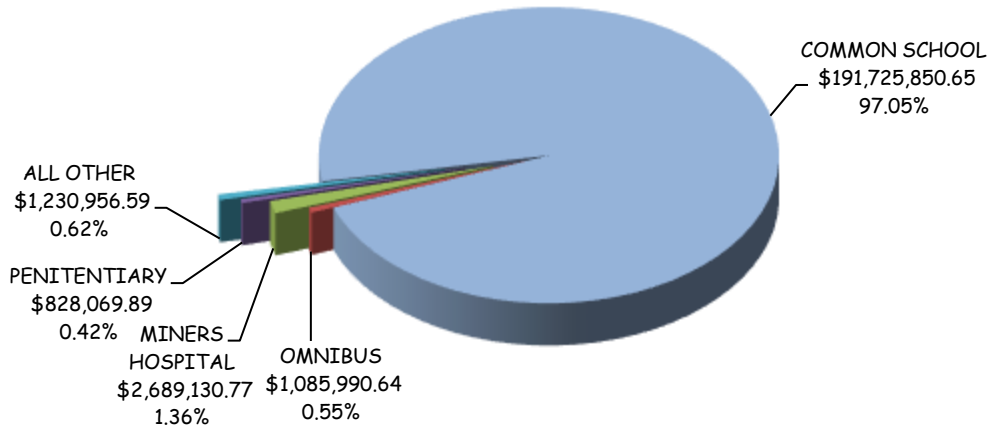


## Schedule 3: Trust Land Revenue Distributions

### Fiscal Year 2017 \$256,792,256 Distribution to Funds

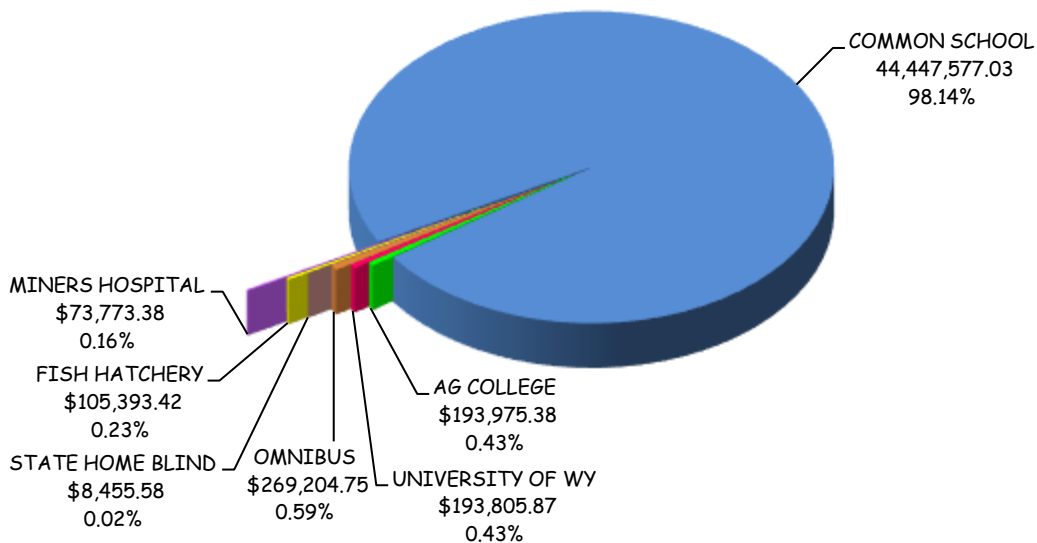


### Fiscal Year 2017 \$197,559,999 Distribution to Permanent Funds



Note: Permanent lands funds receive income from sale of public lands, mineral royalties and any money designated by the Wyoming constitution or statute (any depletable land resource). Permanent funds remain in perpetuity. Common School revenue includes \$46 million for the Antelope Flats parcel in Grand Teton National Park state trust land sale.

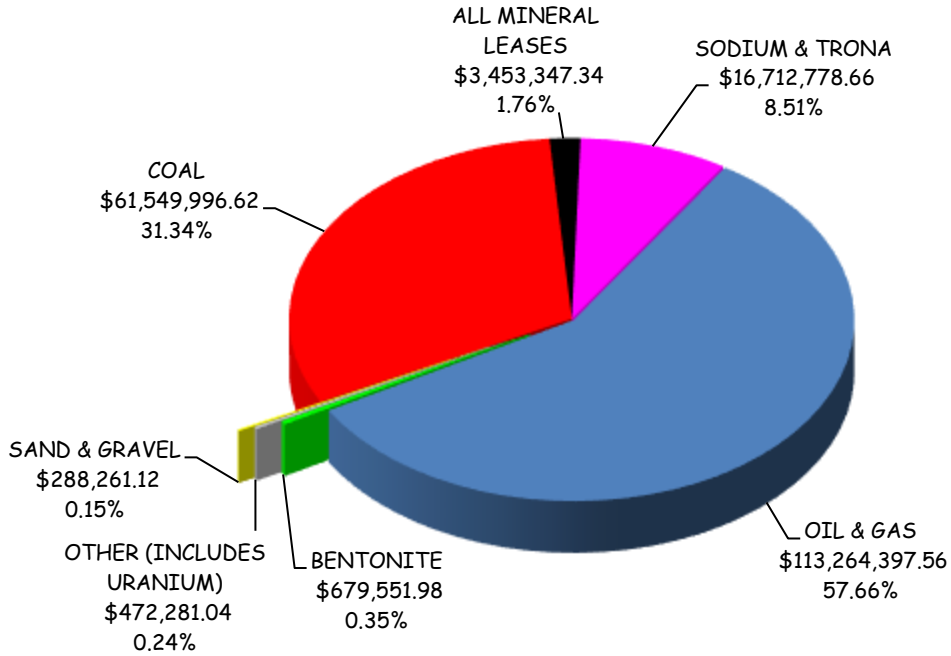
### Fiscal Year 2017 \$45,292,185 Trust Land Revenue Distributions to Permanent Income Funds



Note: Permanent land income funds receive income from rental and lease of granted lands, from the investment of the corpus of the corresponding permanent land account and from the investment of the funds in the permanent land income funds themselves. Income funds may be expended for the establishment, maintenance and support of institutions to which they are tied. Ag College, University and Common School income accounts can only be spent for those specific institutions. Money in Common School account is distributed to school districts by a statutory formula.

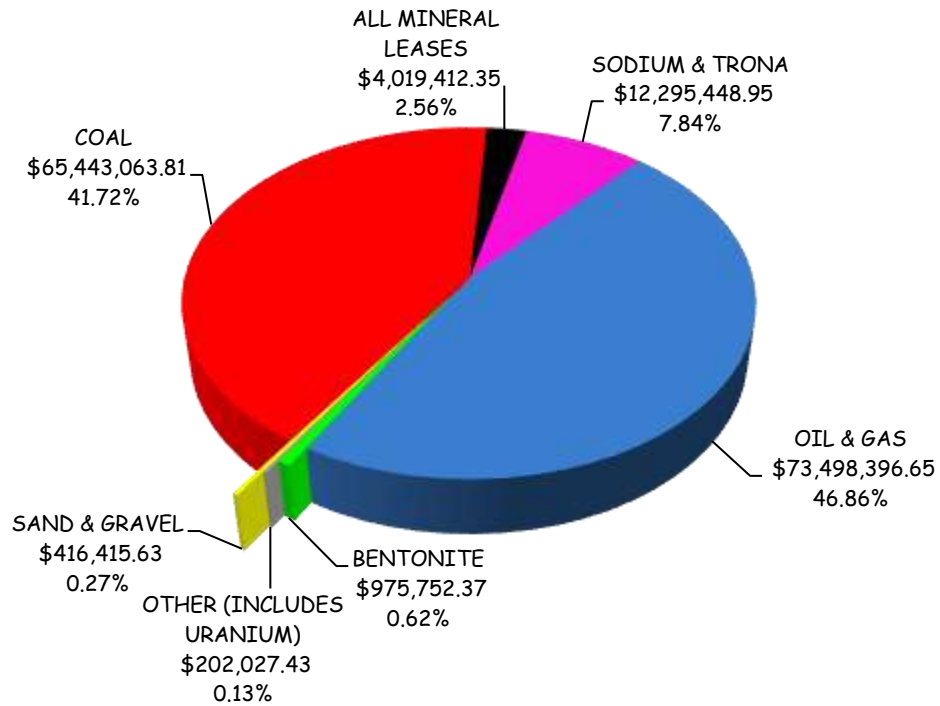
## Schedule 4: Mineral Revenue

### Fiscal Year 2017 \$196,420,614 Mineral Revenue



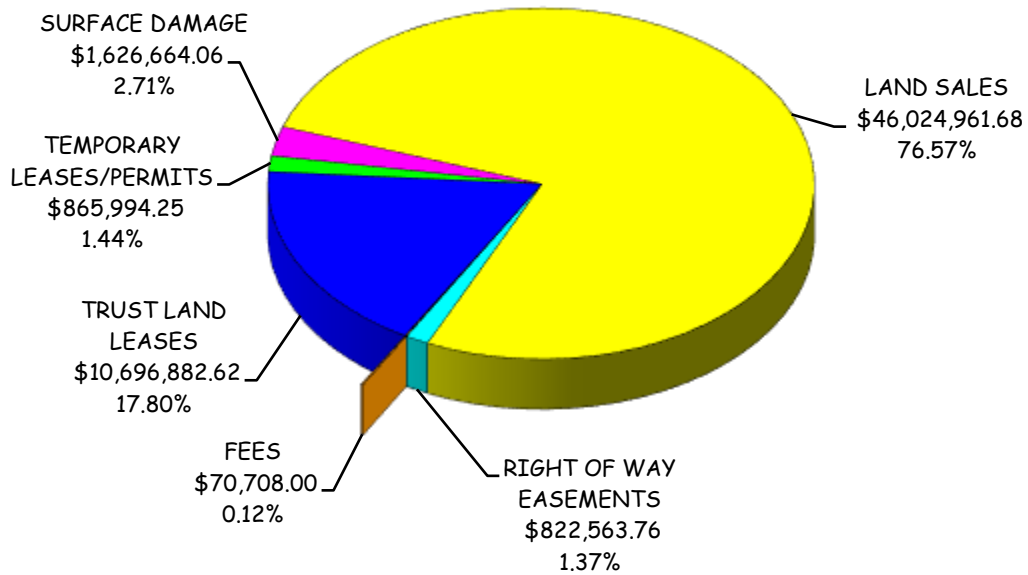
Note: Fiscal Year 2017 Oil & Gas Revenue includes \$34.9 million in Lease Auction Revenue

### Fiscal Year 2016 \$156,850,517 Mineral Revenue



## Schedule 5: Other Trust Land Revenue

### Fiscal Year 2017 \$60,107,774 Other Trust Land Revenue



Note: Fiscal Year 2017 Other Trust Land Revenue includes \$46 million for the Antelope Flats parcel in Grand Teton National Park state trust land sale.

### Fiscal Year 2016 \$15,854,249 Other Trust Land Revenue

