



Montana Petroleum Association
Oil & Gas Outlook
August 2024



Montana Oil & Gas
Production Peaked in
2006



Federal Laws Predicted
to Sharply Reduce Oil
and Gas Production



Montana Oil and Gas
Prices are Less than
National Average



Montanans Consume
More Oil and Gas than
the State Produces



Production and Price
Fluctuations Impact
State and Local Revenue



Changes in Production and
Price also Impact Industrial,
Transportation, Residential
and Commercial Sectors

Quick Facts



Montana has the highest per capita energy consumption in the nation due to its small population and temperature extremes.



Montana natural gas production is about 1/3 of what it was at its peak in 2006. Montana consumes about twice as much natural gas as it produces.

Montana Oil & Gas Production

Quick Facts

Montana holds less than 1% of U.S. total proved crude oil reserves, and the state accounts for about 1 in every 200 barrels of U.S. oil produced annually.

Most of Montana's crude oil production comes from the Bakken Formation in the northeastern corner of the state.

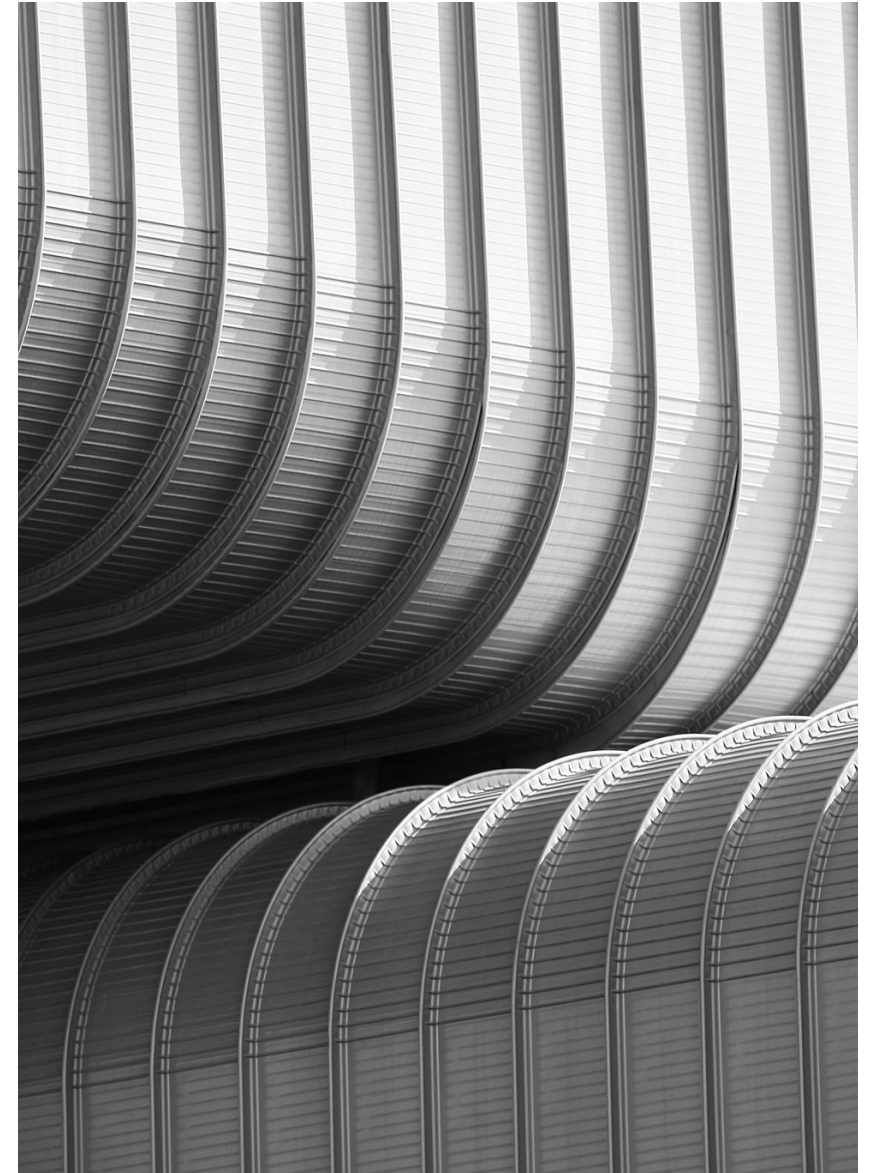
State	Production	5-Yr Change	Share
Texas	5.41	29.3%	42.6%
New Mexico	1.79	190.3%	14.1%
North Dakota	1.13	-6.9%	8.9%
Colorado	0.44	1.2%	3.5%
Oklahoma	0.43	-18.0%	3.4%
Alaska	0.43	-11.2%	3.4%
California	0.31	-30.7%	2.5%
Wyoming	0.26	11.1%	2.0%
Utah	0.14	43.8%	1.1%
Louisiana	0.10	-26.8%	0.8%
Ohio	0.08	36.8%	0.6%

Quick Facts

In 2006, Montana's annual crude oil production was 99,000 barrels per day. It has declined ever since, with a slight recovery beginning in 2022.

In 2022, Montana's annual crude oil production was 56,000 barrels per day

In 2023, Montana's annual crude oil production was 64,000 barrels per day



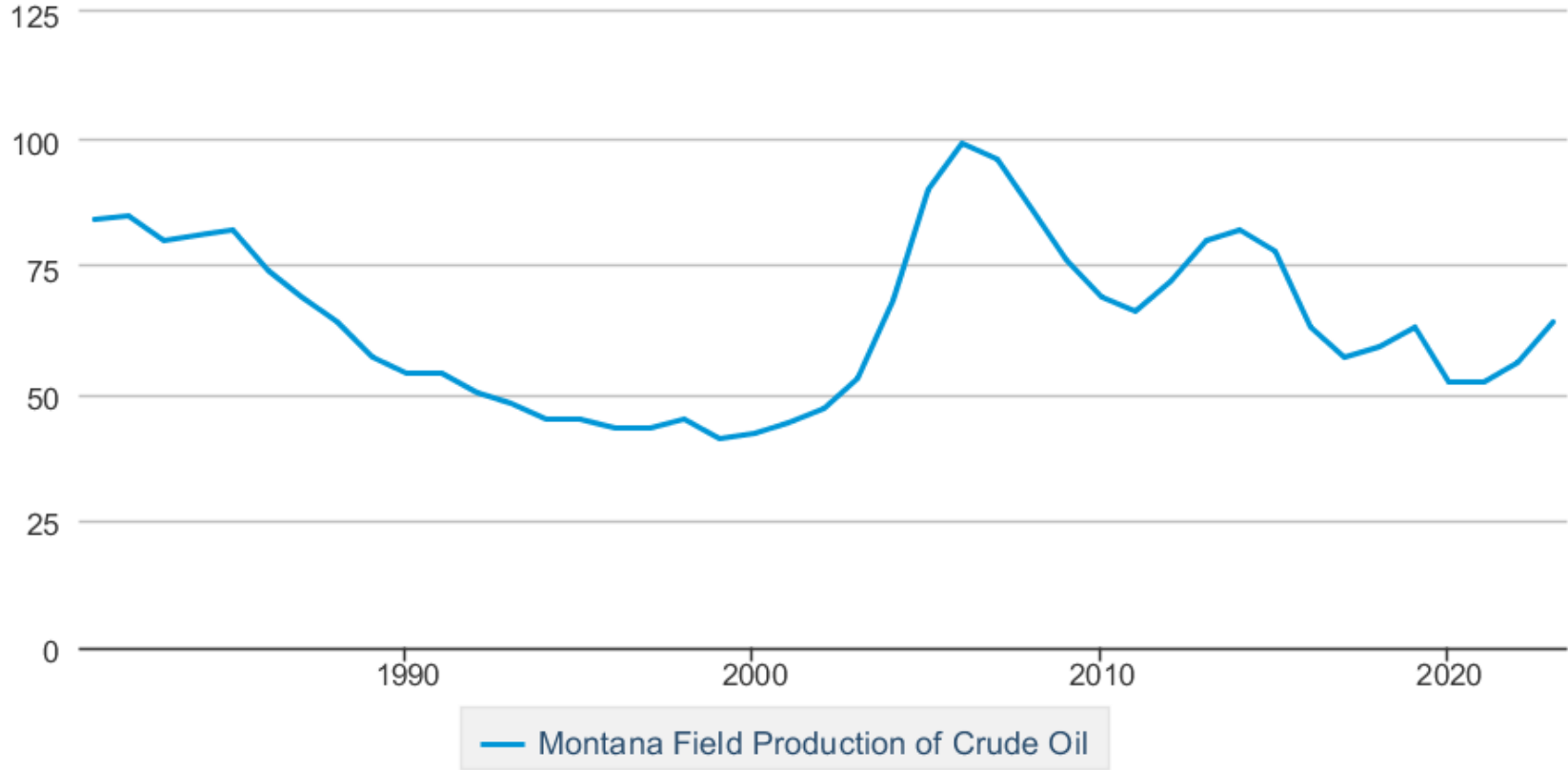
Montana Field Production of Crude Oil

Thousand Barrels Per Day

Decade	Year-0	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9
1980's		84	85	80	81	82	74	69	64	57
1990's	54	54	50	48	45	45	43	43	45	41
2000's	42	44	47	53	68	90	99	96	86	76
2010's	69	66	72	80	82	78	63	57	59	63
2020's	52	52	56	64						

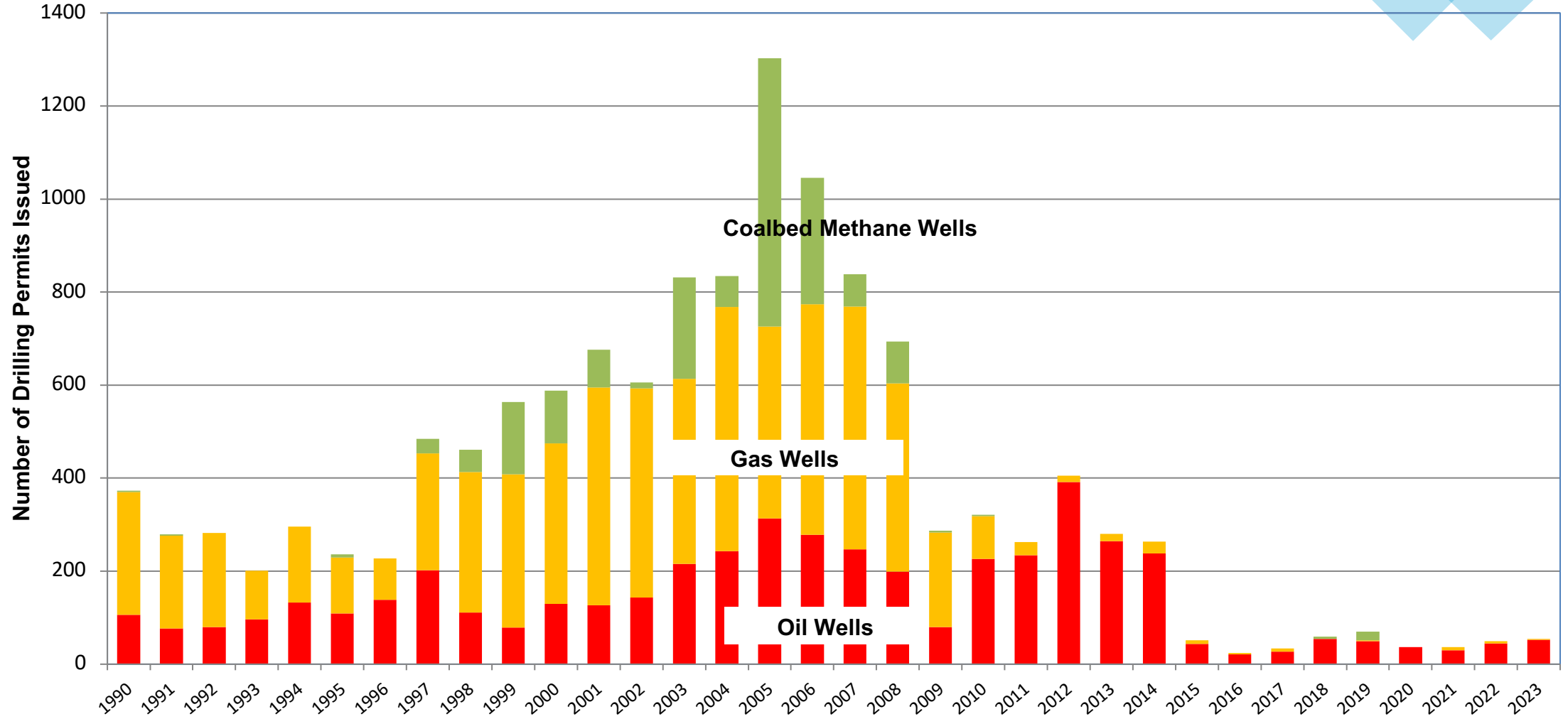
Montana Field Production of Crude Oil

Thousand Barrels per Day

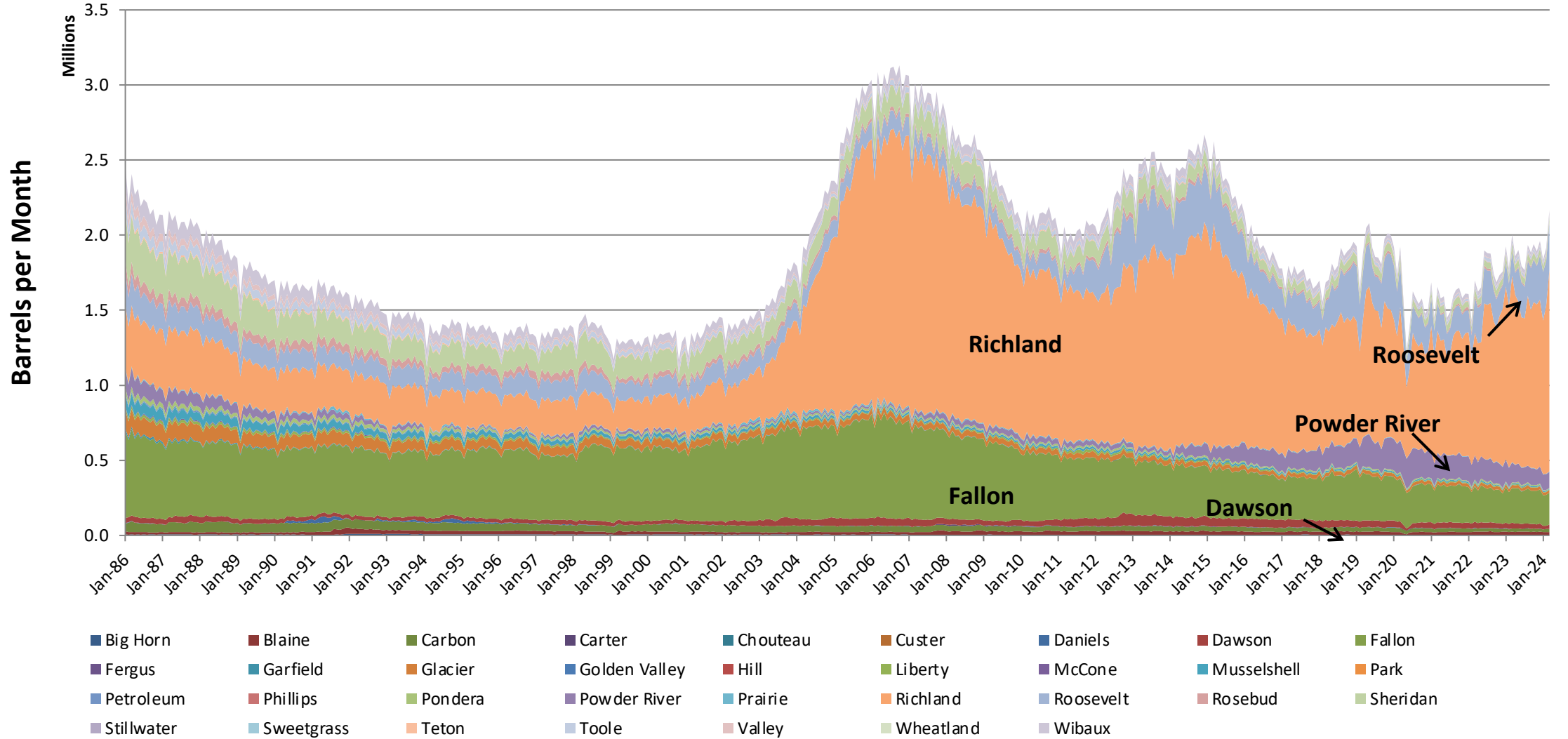


Data source: U.S. Energy Information Administration

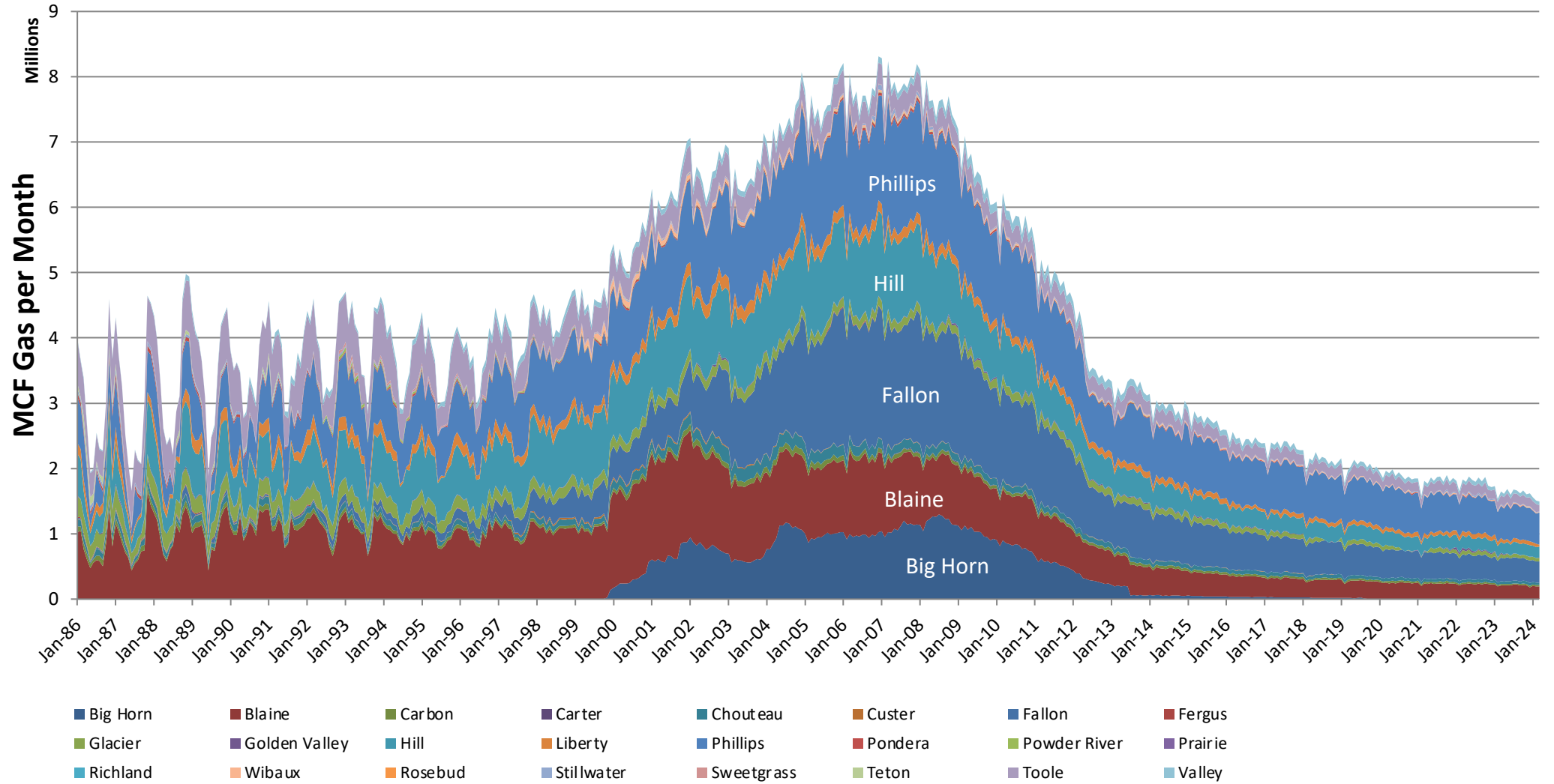
Drilling Permits, 1990 through 2023



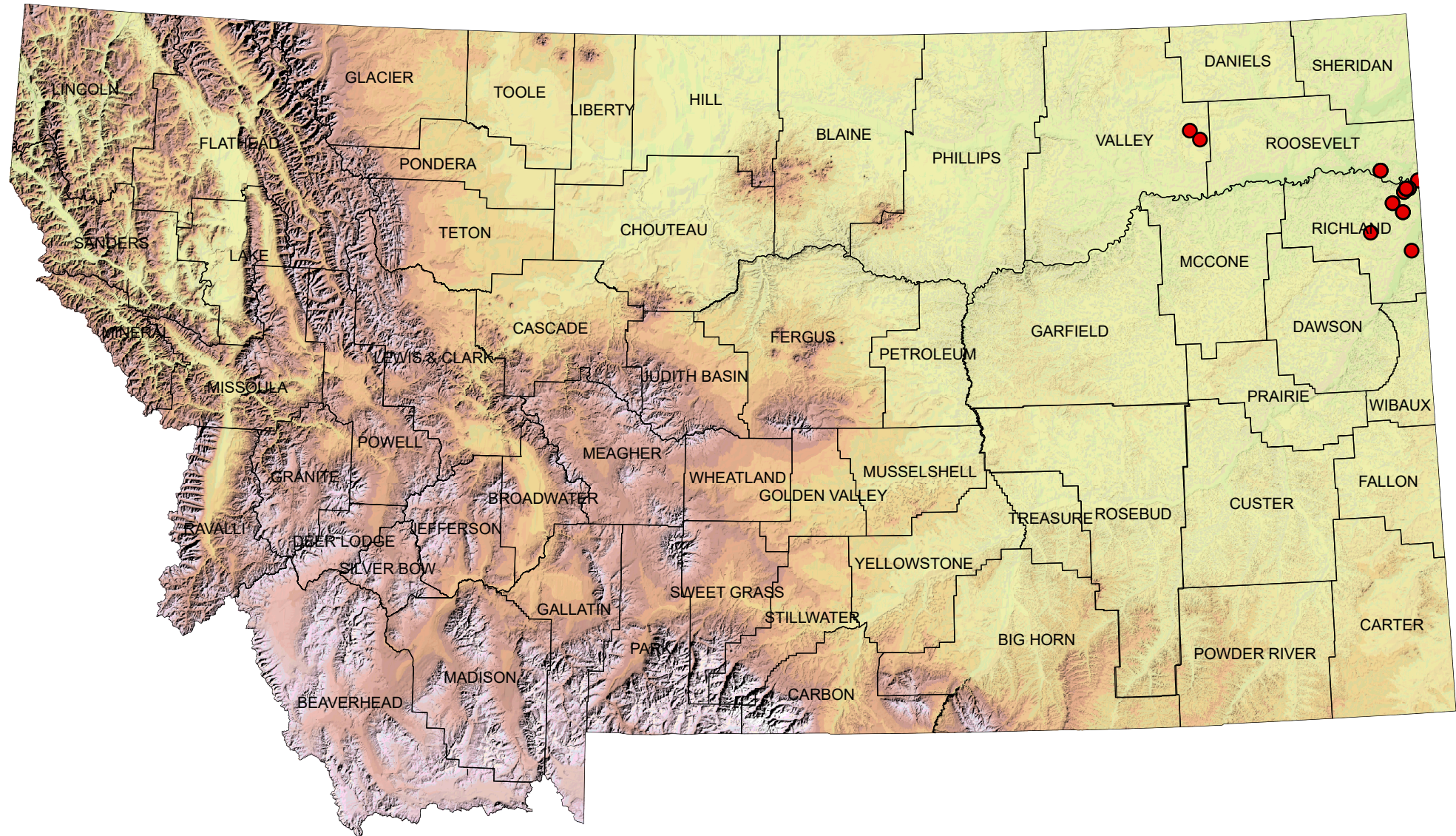
Monthly Oil Production by County



Monthly Non-Associated Gas Production by County



2024 Spud Wells

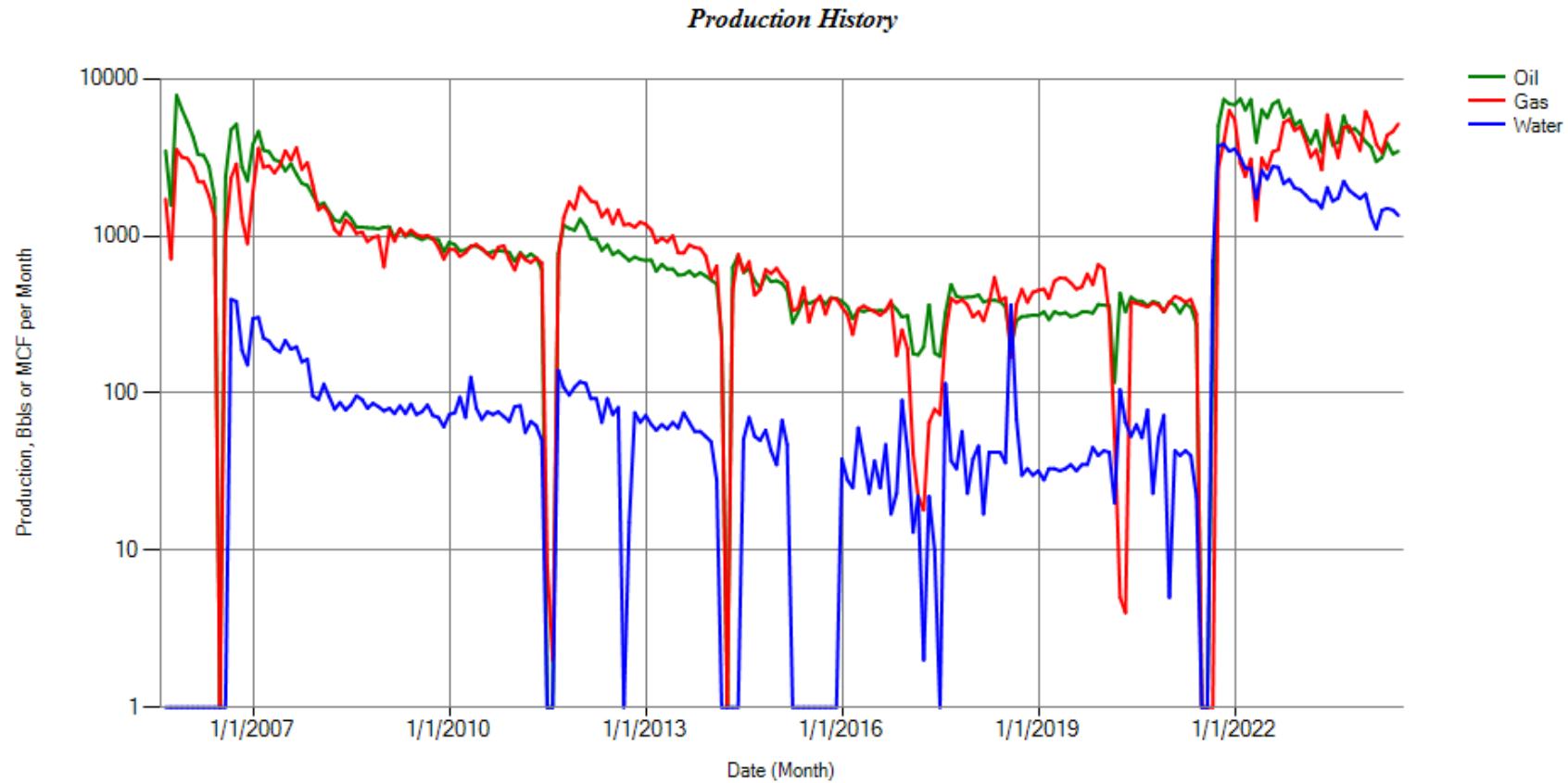


Recent Change: HB 469

Revise taxation of horizontally recompleted wells

2023

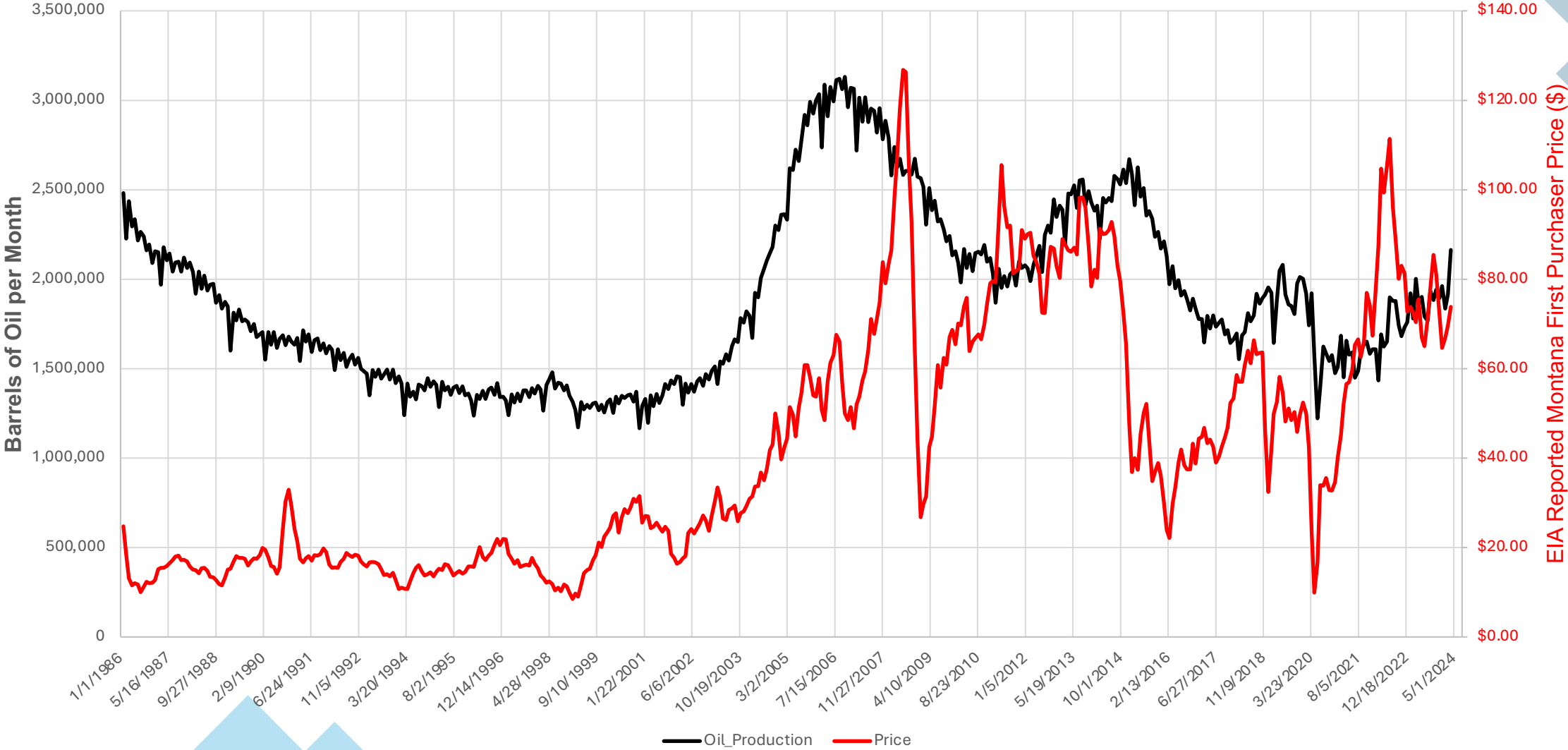
Example of Recompleted Well





Montana Oil & Gas Prices

Montana Oil Production and Price



Montana Oil & Gas Prices

Prices

Petroleum	Montana	U.S. Average	Period
Domestic Crude Oil First Purchase	\$ 78.76 /barrel	\$ 83.16 /barrel	Apr-24
Natural Gas	Montana	U.S. Average	Period
City Gate	\$ 2.66 /thousand cu ft	\$ 3.43 /thousand cu ft	Apr-24
Residential	\$ 7.98 /thousand cu ft	\$ 14.93 /thousand cu ft	Apr-24

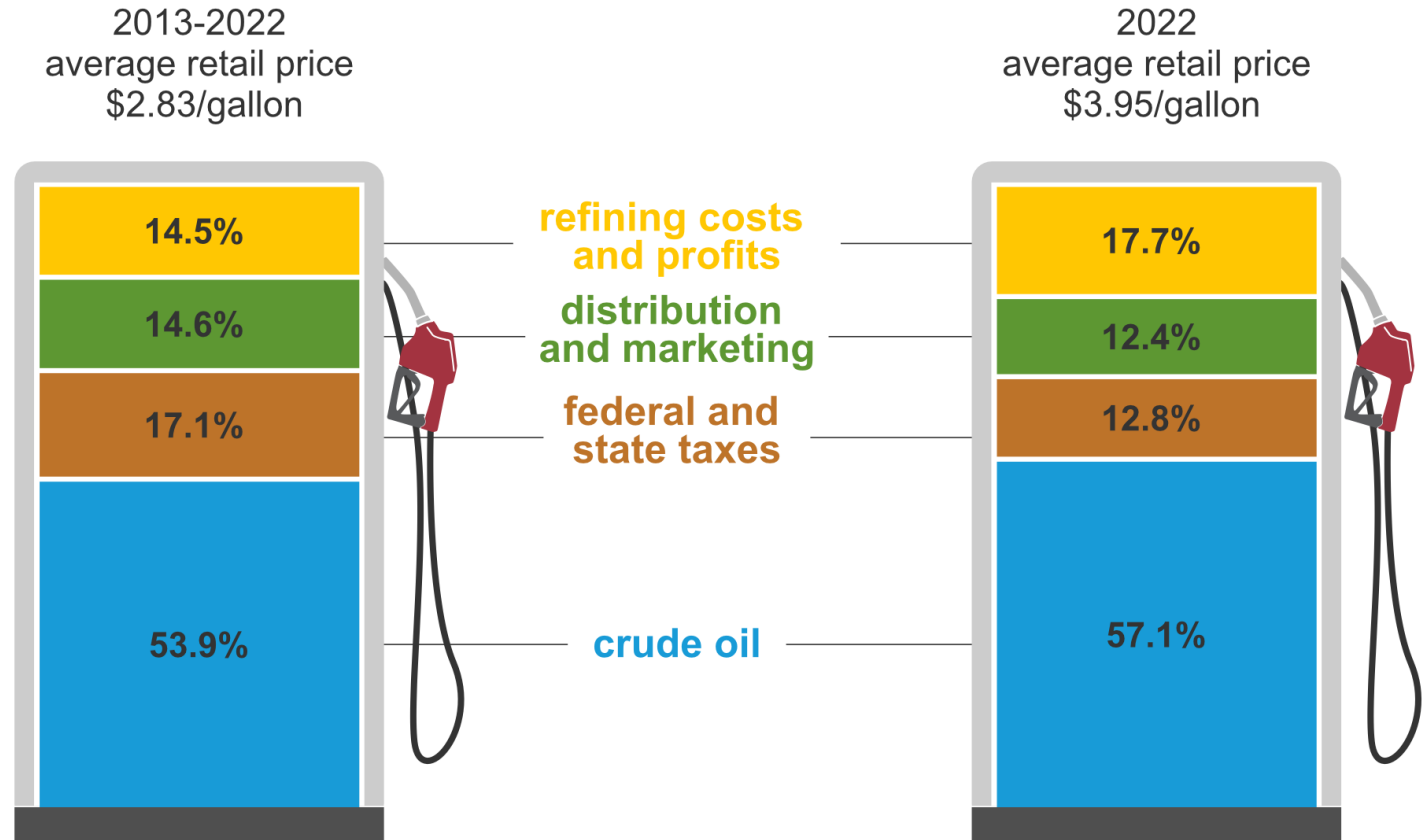
Recent Data

Wholesale spot petroleum prices, 08/01/24 close

Product	Area	Price	% change*
Crude Oil (\$/barrel)	WTI	77.74	-2.0
	Brent	81.37	0.0
	Louisiana Light	79.64	-2.0
Gasoline (RBOB) (\$/gallon)	NY Harbor	2.42	-3.2
	Gulf Coast	2.38	-2.2
	Los Angeles	2.38	-3.2
Heating Oil (\$/gallon)	NY Harbor	2.27	+0.2
	Gulf Coast	2.19	+0.4
3:2:1 Crack Spread (\$/barrel)	Gulf Coast (LLS)	19.48	+0.8
Low-Sulfur Diesel (\$/gallon)	NY Harbor	2.40	+0.2
	Gulf Coast	2.32	+0.2
	Los Angeles	2.34	+0.4
Propane (\$/gallon)	Mont Belvieu, TX	0.75	-3.5

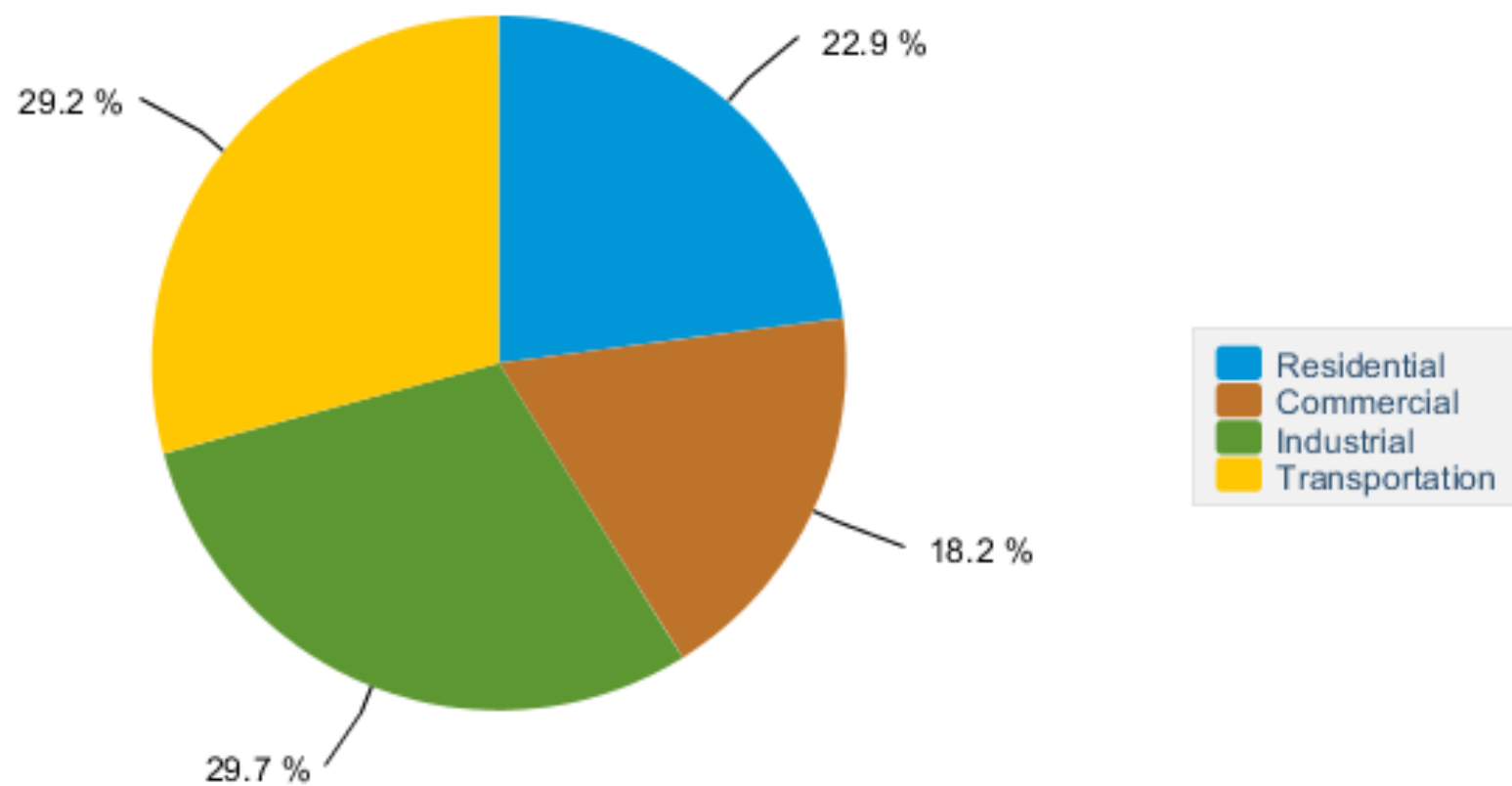
What goes into the price of gasoline?

What do we pay for per gallon of retail regular grade gasoline?



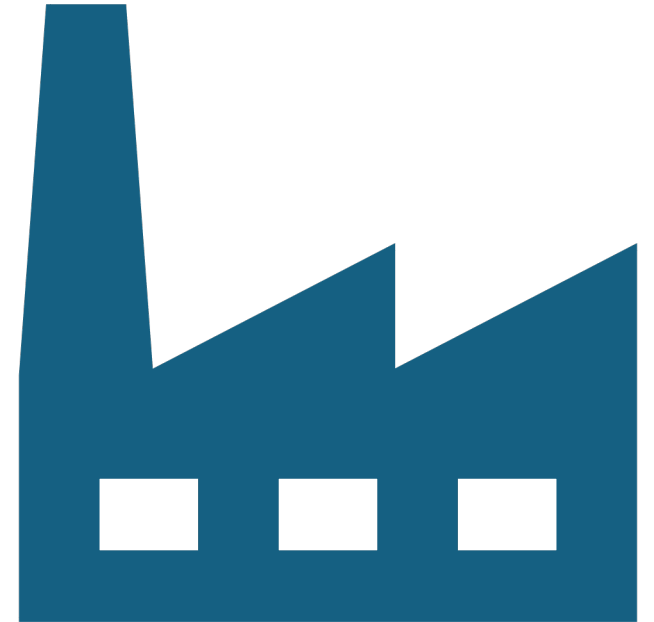
Data source: U.S. Energy Information Administration, *Gasoline and Diesel Fuel Update*

Montana Energy Consumption by End-Use Sector, 2022



Source: Energy Information Administration, State Energy Data System

Federal Policies Influencing Montana Production and Prices



Bureau of Land Management

Leasing

BLM state offices approve or deny federal land leases based on land use plans that consider the land's resources and the potential environmental impact of oil or gas exploration.

The BLM also produces an environmental analysis and a list of requirements before work can begin and inspects the companies' drilling and production.

Bureau of Land Management

Public Lands

BLM's Public Lands Rule aims to put conservation on equal footing with extractive uses such as drilling or mining. It intends to keep undeveloped landscapes undeveloped.

US EPA

Methane Monitoring & Reporting

Final Rule: New Source Performance Standards OOOO(b)

Quad Ob applies to all new, modified, and reconstructed oil and gas sources (production, processing, distribution, and storage) installed or modified since 12/6/22

5/7/24 Compliance Date



US EPA

Methane Monitoring & Reporting

Final Rule: New Source Performance Standards OOOO(b)

Phase-in period for limits on the flaring of associated natural gas (natural gas dissolved in petroleum) and the replacement of existing leak detection programs with advanced detection and measurement tools such as sensors and flyovers.



US EPA

Methane Monitoring & Reporting

Final Rule: New Source Performance Standards
OOOO(c)

Quad Oc pertains to existing sources
(constructed prior to 12/6/22 and not
subsequently modified)

Sets guidelines for states to follow when
developing Clean Air Act 111(d) implementation
plans to regulate existing sources

Montana has until 9/8/25 to submit its plan to
EPA

September 2028 is the projected compliance
date for existing sources in Montana



US EPA

Methane Emissions Charges

Methane Waste Emission Charges for Quad Ob and Quad Oc

EPA authorized to enforce, assess and collect billions from the oil and gas sector

Rule imposed on methane emissions at facilities that emit more than 25,000 metric tons of carbon dioxide equivalent

EPA to design the new methane tax program



Economic Contributions of Montana's Oil & Gas Industry

27,419 permanent, year-round, family wage jobs (\$59,600 average annual earnings);

More than \$2B in annual income received by Montana households of which \$1.7B is after-tax income available for spending;

Almost \$10.6B in annual economic output, defined as gross receipts of Montana business and non-business organizations; and

9,202 additional people living in Montana, dominated by working-aged families and their children.

Economic Contributions of Montana's Oil & Gas Industry

Corporate Income Taxes

Property Taxes

Payroll Taxes

Production Taxes

Royalties, Leases & Rents



Summary

Questions?

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