

U.S. Department of the Interior  
Minerals Management Service  
Office of Communications and Government Affairs

## **NEWS RELEASE**

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**CONTACT:** Mike Baugher  
(303)231-3162

Lee Scurry  
(202)208-3983

### **\$45.5 MILLION DISBURSED TO SIX COASTAL STATES IN 1995 8(g) PAYMENT**

The U.S. Department of the Interior's Minerals Management Service (MMS) today disbursed \$45.5 million to six coastal states: Alabama, Alaska, California, Louisiana, Mississippi and Texas.

This is the ninth installment in a series of annual payments based on 1985 settlement legislation regarding the allocation of royalties, rents and bonuses from certain federal offshore oil and gas leases.

The 1978 Outer Continental Shelf (OCS) Lands Act Amendments provided for certain coastal states and the federal government to share revenues earned from OCS leases, generally, three to six miles beyond a state's coastal boundary. This area, known as the 8(g) zone, is named after the enabling paragraph of that legislation. Between 1978 and 1986, revenues earned in the 8(g) zone were placed in escrow, pending agreement on a formula for dividing those earnings.

The U.S. Congress determined in 1986 that coastal states would receive 27 percent of the 8(g) income held in escrow, with the remaining 73 percent going to the federal government. At that time, the escrow account contained about \$6 billion, about \$1.5 billion of which was paid to the states. The remaining \$4.5 billion went into the U.S. Treasury General Fund.

The settlement also identified an additional \$650 million to be paid to the states, incrementally, over a 15-year period: 3 percent of their share for each of the first five years, 7 percent annually for the second five years, and 10 percent annually for the final five years.

Now in the ninth year of the agreement, the states receive \$45.5 million. Currently, the annual payments to individual states are:

Louisiana \$5.88 million

Texas 9.38 million

California 20.23 million

Alabama .49 million

Alaska 9.38 million

Mississippi .14 million

Total \$45.50 million

These states have received a combined total of \$279.5 million -- 43 percent of the \$650 million -- including this year's payment.

MMS is the federal agency that manages the nation's natural gas, oil and other mineral resources on the OCS, and collects and disburses about \$4 billion yearly in revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands.

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