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CONTACT: [Michael L. Baugher](#)
(303) 231-3162
[A.B. Wade](#)
(202) 208-3985

\$65 MILLION GOES TO SIX COASTAL STATES IN 1997 8(g) PAYMENT

The Department of the Interior's Minerals Management Service (MMS) today disbursed \$65 million to six coastal states: Alabama, Alaska, California, Louisiana, Mississippi and Texas. This is the eleventh 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.

In 1986, Congress determined 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: three percent of their share for each of the first five years, seven percent annually for the second five years, and ten percent annually for the final five years. Now in the "ten percent years" of their agreement, the states receive \$65 million annually. Currently, the annual payments to individual states are:

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|-----------------|----------------|
| California | \$28.9 million |
| Alaska | \$13.4 million |
| Texas | \$13.4 million |
| Louisiana | \$ 8.4 million |
| Alabama | \$.7 million |
| Mississippi | \$.2 million |
| Total each year | \$65 million |

Including this year's payment, these states have received a combined total of \$390 million, 60 percent of the \$650 million.

MMS is the federal agency that manages the Nation's natural gas, oil, and mineral resources on the Outer Continental Shelf, and collects, accounts for, and disburses about \$4 billion in revenues each year from offshore mineral leases and from onshore mineral leases on federal and Indian lands.

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