
MMS Alaska OCS Region

News Release

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ALASKA NETS \$13.4 MILLION IN 1998 8(g) PAYMENT FROM FEDERAL OFFSHORE OIL AND GAS LEASES

The State of Alaska received \$13.4 million from the Federal government for oil and gas leases on the Outer Continental Shelf. Five other coastal states received funds in addition to Alaska. These include:

California	\$28.9 million
Alaska	13.4 million
Texas	13.4 million
Louisiana	8.4 million
Alabama	.7 million
<u>Mississippi</u>	<u>.2 million</u>
Total each year	\$65.0 million

This is the twelfth 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. This money may be used by the State of Alaska to improve roads, schools, and other capital projects.

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.

(more)

In 1986, the U.S. 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 their "ten percent years" of the agreement, the states receive \$65 million annually.

Including this year's payment, these states have received a combined total of \$455 million, 70 percent of the \$650 million.

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

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