

# MMS Alaska OCS Region

# News Release

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## **Supreme Court Decision Allows Release of Funds**

The Department of the Interior's Minerals Management Service announced Thursday that the U.S. Supreme Court entered a final decree in litigation between the United States and the State of Alaska. The decree will result in distribution of more than \$1.8 billion of revenue that has been held in an escrow account pending settlement of the 21-year old case over jurisdiction of submerged lands in the Beaufort and Chukchi Seas. The U.S. Supreme Court accepted the case in October 1979.

Approximately \$5 million of the escrowed funds will go to the State of Alaska and be transferred to the State within 180 days of the decree. The remainder will go to the Federal government. In 1988, the State received \$322.9 million from the escrow account for leases that were part of the dispute. The State was entitled to this amount regardless of the outcome of the litigation because of legislation passed in 1986 that provided for compensation to coastal states for federally leased areas that fell within 6 miles of a state's coastline. The State has received more than \$504 million as a result of this legislation, including the portion from the disputed area, as of April 2000.

A portion of the Federal settlement will fund marine and fisheries research in the Bering Sea, North Pacific and Arctic Ocean administered by the North Pacific Research Board. Congress is considering using some of the federal funds for high priority maintenance of National Park Service, Fish and Wildlife Service, and Bureau of Land Management facilities in Alaska.

While the case was being considered by the Court, the State of Alaska and the Federal Government agreed that both parties could issue oil and gas leases in specific portions of the disputed areas. All of the money received from the oil and gas industry for those leases was deposited in an escrow account. The total amount of the money in the account, plus interest, totals approximately \$1.8 billion. Now that the Court has entered its final decree and both parties have agreed to recognize a stationary boundary, the money held in the escrow account will be disbursed.

The Court's final decree establishes a stationary offshore boundary between State lands and Federal lands for purposes of offshore oil and gas leasing and

development. This northern coastline changes frequently due to coastal erosion or accretion. The offshore boundary is drawn from the coastline, so changes in the coastline result in changes to the offshore boundary. To address the problems this causes with regard to oil and gas leasing and development, the U.S. and Alaska have agreed that the offshore boundary described in the final decree will remain stationary and will not change when the coastline changes.

This case is among the most important boundary disputes ever to be heard by the U.S. Supreme Court. It sets a precedent for the U.S. in establishing offshore boundaries. As shown in the attached diagram, the U. S. Supreme Court determined, among other things, that:

- 1) the U.S. owns the coastal submerged lands of the National Petroleum Reserve-Alaska (NPR-A) and the Arctic National Wildlife Refuge (ANWR);
- 2) transitory features such as the "Dinkum Sands" cannot be used to project the boundary;
- 3) "straight baselines" or drawing straight lines from point-to-point, or island-to-island cannot be used to define the location of coastlines; and
- 4) the State of Alaska owns the submerged lands adjacent to the "ARCO Pier," also known as West Dock, and Pitt Point.

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 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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