

Bradners'
Alaska Economic Report
*Alaska's only comprehensive business
 analysis — since 1974*

PUBLISHER: Tim Bradner / FOUNDER: Mike Bradner
 Business Office: (907) 440-6068 / Fax: (907) 345-5683

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Alaska scores higher on mining index State is now third in world on investment potential

Alaska has moved higher on a closely-watched index of attractiveness for mineral investment. The latest Fraser Institute survey of mining company executives, done between August and September 2024, placed Alaska 3rd in the world after Finland and Nevada. Alaska scored 11th in the 2023 survey, which included 2,289 minerals company managers, 40% of them company CEOs. Alaska increased its score in the index from 78.79 in 2023 to 87.3 in 2024. The survey was subjective and dealt mainly with questions on uncertainty in regulatory, tax and political matters although geologic prospectivity and infrastructure were also included.

On policy issues alone, however, Alaska ranked number one, increasing its score to 82.6 in the index from 81.6 in 2023. Alaska was also number one on a set of questions relating to geologic potential, increasing its 2024 score to 90.38 in the in-

dex, up from 76.8 in the 2023 survey. Interestingly, all other U.S. states fell in the index in 2024. It's important to remember that the rankings are subjective and based on opinions of senior managers of minerals companies. Still, those opinions matter because they guide investment decisions made by companies. Alaska improved its score in 2024 with comments by industry managers on less concern with the legal system, socio-economic factors and availability of skilled labor. The survey was also done before President Donald Trump took office. Trump has initiated new development-friendly policies, which should improve Alaska's score further in the fall 2025 survey.

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Nome port contract is awarded, though project is scaled down

The U.S. Army Corp of Engineers has awarded a long-awaited Port of Nome expansion project to Kiewit International West for \$399.4 million. The contract is for phase one of the expansion and will include a 1,200-foot causeway extension with 600 feet of new dock space. The project was scaled back from a previous \$662.5 million plan that

did not secure bids in the range acceptable to the Army Corps. The project involves four phases, the next being dredging of an outer basin to a depth of 40 feet. Currently Nome's port outer basin has a depth of 22 feet which cannot safely accommodate vessels with drafts greater than 18 feet. The port project will aid the Graphite One mine project.

Visitor season soft, but tourists still bring in the money

The 2025 visitor season is a little soft but tourism is still bringing a lot of dollars into the state. Julie Saupe, CEO of Visit Anchorage, told the Anchorage Chamber Commerce Aug. 18 that visitors brought \$118 million into the local economy in 2024, down a bit from \$134 million in 2023 when the post-covid pent-up travel surge was still being felt. Anchorage also received \$57.2 million in municipal hotel/motel and car rental taxes in 2024, she said. Local hotels, many of them supported by tourism, also paid \$10 million in local property taxes. So far \$118 million in meetings and conventions have been booked in Anchorage, on par with 2024. *Saupe cited the value of advertising and marketing: A \$200,000 investment by Visit Anchorage netted 4.5 million*

“views” of Alaska materials that resulted in \$4.6 million in visitor spending in Anchorage, a 11-to-one return on investment, she said.

Scramble for Anchorage hotel rooms for journalists covering Trump-Putin meeting

Visit Anchorage staff scrambled to find accommodations for 300 journalists who descended on Anchorage at short notice to cover the meeting between President Donald Trump and Vladimir Putin of Russia on the Ukraine war. This came at the height of the summer visitor season, but Saupe’s group was able to find 100 hotel rooms. The University of Alaska Anchorage was also able to put up journalists with make-shift arrangements at the Alaska Airlines Center on its campus.

Air passengers in Fairbanks are up, as is cargo volumes landed in Anchorage

Fairbanks air passenger arrivals were up 3,400 for the first half of 2025 mainly due to a strong winter tourism season, according to the Alaska Department of Transportation and Public Facilities, which manages airports. The state airport system, which includes both the Fairbanks and Anchorage international airports, also saw a 3% increase in freight tonnage landed, most of this in Anchorage and aboard cargo aircraft on international routes landing to refuel.

Alaska job growth slows to 0.8% in July, state reports

Alaska wage and salary jobs were up 2,800, or 0.8%, over July, 2024, according to state labor economists. Growth is slowing from earlier this year. The data is from workforce surveys of employers and is subject to revision. North Slope oil work continued to boost job numbers, with construction up 900; transportation and warehousing up 500 and professional and business services up 500 each. Health care jobs were up 900. There were declines in retail and wholesale trade along with financial services.

Two thirds of salmon expected salmon for 2025 are harvested; high-value sockeyes up 27%

Alaska’s salmon harvest totaled 144 million fish as of Aug. 16, or two-thirds of the projection for the year. Higher-value sockeye salmon caught were 51.67 million fish, 27% up year-to-date from the 2024 catch at this time. Pink salmon are down, however, with 76 million caught compared with 116.7 million as of this date in 2023 (pink salmon runs cycle every two years), or down 35%. Keta, or chum, salmon caught as of Aug, 16 totaled 15.83 million fish, up from 13.3 million as of the same date in 2023. The

Hilcorp set to drill in Yukon Flats

Hilcorp Energy received a drilling permit from the state Division of Oil and Gas for its Canvasback 4A exploration well in the Yukon Flats, a large sedimentary basin in northern Interior Alaska that is essentially unexplored. The well will be drilled about 10 miles west of the small village of Birch Creek, which is near the Yukon River, *Petroleum News* reported Aug. 17. Doyon, Ltd., the Interior Alaska Native regional corporation, owns the subsurface mineral rights while Tihtet'aiti, the Native village corporation for Birch Creek, owns the surface lands. The well will be drilled in summer, with operations beginning this year. Hilcorp is moving a drill rig this summer from Nikiski, on the Kenai Peninsula, to the Yukon River bridge on the Dalton Highway. It will then be barged east to the drill site near Birch Creek.

Interior Alaska an explorers' graveyard?

Doyon has been interested in the potential of the Yukon Flats for decades, but Interior Alaska has generally been a kind of graveyard for exploration. The basin covers 11.1 million acres between the trans-Alaska oil pipeline to the west and the Canadian border to the east. There has been sporadic interest from industry in the region. ExxonMobil did seismic in the area years ago and ARCO Alaska, now ConocoPhillips, drilled a well in Kandik Basin near the Canada border, which was unsuccessful. Geologists considered the area more prone to natural gas than oil but a 1990s assessment by the U.S. Geological Survey pointed to oil potential. Based on that Doyon, the resource owner, commissioned geochemical sampling program which indicated the presence of oil. This was followed by a seismic survey done by Doyon which focused attention on the Birch Creek area.

The ANCSA disincentive discouraged Doyon from investing its own funds

Doyon has made substantial investments in drilling and exploring in the Interior, but the corporation was focused on the state-owned Nenana Basin west of Fairbanks where Doyon secured state oil and gas leases where it could own a 100% interest. In contrast, the Doyon-owned lands in the Yukon Basin were acquired under the Alaska Native Claims Settlement Act of 1971, under which regional corporation landowners share 70% of revenues from natural resources like oil and gas with other Native regional and village corporations. While smaller Native corporations have benefited from shared revenues from the Red Dog Mine owned by NANA Regional Corp. and from Arctic Slope Regional Corp.'s share of royalty in North Slope leases, the 70% requirement has a downside. It creates a problem in that it creates a disincentive, for example for Doyon, to invest its own money in development of ANCSA lands it owns because it receives only 30% of the revenues, plus a small slice of the revenue shared with other corporations. This is different with the state-owned lands in the Nenana Basin where Doyon secured leases and would receive 100% of revenues (less the one-eighth state royalty) if oil was found. Unfortunately Doyon's drilling was unsuccessful despite a substantial investment. Basically, the ANCSA disincentive has prevented Doyon investing significantly in the Yukon Flats, retarding its development. The solution was to bring in a private partner, in this case Hilcorp. The financial arrangements between Doyon and Hilcorp are private, however.

Oil and gas:

Santos hopes for year-end start at Pikka oil project

Santos Ltd. and ConocoPhillips are reaching key milestones on their new Pikka and Willow oil projects on the North Slope: Santos is putting its seawater processing plant in place following its arrival by barge from Canada's MacKenzie River. This puts the company on track for a start of production in early 2026. ConocoPhillips is completing the operations center and other facilities for the Willow project, due to start production in 2029. At Prudhoe Bay, Hilcorp Energy is completing the new "Omega" production pad at west end of the Prudhoe field, which will allow for the drilling of 50 new production wells. The west side of Prudhoe is less developed than other parts of the big field.

Southcentral Alaska natural gas: Hilcorp will meanwhile add gas production in Southcentral Alaska with a pipeline built to bring the new Whiskey Gulch project into production. Whiskey Gulch is on the Kenai Peninsula.

Struggling regional air carrier Ravn Alaska shuts down

Regional air carrier Ravn Alaska ceased operations after struggling for an extended period. Most recently Ravn served western Alaska and Bering Sea communities, but stopped Dillingham service in 2022 and most recently Unalaska and St. Paul. Other carriers have stepped in to provide service including Aleutian Airways to Unalaska and Kenai Aviation to St. Paul, although that service will begin this fall.

State seeking ideas for Rural Health Transformation Projects

The state Department of Health has taken the first step in tapping the new federal Rural Health Transformation funds for Alaska. The agency issued a "Request for Information" from health care providers, soliciting ideas for innovations in services particularly for rural communities. These requests are typically a prelude to Requests for Proposals for grants. Money would come from the new rural hospitals fund set up under the recently-signed tax and budget bill passed by Congress. Alaska could be eligible for \$200 million to \$300 million in grants, half awarded through the state and half direct federal grants.

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3037 South Circle Ph: (907) 440-6068 - Fax: (907) 345-5683
Anchorage, Ak. 99507 email: timbradner@pobox.alaska.net

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