

# Bradners' Alaska Economic Report

*Alaska's only comprehensive business analysis — since 1974*

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## Oil capital investments: \$22 billion 2025-2030

### Pikka, Willow, Hilcorp projects: It adds up

Alaska can expect \$22 billion in planned oil and gas industry investment between 2025 and 2030, according to a petroleum economics study by Anchorage-based McKinley Research. The work was commissioned by the Alaska Oil and Gas Association and presented at the association's annual conference held recently.

The total includes the new oil fields now under construction by Santos, Ltd. and Repsol, the Pikka field; and ConocoPhillips at Willow. It includes new projects in producing fields on the North Slope owned and operated by Hilcorp Energy, and new projects in the Kuparuk River and Alpine fields by ConocoPhillips. The McKinley Research analysis doesn't break down planned investments

by companies or fields but it does indicate a fairly steady pace of new investment of approximately \$4 billion a year from 2025 to 2030.

Outside of the McKinley Research work some North Slope operators have announced annual capital spending. Hilcorp told state legislators earlier this year that it plans about \$750 million in annual North Slope investment. ConocoPhillips has said it will spend about \$1 billion per year in projects aside from its large investment in Willow.

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## Employment increase continues, but in slow-growth mode

Alaska job numbers are still rising but at a slower pace than recent months. Wage and salary employment was up 0.8% in August compared with the same month of 2024. The gradual seasonal downturn has also set in. Leisure and hospitality employment, which mainly reflects tourism, dropped 200 from July levels; transportation and warehouse work dipped 100. Retail was down 100 from July. Professional and business services, which includes engineering and consulting, was down 300 jobs. The big drop between July and August

was in manufacturing, mainly seafood processing, which fell 4,800 jobs. But this is normal as the summer fisheries season passes its peak in July. The big drivers in employment, oil and gas and construction related to North Slope field development, were stable in August compared with July. Both showed increases year-over-year, however, reflecting increased activity last winter and spring. Construction gained 1,000 jobs and petroleum increased 500 compared with August 2024. Oil-related construction will pick up again this winter.

### **Road and utility work has started for planned new housing at Girdwood, near Anchorage**

Road and utility work has started for planned new housing at Girdwood, south of Anchorage. The first phase of the 60-acre Holtan Hills project involves sites for 50 single-family dwellings, townhouses and condominiums, developers say. Two multifamily lots in the project could accommodate 20 units for housing, also. Future phases could see more housing built. Girdwood badly needs new housing but critics project say local people are unlikely to be able to afford to own homes in Holtan Hills.

### **Health provider SEARHC plans new employee housing in Wrangell**

Southeast health care provider SEARHC is looking to build rental housing for employees in Wrangell, where the nonprofit operates the Wrangell Medical Center with 160 employees. Eight rental units are planned and 12 more could be done in a second phase. The project is on land owned by SEARHC. Lack of local housing is an impediment to recruiting and retaining employees in an expansion program that is planned.

### **Pink salmon run in Southeast is the lowest in years**

The pink salmon run in Southeast Alaska is the lowest in years, with 20 million fish caught, well below the forecast of 29 million. The low catch caused the Southeast purse seine fleet to shut down early. In 2023, the previous odd year in the two-year cycle, 44 million were harvested. In 2021, the odd year prior, 48.5 million were caught. Biologists saw a hot, dry summer in 2023 led to low water levels in spawning streams, resulting in poor escapement of young pink salmon to the ocean.

### **Some better seafood news: Red king crab**

Some better seafood news, however, is the report of the highest red king crab population in years and a harvest level set at 211,573 pounds, which is above the 200,000 pound limit normally set to sustain the fishery. Because of low populations there hasn't been a red king crab commercial harvest since 2017, when 120,000 pounds were caught with a value to harvesters of \$1.3 million.

### **Teck Alaska will complete 10-mile access road to new zinc find this winter**

Teck Alaska will complete its 10-mile access road this winter to a new zinc discovery near the Red Dog Mine north of Kotzebue. Work will also begin on an adit, or tunnel, to begin exploration of a possible underground mine. Construction of the tunnel will continue the following year. Mining of lead and zinc ore at Red Dog itself will stop in 2031 but Teck will use facilities at the mine, such as its ore process mill, to support the new underground mine. Meanwhile, the \$53 billion merger of Teck with Anglo American will have little impact on Teck's Alaska operations. The existing management will remain in charge.

### **Deal for Abu Dhabi to buy Santos falls through**

A consortium of companies led by Abu Dhabi Development Holding Co. has withdrawn its offer to buy 100% of Santos, Ltd., which is leading development of the Pikka field in Alaska. The offer was made to Santos's shareholders in June. On Sept. 15 both companies announced the offer had been withdrawn.

# Oil and gas, economic impacts

McKinley Research reported on the oil and gas industry's economic impacts in Alaska in 2024 in a report at the annual Alaska Oil and Gas Association conference in Anchorage. Here are excerpts, and we compared some items to the previous economic impact report done for 2022.

## Reported: Fall 2025

Data: 2024

### Employment

4,575

### Industry expenditures in Alaska

2024: \$5.8 billion

Indirect impacts: employment, payroll and services

45,425 jobs; \$4.5 billion wages (2024)

### Revenues to Alaska governments

\$3.5 billion, state only (2024)

\$510 million local property taxes

### Jobs Supported by oil revenues to government

25,000 (2024)

### Wages supported by government revenues

\$2.1 billion (2024)

Total economic impacts, private and government:

70,425 jobs

\$6.6 billion, wages

State government oil revenue expectations FY 2025-FY 2034: \$2.4 billion,  
27% of state Unrestricted General Fund revenue is expected from oil and gas

### 2024 primary spending by oil and gas companies:

- Oil and gas support service \$1.3 billion (22%)
- Construction \$1.9 billion (33%)
- Professional and business services \$779 million (13%)
- Transportation and warehousing \$627 million (11%)
- Accommodations and food service \$289 million (5%)
- Retail, wholesale trade \$479 million (8%)
- Other \$473 million (8%)

Source: McKinley Research Group

Note: The full McKinley Research/AOGA study will be published soon. We'll report more on it.

## Reported: Fall 2023

Data: 2022

4,105

2022: \$4.6 billion

\$4.1 billion state only (2022)

\$448.5 million local property taxes

33,050 (2022)

\$2.6 billion (2022)

69,250 jobs

\$5.9 billion, wages

## Cook Inlet's pending gas shortages: What's being done

People are getting a little nervous about pending natural gas production declines in Cook Inlet. Major utilities Enstar Natural Gas Co. and Chugach Electric Association are working with partners on importing natural gas. Enstar is working with energy developer Glenfarne on a new LNG import facility at Nikiski and Chugach is working with Hilcorp Energy affiliate Harvest Alaska on refurbishing the former ConocoPhillips LNG export plant also at Nikiski. Negotiations are ongoing and the parties say they can't give progress reports because of Non-Disclosure Agreements. But 2027 is just two years away and time is needed get regulatory approval for imports and to build facilities, and there will likely be litigation. The cost of imported LNG is unknown too, although it will surely be expensive.

### Cook Inlet gas producers step up to the plate

However, what's encouraging is that Cook Inlet producers are pushing ahead with new gas development which might at least meet short-term gaps in 2027 and 2028 (the 2029 deficit is much larger). The latest is that Hilcorp has been given approval to build new infrastructure and drill new wells at the company's Happy Valley gas field on the Kenai Peninsula. Hilcorp plans for work to start Oct 20 and be completed in April 2026. Hilcorp also now has approval to install a pipeline to produce gas from its new Whiskey Gulch project near Anchor Point, also on the Kenai. Hilcorp will also build a new production pad and drill five new production wells at the small Pretty Creek field on Cook Inlet's west side. Hilcorp also plans to drill on newly-acquired state leases near Kenai that, if successful, will help bring the small Sterling gas field back into production. The company plans for new gas exploration in the small North Fork field area east of Anchor Point. Hilcorp purchased assets in the area from Vision Resources and Anchor Point Energy. HEX Alaska, an Alaska-based company now producing gas from its Kitchen Lights field in the Inlet, has two new wells producing and plans four more next year. *Prices for this new gas are going up, however. HEX is charging Enstar \$13-plus per thousand cubic feet, or mcf. That compares to the approximate \$8 per mcf to \$9 per mcf being charged by Hilcorp under its existing supply contracts.*

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