

McKINLEY RESEARCH
GROUP, LLC

THE ECONOMIC IMPACTS OF THE

Oil and Gas Industry in Alaska

AUGUST 2025

PREPARED FOR



ALASKA OIL & GAS ASSOCIATION
People. Pride. Petroleum.

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Introduction and Methodology

The Alaska Oil and Gas Association (AOGA) contracted with McKinley Research Group to assess the oil and gas industry's role in Alaska's economy. This analysis defines the oil and gas industry as companies engaged in exploration and development of oil and natural gas resources, production of these resources, pipeline transportation, and petroleum product refining.

Methodology

McKinley Research Group collected data from a variety of sources for this analysis. The 14 "Primary Companies" listed below provided confidential data on employment and spending in support of operations (for exploration, development, pipeline transport, refining, and oil and gas production activities), including payroll, purchases of goods and services from contractors, payments to local and state governments, and other information pertinent to spending in Alaska. Companies provided data for calendar year 2024 or the most current 12-month period available.

- Alyeska Pipeline Service Company
- BlueCrest Energy Inc.
- Chevron
- ConocoPhillips Alaska, Inc.
- ExxonMobil Production Company
- Finnex
- Furie Operating Alaska
- Glacier Oil & Gas
- Hilcorp Alaska
- Marathon Petroleum Company
- Petro Star Inc.
- Repsol
- Santos
- Shell Exploration & Production Company

In addition to the data collected directly from the Primary Companies, the study team gathered data and information from a variety of published and unpublished sources. These include the Alaska Department of Labor and Workforce Development (ADOLWD), Alaska Department of Revenue (ADOR), the Alaska Department of Commerce, Community and Economic Development (ADCCED), Alaska Department of Natural Resources (ADNR), the U.S. Bureau of Labor Statistics, the U.S. Bureau of Economic Analysis (BEA), and the U.S. Department of Energy's Energy Information Administration, among others.

State of Alaska budget data are provided for the state fiscal year (SFY) 2024, which runs from July 1, 2023 to June 30, 2024.

Where necessary, inflation adjustments are based on the Urban Alaska Consumer Price Index data as reported by the U.S. BEA.

Estimates of future capital investment between 2025 and 2030 are based on confidential data provided directly to McKinley Research Group by the Primary Companies and the review of updated, published Environmental Impact Statements.

State of Alaska Revenue and Job Impacts

State of Alaska budget data are based on state fiscal year (SFY) 2024, which runs from July 1, 2023, to June 30, 2024. The proportion of each State of Alaska department budget directly attributed to oil and gas revenue is based on the percentage of all unrestricted general funds generated through taxes and royalties paid by Primary Companies to the State and the role of these unrestricted funds within each department budget.

The proportion indirectly related to oil and gas revenue is based on the role of oil and gas-related contributions to the Alaska Permanent Fund principal (27% as of December 2024) and the level of Permanent Fund earnings transferred to the unrestricted general fund through the Percent of Market Value (POMV) funding formula. This methodology was also applied to the total State of Alaska capital budget.

See Appendix B for a table of each State of Alaska operating department by funding source and percentage attributable to oil and gas.

Economic Impact Modeling

The study team uses IMPLAN, an industry-standard input-output economic modeling tool, to analyze multiplier impacts associated with Primary Companies' spending in Alaska. The model quantifies the employment and payroll supported in Alaska and regionally as the Primary Companies spend dollars and they circulate in the state economy. North American Industry Classification System (NAICS) codes from the State of Alaska Business License Database were used to identify and group vendors' sector classifications.

The Oil and Gas Industry in Alaska

Alaska's oil and gas industry encompasses companies producing petroleum and natural gas, a pipeline system transporting oil over a vast distance, and refineries producing petroleum-based products. The 14 companies listed below are collectively referred to as "Primary Companies" in this economic impact analysis.

Oil and Gas Production and Exploration

- BlueCrest Energy Inc.
- Chevron Corporation
- ConocoPhillips
- ExxonMobil
- Finnex
- Furie Operating Alaska
- Glacier Oil & Gas Alaska
- Hilcorp Alaska
- Repsol
- Santos
- Shell Exploration and Production Company

Pipeline Operator

- Alyeska Pipeline Service Company

Refinery Companies

- Marathon Petroleum Corporation
- Petro Star Inc.

Petroleum is primarily produced on Alaska's North Slope, with oil transported through the 800-mile Trans Alaska Pipeline System (TAPS). Some oil is sent to Alaska refiners, while the majority flows to the TAPS terminus in Valdez where oil is loaded onto vessels bound for U.S. West Coast refineries.

Natural gas produced in Cook Inlet is primarily used to heat and power homes, businesses, and communities in Southcentral Alaska. Significant natural gas resources are available on Alaska's North Slope. These resources are currently used in limited quantities in-region and have more recently been trucked to Interior Alaska for use in home and business heating. Moving these stranded natural gas resources from the North Slope has been the focus of considerable study and planning since oil production began in the late 1970s.

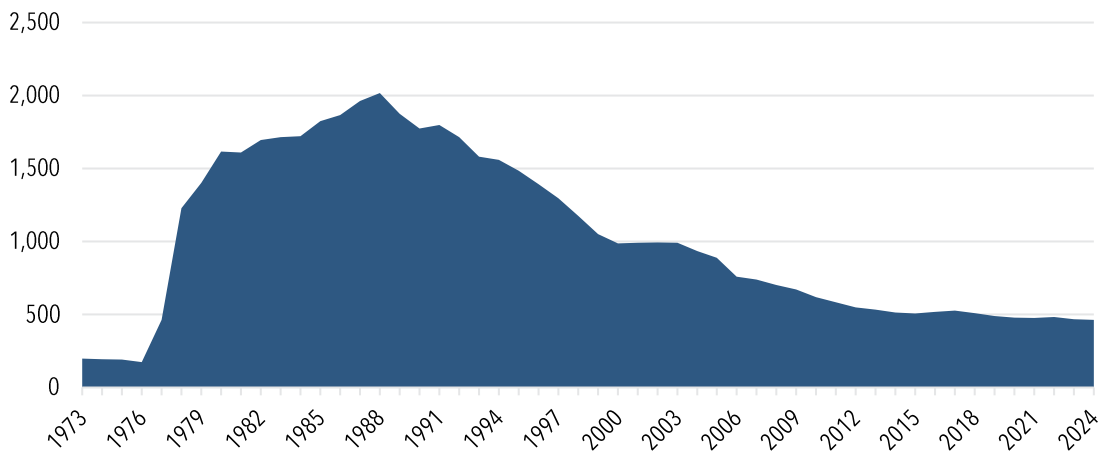
Production in Alaska

Crude oil and natural gas production in Alaska evolved over the last several decades against a backdrop of infrastructure development, exploration investment, and resource supplies on the North Slope and Cook Inlet.

Oil Production

Following the completion of TAPS in 1977, oil production on the North Slope increased rapidly, peaking at about 2 million barrels per day (bpd) in 1988. Production has declined steadily over the past three decades and averaged 462,000 bpd by 2024.

Figure 1. Crude Oil Production, Alaska, 1973-2024, Thousands of Barrels per Day



Source: U.S. Energy Information Administration and Alaska Department of Natural Resources

World oil production averaged 81.8 million barrels per day in 2024. The United States was the largest single-country producer that year, accounting for 16% of production. Alaska was the fifth largest oil-producing state in 2024, behind Texas, New Mexico, North Dakota, and Colorado.

Table 1. Global Crude Oil Production by Region and Top U.S. States, Million Barrels per Day, 2024

Region	Million Barrels/Day	% of Total Production
Middle East (excluding Saudi Arabia)	19.2	23%
United States	13.2	16%
Texas	5.7	7%
New Mexico	2.0	2%
Gulf of Mexico	1.8	2%

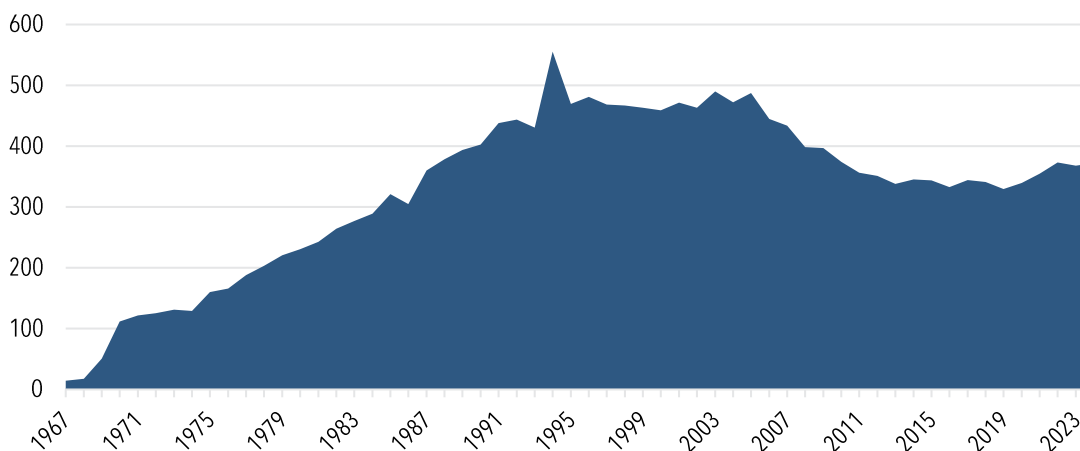
Region	Million Barrels/Day	% of Total Production
North Dakota	1.2	1%
Colorado	0.5	1%
Alaska	0.5	1%
Russia	9.9	12%
Saudi Arabia	9.2	11%
Canada	4.8	6%
China	4.2	5%
All Other Countries	21.2	26%
Total World Production	81.8	100%

Source: U.S. Energy Information Administration

Natural Gas Production

Alaska marketed natural gas production totaled 372 billion cubic feet (Bcf) in 2024. Marketed production represented about 10% of total gross withdrawals, with most natural gas used in repressuring in the oil and gas extraction processes.

Figure 2. Natural Gas Marketed Production, Alaska, 1967-2024, Billion Cubic Feet



Source: U.S. Energy Information Administration

Cook Inlet natural gas production is used in state to fuel heating and electricity demand in Southcentral Alaska, and Interior Alaska to a more limited extent. Net Cook Inlet natural gas production totaled 76 Bcf in 2024.

Refined Petroleum Products

Alaska's refineries have a combined capacity to process about 165,000 bpd of oil.¹ These refineries produce gasoline, fuel oil, marine diesel, aviation fuel, and propane, among others. Alaska's petroleum refinery capacity has remained stable over the past decade, following closure of the Flint Hills North Pole refinery in 2014.

¹ U.S. Energy Information Administration, Capacity of Operable Petroleum Refiners by State as of January 1, 2024.

Direct Oil and Gas Employment in Alaska

Multiple categories of government employment statistics are needed to capture the range of business activities integral to Alaska’s oil and gas industry. Oil and gas employment in Alaska includes jobs at companies classified in government data sets under “oil and gas extraction,” “drilling oil and gas wells,” and “support activities for oil and gas operations.” Missing from those categories, however, are Trans Alaska Pipeline System jobs (classified as transportation), and refinery jobs (classified as manufacturing).

The following describes jobs directly connected to North Slope and Cook Inlet oil and gas production activity.

Primary Company Employment and Wages

In 2024, Primary Companies directly employed an annual average of 4,575 workers in Alaska and paid an estimated \$1.2 billion in wages. Three-quarters (75%) of these employees were Alaska residents, who collectively earned \$925 million in wages. On average, Primary Company employees earned about \$269,000 in 2024, three times the average annual wage of employees across all sectors in Alaska (\$71,000).

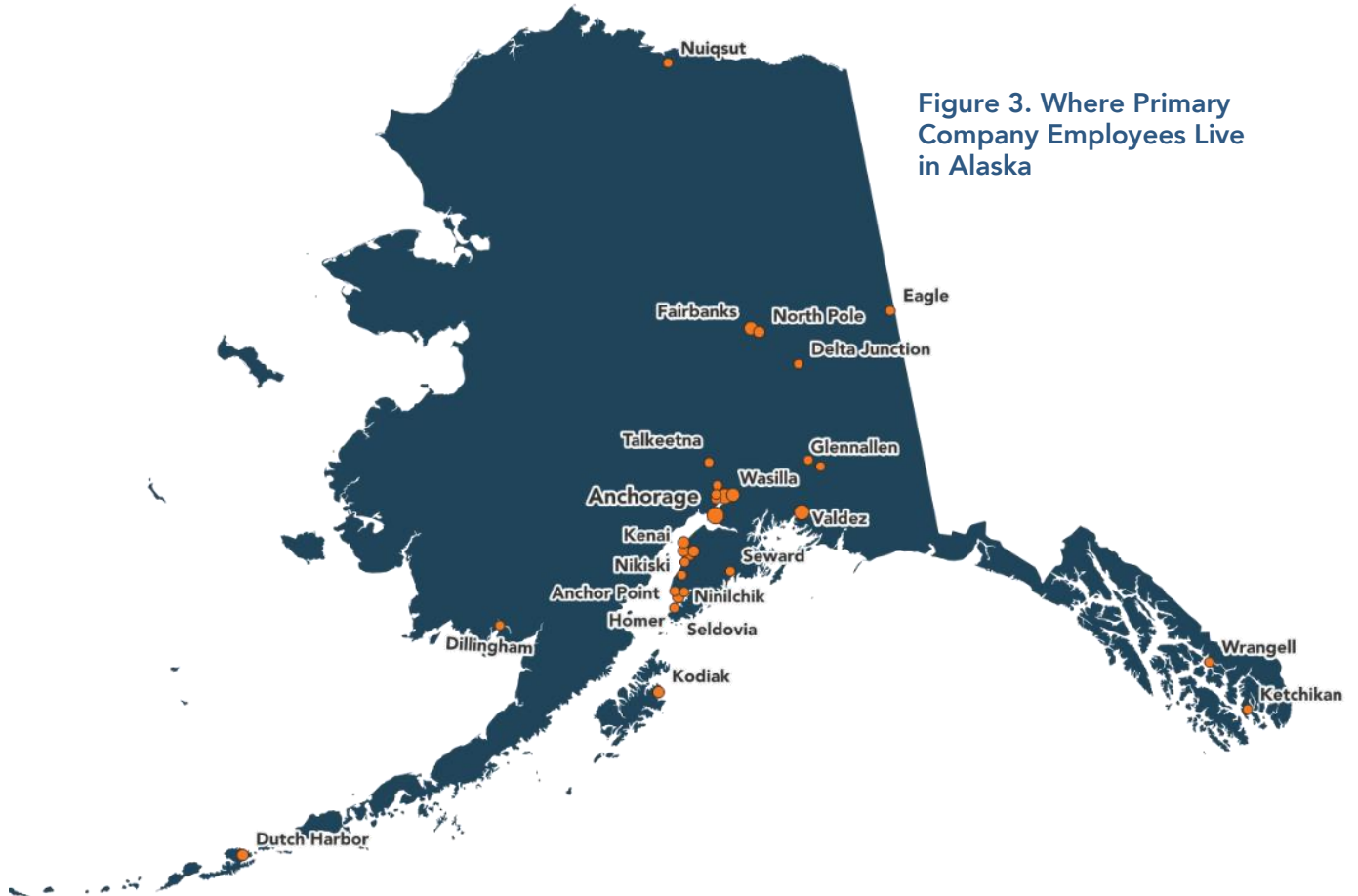
Table 2. Alaska Oil and Gas Industry Primary Company Jobs and Wages, 2024

Residency	Average Annual Jobs	% of Jobs	Total Wages (\$ millions)	% of Wages
Alaska Resident Workers	3,440	75%	\$925.2	76%
Non-Alaska-Resident Workers	1,135	25%	\$295.6	24%
All Workers in Alaska	4,575	100%	\$1,221	100%

Sources: Alaska Department of Labor and Workforce Development, Primary Companies data, and McKinley Research Group estimates

Oil and Gas Employee Residency

In 2024, Primary Company employees lived in 35 communities across the state, from Nuiqsut on the North Slope to Bethel and Unalaska in the Southwest, and Ketchikan in Southeast. About half of Primary Company employees (45%) lived in Anchorage or the Mat-Su, the state's largest population centers.

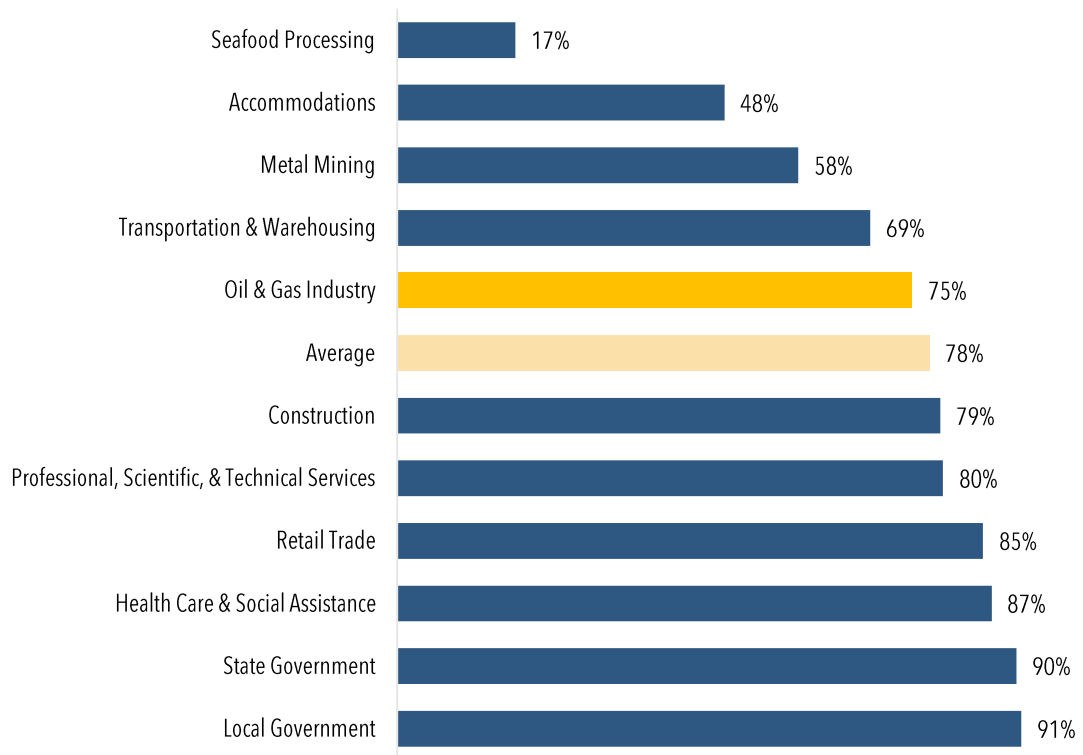


Source: Primary Company data and McKinley Research Group estimates.

The Alaska Department of Labor and Workforce Development (ADOLWD) estimates the non-Alaska resident workforce using Permanent Fund Dividend (PFD) application data. New arrivals to the State must live in Alaska for a full calendar year before being eligible for the PFD, therefore this process can result in conservative estimates of residency. For example, if a new resident arrives early in the year, they will have lived in the state for nearly two years before being counted as a resident.

In 2023, 78% of all wage and salary workers in Alaska were residents. Non-resident workers are often employed in seasonal industries, such as seafood processing and accommodations, or industries in which specialized skills not readily available in the state are needed. Based on Primary Company data, 75% of in-state oil and gas employees were Alaska residents, similar to the State's average across all sectors.

Figure 4. Alaska Resident Workers by Sector, 2023



Sources: Alaska Department of Labor and Workforce Development and Primary Companies data

Note: The following are residency hire percentages for oil and gas subsectors as reported in the ADOLWD *Nonresident Report*: Oil and Gas Extraction (72%), Oilfield Services (58%). Oil and gas industry data in this graph are based on Primary Company employee residency for calendar year 2024.

Oil and Gas Support Services Employment and Wages

Primary Companies contract with Alaska businesses engaged in oil and gas support services to support exploration and operations. Examples of support service companies include Doyon Drilling, CCI Industrial Services, Halliburton Energy Services, Nordic Calista, SAExploration Seismic Services, Northern Energy Services, and Baker Hughes Oilfield Operations.

In 2024, Primary Companies collectively spent more than \$1 billion on these support services. The companies providing oil and gas support services employ workers on the North Slope, in Cook Inlet, and elsewhere to perform the drilling, project management, infrastructure maintenance, fleet services, oil spill response management, and other key roles required by the industry.

In 2024, about 7,000 workers were employed to provide these services in Alaska, earning a cumulative \$653 million in wages. Some of these jobs are seasonal, with employment needs based on each contractor's role in development or production. On an average annual basis, Primary Company spending generated 4,811 jobs in oil and gas support services.

Table 3. Alaska Oil and Gas Support Services Jobs and Wages, 2024

Residency	Average Annual Jobs	% of Jobs	Total Wages (\$ millions)	% of Wages
Alaska Resident Workers	2,792	58%	\$399	61%
Non-Alaska-Resident Workers	2,018	42%	\$254	39%
All Workers in Alaska	4,810	100%	\$653	100%

Sources: Alaska Department of Labor and Workforce Development, Primary Companies data, and McKinley Research Group estimates

Primary Company Spending in Alaska

Oil and gas production and development, transportation, and refining operations in Alaska are complex, requiring a wide range of goods and services beyond those performed by direct Primary Company employees or oil and gas support service companies. The following describes spending by Primary Companies in support of operations and new project development. The oil and gas industry also plays a key role in state and local government funding, described in the next section of this report.

Goods and Services Spending

Industry spending on goods and services supports an extensive network of in-state vendors and suppliers. In 2024, Primary Companies spent \$5.8 billion with more than 1,000 Alaska businesses, including the \$1 billion spent on oil and gas support services described in the previous section. Operating costs and capital expenditures are included in this measure of spending by the industry with other Alaska businesses.

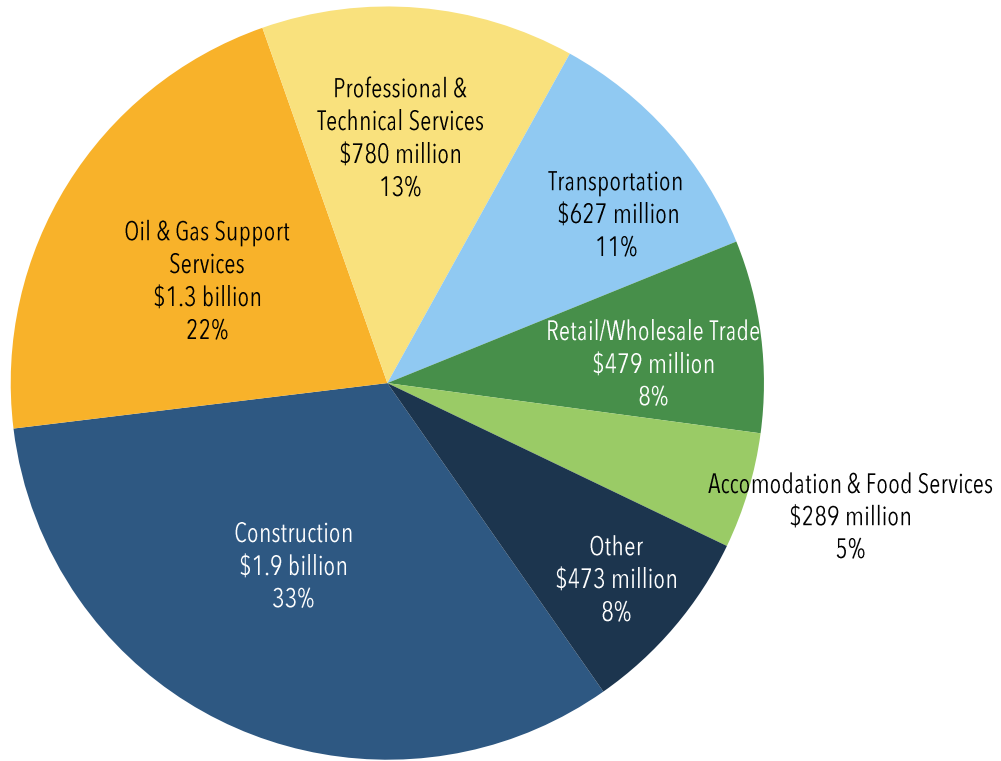
One-third of Primary Company spending in 2024 (33%) was with construction companies. Significant North Slope development projects drove construction activity and included power, water, and sewer infrastructure; heavy civil, road, and bridge construction; industrial and commercial building construction; and other specialty trades.

About 13% of goods and services spending was with professional services firms. Examples include engineering, surveying and mapping, lab testing, and other specialty services in this sector. Spending on transportation and warehousing composed 11% of Primary Company spending in Alaska and included air, rail, and marine freight services; trucking services; and air passenger services.

Representing about 5% of goods and services spending, accommodations and food service providers play an important role in supporting operations, particularly on Alaska's North Slope, where workers on rotation schedules generally live in employee housing.

The remaining spending on goods and services with Alaska vendors is distributed across a variety of sectors including retail/wholesale trade (8%), and others such as insurance, utilities, and telecommunications providers (8%).

Figure 5. Primary Company Spending on Goods and Services in Alaska, 2024



State and Local Government Payments

Revenue generated from oil and gas activity in Alaska plays a crucial role in funding state and local governments. The State of Alaska relies on oil and gas revenue to fund its operating and capital budgets, and municipal governments benefit from property taxes related to oil and gas assets.

Ultimately, state oil and gas revenue impacts Alaska residents and communities by funding essential services, such as education and health care support, and transfer payments, such as the Alaska Permanent Fund Dividend (PFD). The following describes government revenue generated by the oil and gas industry.

State Government Revenue from Oil and Gas

The oil and gas industry is subject to a variety of State of Alaska royalty agreements and taxes levied on companies involved in oil and gas exploration, development, production, refining, and transport. State revenue generated from oil and gas operations fall into two categories: unrestricted and restricted.

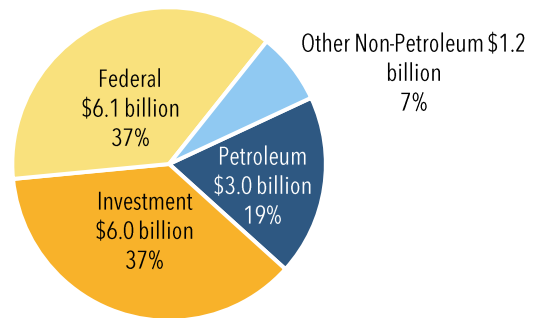
Unrestricted revenues are...	Restricted revenues are...
Paid into the State's General Fund (GF)	Restricted by law or other mechanisms
Appropriated by the State legislature for any public purpose	Limited to specific uses (i.e., the Alaska Permanent Fund, Public School Trust Fund, etc.)
Subject to the Governor's veto	

Oil and Gas Revenue

During SFY2024, the State of Alaska received \$16.3 billion in total revenue. An estimated \$3.0 billion (19%) came from oil and gas activity - \$2.5 billion in unrestricted revenue and \$539 million in restricted revenue.

Federal government funding and revenue from investments each represent 37% of State revenue.

Figure 6. State of Alaska Revenue by Source (\$Billions), SFY2024



Source: Alaska Department of Revenue and McKinley Research Group calculations

Table 4. State of Alaska Revenue Sources (\$Millions), SFY2024

Revenue Source	Revenue	% of Total
Unrestricted Revenue		
Oil and Gas Revenue	\$2,470	15%
Oil & Gas Royalties (bonuses, rents, and interest)	\$1,154	7%
Production Tax	\$975	6%
Petroleum Corporate Income Tax	\$211	1%
Property Tax	\$131	1%
Non-Oil and Gas Revenue	\$4,161	26%
Total Unrestricted Revenue	\$6,631	41%
Restricted Revenue		
Oil and Gas Revenue	\$570	3%
Non-Oil and Gas Revenue	\$9,096	56%
Total Restricted Revenue	\$9,667	59%
Combined Unrestricted and Restricted Revenue		
Oil and Gas Revenue	\$3,040	19%
Non-Oil and Gas Revenue	\$13,257	81%
Total State Revenue	\$16,298	100%

Source: Alaska Department of Revenue and McKinley Research Group calculations

Note: Figures may not sum due to rounding.

UNRESTRICTED REVENUES

In SFY2024, the State’s operating and capital budget was close to \$15 billion. Unrestricted GF (UGF) revenue funded \$5.6 billion (38%) of spending. Federal funding and revenues from other designated funds composed the remainder.

The State generates UGF revenue from oil and gas activity through four primary sources: production taxes, royalties from leases, corporate income tax, and property taxes. In SFY2024, the State of Alaska budget included 21,513 positions across all operating departments, including the Legislature and University of Alaska. Based on the role of oil and gas within State UGF as outlined in the methodology section of this report, over 3,600 of these state government positions were directly funded by petroleum revenue sources.

When used as UGF, a portion of investment revenue (Percent of Market Value draw) can be indirectly attributed to oil and gas given the role of petroleum revenue in the Alaska Permanent Fund principal. Including this portion of UGF indirectly attributable to oil and gas, the industry supported about 5,000 positions, or 23% of all positions with the state in SFY2024.

Table 5. State of Alaska Operating Department Positions, SFY2024

Petroleum Revenue	Number of Positions	Percentage of Positions
Directly attributable to petroleum revenue	3,611	17%
Directly or indirectly attribution to petroleum revenue	5,026	23%
All Operating Department Positions	21,513	100%

Sources: State of Alaska Office of Management and Budget, MRG calculations
Includes full-time, part-time, and temporary positions.

Program Funding

In addition to supporting positions within State of Alaska departments, UGF is used to fund programs and services operated by local governments and other industries. K-12 education funding is a key example. In FY2024, about \$1.3 billion in State UGF was provided to school districts across Alaska to support education.² About 240 municipalities, boroughs, cities, and unincorporated communities throughout Alaska also received a combined \$30.0 million in Community Assistance Program funding in FY2024, which may be used for any public purpose.³

Another \$700 million in UGF funding was used as state match to access \$1.8 billion in federal Medicaid funding.⁴ This funding is used to support health care services statewide. Employment

² Alaska Office of Management and Budget based on FY2024 management plan.

³ Alaska Department of Commerce, Community, and Economic Development, Alaska Community Assistance Program

⁴ Ibid

and wages supported as the State of Alaska spends petroleum-related revenue on programs and services is provided in the next chapter of this report.

State of Alaska Capital Budget

In FY2024, funding from oil and gas revenues directly contributed about \$181 million in state capital funding. State general funds, including oil and gas revenues, appropriated to the capital budget provide critical matching funds required to access federal infrastructure funding opportunities. In FY2024, state UGF appropriations were leveraged to access about \$2.4 billion in federal capital funding.

Alaska Permanent Fund Dividend

Perhaps the most recognizable impact the oil and gas industry has on the average Alaska resident is the Permanent Fund Dividend (PFD), paid from investment earnings of the Alaska Permanent Fund. Since 1982, every Alaska resident - adults and children alike - has been eligible to receive an annual dividend ranging from around \$330 to more than \$3,000. In 2024 the PFD distribution totaled \$1.06 billion. Like other income that enters Alaska's economy, the distribution supports additional jobs and income as recipients spend their PDF locally.

RESTRICTED REVENUE

Oil and gas contributed \$570 million to State of Alaska Restricted revenue in SFY2024. The share of oil and gas royalty payments transferred to the Alaska Permanent Fund contributed most (\$520 million) to restricted revenue.

The State also receives restricted revenue based on federal royalties, bonuses, rentals, and sales resulting from oil and gas development in the federally-owned National Petroleum Reserve - Alaska (NPR-A). Revenue is shared with the state at a rate of 50%. Funds are generally appropriated to the Alaska Impact Grant Program which benefits communities in the NPR-A region based on prioritization of this funding outlined in federal law. NPR-A rents, royalties, and bonuses shared with the State was \$31 million in SFY2024. Funding was appropriated for a range of local government operations, youth programs, scientific studies of wildlife, community winter trails, and other infrastructure improvements in the North Slope communities of Anaktuvuk Pass, Atqasuk, Nuiqsut, Utqiagvik, and Wainwright.

Local Government Revenue from Oil and Gas

Local governments generate property tax revenue from oil and gas assets within each region’s taxable boundaries. In SFY2024, the total assessed value of oil and gas infrastructure in Alaska was \$32.2 billion. Of the total assessed value, 75% (\$24.2 billion) was related to production infrastructure located in the North Slope Borough. Other municipalities and boroughs that receive significant oil and gas revenue include Fairbanks North Star Borough and Valdez.

Unlike in the North Slope Borough, where assets are primarily related to extraction, assets in the Fairbanks North Star Borough and Valdez are largely refinery and pipeline infrastructure. Taxable assets in the Kenai Peninsula Borough are primarily composed of production facilities and the refinery in Nikiski. The remaining assets are spread throughout the state, including some land outside of organized boroughs.

In total, local governments collected \$510 million in property taxes from oil and gas assets in SFY2024. As a share of *total* tax revenues, the North Slope Borough is the most reliant on oil and gas property tax revenue (96%), followed by Valdez (84%).

Table 6. Oil and Gas Infrastructure Assessed Value and Local Revenue from Oil and Gas Property Taxes (\$Millions), SFY2024

Local Government	Full Value Assessment	Property Tax Revenue
North Slope Borough	\$24,251	\$436
Valdez	\$2,182	\$44
Kenai Peninsula Borough	\$1,618	\$16
Fairbanks North Star Borough	\$720	\$10
Municipality of Anchorage	\$199	\$3
Mat-Su Borough	\$87	\$1
All Other	\$3,105	<\$1
Total	\$32,162	\$510

Sources: Alaska departments of Commerce, Community, and Economic Development and Revenue

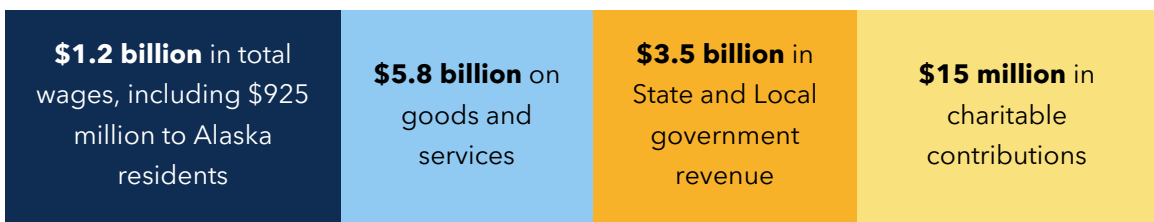
Note: In some cases, assets in transit to their destination were captured at the time of assessment and may not be reflected in previous or following years in the same region. All other areas include assessed value within State of Alaska and Federal taxing jurisdictions in unorganized boroughs.

As described above, State of Alaska petroleum-related UGF provides funding to local governments through K-12 education funding and the Community Assistance Program. Funding through these programs provides far-reaching benefits to about 240 communities in Alaska.

Total Economic Impacts in Alaska

Primary Companies in Alaska’s oil and gas industry bring money into the Alaska economy through the sale of oil on a global market, and through capitalization of investments in oil and gas extraction, transportation, or processing. This new money has a substantial economic impact in Alaska as Primary Companies pay employees, spend money on goods and services, make charitable contributions, and fund state and local governments.

Collectively, Primary Companies spent \$10.7 billion in Alaska in 2024.



The following sections describe the level of employment and income in the Alaska economy because of oil and gas industry spending. This analysis estimates economic impact at three levels.

Direct Impacts

- Employment by Primary Companies in jobs based in Alaska

Indirect Impacts

- Jobs created by goods and service providers who earn revenue from the oil and gas industry and employ workers in Alaska
- Positions created as state and local governments spend oil and gas revenue on wages, education and health care funding, and capital projects

Induced Impacts

- Jobs supported as Primary Company, vendor, and state and local government employees spend their wages in the local economy

Together, indirect and induced impacts are often called “multiplier effects” because they describe how spending in one area multiplies as money moves through the economy.

Primary Company Wages and Goods and Services Spending Impacts

In 2024, Primary Companies paid \$1.2 billion in wages to workers in Alaska and spent \$5.8 billion on goods and services with Alaska businesses. Including all direct, indirect, and induced impacts, Primary Company wages and spending supported about 45,425 Alaska jobs and \$4.5 billion in Alaska wages.

Table 7. Primary Company Wages and Goods & Services Spending Impacts, 2024

Category	Jobs	Wages (\$Millions)
Primary Company Direct Employment	4,575	\$1,220
Oil and Gas Support Services	4,810	\$653
All Other Indirect and Induced	36,040	\$2,618
Economic Impacts of Wage and Vendor Spending	45,425	\$4,491

Source: Primary Company data, Alaska Department of Labor and Workforce Development, and McKinley Research Group estimates

Oil and Gas Government Revenue Impacts

Oil and gas tax and royalty revenues fund state and local government employment, support K-12 education, contribute to matching funds required to access federal capital project funding, and contribute to the state portion of health care costs through Medicaid, among other programs and services. This funding is used across Alaska, supporting employment and wages in a diverse set of industries including health care, construction, and retail.

Including direct, indirect, and induced impacts, oil-and gas- related government revenues supported 25,000 Alaska jobs and \$2.1 billion in wages in 2024.

Table 8. Oil and Gas Taxes and Royalties Impacts, 2024

Category	Oil and Gas Revenue (\$Millions)	Total Employment	Wages (\$Millions)
State Agencies and Programs	\$1,848	14,000	\$1,377
Permanent Fund Dividend	\$1,063	5,300	\$342
Local Government Operations and Projects	\$510	4,400	\$252
State Capital Projects (5-year Average)	\$167	1,300	\$143
Economic Impacts of Oil and Gas Government Revenue Spending	\$3,588	25,000	\$2,114

Sources: Alaska Office of Management and Budget, Alaska Department of Revenue, and McKinley Research Group estimates

Total Economic Impacts

Including all economic impacts generated from Primary Company employment, goods and services spending, and support of government revenue, the oil and gas industry generated 70,425 jobs and \$6.6 billion in wages in Alaska in 2024. Each Primary Company job supported an additional 14 jobs elsewhere in Alaska, and every \$1 in wages paid by Primary Companies supported an additional \$4 in wages elsewhere in the economy.

Table 9. Total Economic Impacts of the Oil and Gas Industry in Alaska, 2024

Primary Company Payroll and Goods and Services Spending	Estimated Impacts
Direct employment in Alaska (including non-resident workers)	4,575
Direct wages paid to all workers in Alaska	\$1.2 billion
Direct wages paid to Alaska residents	\$925 million
Primary Company spending with Alaska vendors	\$5.8 billion
Total jobs related to Primary Company spending	45,425
Total wages related to Primary Company spending	\$4.5 billion
Government Revenue Impacts	
State taxes and royalties paid by the oil and gas industry	\$3.0 billion
Local property taxes paid by the oil and gas industry	\$510 million
Jobs related to oil and gas industry taxes and royalties	25,000
Wages related to oil and gas industry taxes and royalties	\$2.1 billion
Total Oil and Gas Industry Economic Impacts	
Total jobs related to Alaska's oil and gas industry	70,425
% of total employment in Alaska	16%
Total wages related to Alaska's oil and gas industry	\$6.6 billion
% of total wages in Alaska	17%

Sources: Primary Companies data, Alaska Department of Revenue, Alaska Department of Labor and Workforce Development, U.S. Bureau of Economic Analysis, and McKinley Research Group estimates

Additional Contributions

ENERGY PRODUCTION

Cook Inlet natural gas is a critical component of meeting energy needs in Southcentral Alaska. Natural gas produced in Cook Inlet accounts for about 70% of power generation in Southcentral Alaska, with some generation transmitted to Interior Alaska.⁵

Piped natural gas is used to heat homes, businesses, and community facilities. The impact of producing natural gas for in-state use is illustrated by average natural gas prices for home heating use. In 2024, residential users paid an average of \$11.70/MCF for natural gas delivered to their home, 25% below average rates across the United States.⁶

CHARITABLE CONTRIBUTIONS

Primary Companies operating in Alaska support a variety of in-state nonprofits, sports and recreation associations, educational programs, environmental programs, and various community organizations. In 2024, Primary Companies donated more than \$15 million in cash or in-kind contributions to about 400 organizations across all regions of Alaska. Recipients of Primary Company financial support include educational institutions such as the University of Alaska, performing arts, homeless support service providers, youth recreation leagues, civic organizations, and food banks, among many others.

⁵ Commonwealth North, *Energy on the Edge: Future of Cook Inlet Gas*. May 20, 2025.

⁶ U.S. Energy Information Administration, *Natural Gas Prices – Residential Prices*, Released 7/31/2025.

The Future of the Oil and Gas Industry in Alaska

The last several years have been a period of significant investment on Alaska's North Slope and planning related to marketed natural gas. The following describes the level of capital investment expected by the oil and gas industry in Alaska over the next several years and impacts on production and state revenue.

Planned Investments

Oil and gas companies plan to invest an average \$3.7 billion in new projects and infield development in Alaska each year between 2025 and 2030, a cumulative \$22 billion in investment. Much of this planned investment is related to large oil developments on the North Slope, which have varied timelines. Companies will also pursue investments in Cook Inlet natural gas production to address unmet demand in Southcentral Alaska.

Major Development Projects

Several development projects drive the anticipated level of investment in Alaska.

Santos Pikka Project

Currently under development, the Pikka Project is on Alaska's North Slope less than 10 miles from Nuiqsut and about 50 miles west of Deadhorse. The project is a joint venture between operator Santos (51% ownership) and Repsol (49%). Phase 1 construction efforts are underway, with first oil production expected in late 2025/early 2026. This phase is expected to produce 80,000 barrels per day at peak, with future phases that could increase production to 160,000 barrels per day. Pikka is located on state leases, and is expected to generate new royalty, production tax, and corporate income tax revenue for the State of Alaska. Over the next several years, Santos expects to continue investments to expand the Pikka Unit.

ConocoPhillips Alaska Willow Project

Construction of ConocoPhillips' Willow Project is expected to extend through early 2029. One of the largest developments in decades, Willow production is expected to peak at 180,000

barrels per day. The development is on federally owned land and will be subject to a federal royalty agreement, 50% of which will be paid to the State of Alaska.

Hilcorp Infield Development

Hilcorp plans to invest in infield development on the North Slope and Cook Inlet over the next several years, sustaining production from some of Alaska's largest producing fields. The company plans to spend hundreds of millions of dollars on new pad development and associated infrastructure at Prudhoe Bay over the next several years. Hilcorp will also pursue drilling campaigns at newly-acquired Nikaitchuq and Point Thomson. Hilcorp also plans to invest more than \$200 million each year to sustain natural gas production in Cook Inlet.

Alaska Liquefied Natural Gas

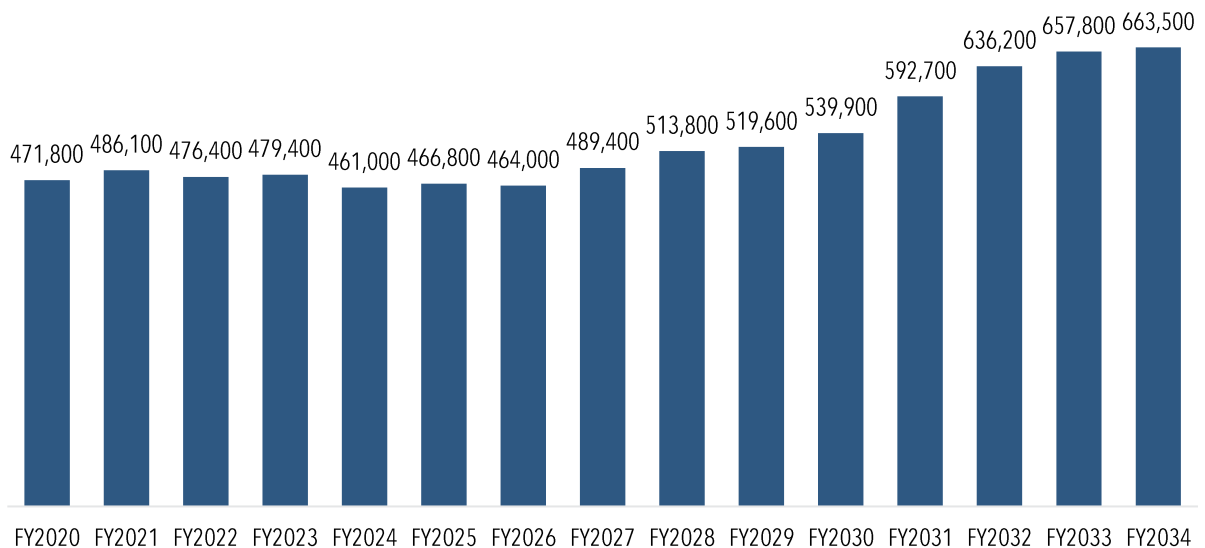
The Alaska Liquefied Natural Gas (LNG) project is a proposed 800-mile natural gas pipeline and liquefaction facility project that would bring North Slope natural gas to Asia and Southcentral Alaska markets. In 2020, the Federal Energy Regulatory Commission issued an authorization to construct and operate the Alaska LNG project.

Pipeline financing, updated engineering, and planning are in progress and a final investment decision (FID) is expected by the end of 2025. Given the size of this project and timing of an FID, this project is not included in estimates of capital investment or fiscal impacts in this analysis.

North Slope Production Expectations

North Slope oil production is expected to increase in state fiscal year 2027 as the Pikka project moves into production. Average barrels per day will increase further through FY2034 due to production from Willow and additional capital investments.

Figure 7. Alaska North Slope Oil Production Forecast, Barrels per Day, FY2020-FY2034



Source: Alaska Department of Revenue- Spring 2025 Revenue Forecast

Expected State Government Revenue

Prevailing oil prices, transportation costs, land ownership, and royalty agreements with producers all impact expectations of future state revenue from the oil and gas industry. The Alaska Department of Revenue produces biennial forecasts accounting for these important determinants of oil and gas revenue.

Over the next five years, oil and gas is expected to contribute an average of \$2.4 billion to State of Alaska revenue, including an average \$1.8 billion in unrestricted general funds. Unrestricted general fund revenue from oil and gas is expected to account for about 27% of all unrestricted general funds.

Oil price expectations play a crucial role in this forecast, including expected royalty revenue and production tax, among other revenue sources. As of spring 2025, average North Slope oil prices were expected to decline between FY2025 and FY2030, with small incremental increases in the long term.

Oil and gas royalty payments are expected to contribute over \$1.0 billion to unrestricted revenue by FY2034. The level of this unrestricted revenue source depends on the volume and value of oil and gas removed from state-leased land and the lease royalty rate. Located on state land, Santos' Pikka project is expected to increase state royalty revenue once in the production phase. Increasing royalty payments are also expected to result in increased restricted revenue deposited into the Alaska Permanent Fund over the next decade.

Oil and gas production tax represents about 25% of forecasted unrestricted petroleum revenue through FY2034. This tax is based on the gross value of production, less transportation and qualified capital and operating expenditures. The level of production tax expected in the near term reflects an increase in the level of capital and operating deductible expenditures as producers continue to make significant capital investments in Alaska.

Increasing rent, royalty, and bonus payments shared with the State of Alaska by the Federal government from activity in the NPR-A are expected to increase restricted revenue over the next decade. This revenue is based on lease agreements related to oil and gas production on federally owned land, of which 50% is shared with the State of Alaska. ConocoPhillips' Willow project is subject to a federal royalty agreement and is expected to drive increased restricted NPR-A royalty revenue when the project moves into the production phase.

Table 10. State of Alaska Oil and Gas Revenue (\$Millions), Average Actual Revenue FY2020-FY2024 and Forecasted FY2025-FY2034

State Fiscal Year	Average FY2020- FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Oil & Gas Unrestricted Revenue	\$2,276	\$1,892	\$1,673	\$1,653	\$1,680	\$1,649
Oil & Gas Royalties	\$990	\$936	\$863	\$864	\$899	\$893
Production Tax	\$985	\$614	\$431	\$388	\$374	\$343
Petroleum Corporate Income Tax	\$162	\$190	\$230	\$250	\$255	\$260
Property Tax	\$125	\$141	\$141	\$143	\$144	\$145
Other Unrestricted Revenue	\$14	\$10	\$9	\$9	\$9	\$9
Oil and Gas Restricted Revenue	\$585	\$509	\$493	\$467	\$503	\$507
Royalties to Permanent Fund	\$442	\$443	\$383	\$409	\$447	\$456
Tax Settlements to CBRF	\$107	\$20	\$70	\$20	\$20	\$20
NPR-A Rents, Royalties, Bonuses	\$24	\$31	\$27	\$24	\$21	\$16
Other Restricted Revenue	\$12	\$14	\$13	\$14	\$15	\$15
Total Oil & Gas Related Revenue	\$2,861	\$2,400	\$2,167	\$2,120	\$2,183	\$2,157
State Fiscal Year	FY2030	FY2031	FY2032	FY2033	FY2034	
Oil & Gas Unrestricted Revenue	\$1,656	\$1,772	\$1,868	\$1,949	\$2,061	
Oil & Gas Royalties	\$909	\$965	\$1,013	\$1,058	\$1,063	
Production Tax	\$323	\$373	\$400	\$425	\$522	
Petroleum Corporate Income Tax	\$270	\$280	\$300	\$310	\$320	
Property Tax	\$146	\$146	\$147	\$147	\$148	
Other Unrestricted Revenue	\$9	\$9	\$9	\$9	\$9	
Oil and Gas Restricted Revenue	\$558	\$686	\$800	\$888	\$919	
Royalties to Permanent Fund	\$474	\$524	\$570	\$608	\$618	
Tax Settlements to CBRF	\$20	\$20	\$20	\$20	\$20	
NPR-A Rents, Royalties, Bonuses	\$48	\$125	\$192	\$242	\$262	
Other Restricted Revenue	\$16	\$17	\$18	\$19	\$19	
Total Oil & Gas Related Revenue	\$2,213	\$2,458	\$2,668	\$2,837	\$2,979	

Source: Alaska Department of Revenue; Other revenue includes Oil and Gas Hazardous Release; Bonuses, Rents and Interest; and Public School Trust Fund Royalties

Appendix A: Primary Company Profiles

The 14 companies listed below in alphabetical order are defined as “Primary Companies” in Alaska’s oil and gas industry for purposes of this analysis. They include 11 oil and gas production companies, one pipeline operator, and two refinery companies. All are members of AOGA.

Alyeska Pipeline Service Company operates and maintains the 800-mile Trans Alaska Pipeline System (TAPS), including the pump stations and the Valdez Marine Terminal. All North Slope crude oil brought to market is transported through TAPS. The company, which celebrated 45 years of TAPS operations in 2022, is the largest employer and taxpayer in Valdez. It is owned by Harvest Alaska, LLC, ConocoPhillips Transportation Alaska, Inc., and ExxonMobil Pipeline Co.

BlueCrest Energy Inc. wholly owns the Cosmopolitan oil and gas project, an offshore oil and gas development in Cook Inlet, about five miles north of Anchor Point. Oil production started in 2016. New targets call for up to seven years of future expansion drilling.

Chevron Corporation announced it would offer its stakes in all three North Slope fields for sale in 2022, selling most of its North Slope ownership interests to ConocoPhillips in 2024, including Kuparuk and Greater Prudhoe Bay. Chevron Corporation retained a minority stake in Endicott (11%).

ConocoPhillips is the largest oil producer in Alaska with an average net production rate of 194 thousand barrels of oil equivalent per day in 2024.⁷ On the North Slope, the company owns and operates Kuparuk (95%) and Alpine (100%) in addition to its interest in Prudhoe Bay (36.5%). ConocoPhillips’ expansion of the Alpine field made its drill site, CD5, the first commercial oil development on Alaska Native lands within the boundaries of the National Petroleum Reserve-Alaska (NPR-A). ConocoPhillips’ exploration in the Bear Tooth Unit, in the northeast portion of the NPR-A, led to the discovery of Willow in 2016. The Willow Project, under 100% ownership by ConocoPhillips, received a positive record of decision from the U.S. Department of the Interior in 2023 following five years of regulatory and environmental review. At peak production, Willow is expected to produce 180,000 bpd and deliver \$8 billion to \$17 billion in revenues to the federal government, State of Alaska, and North Slope Borough communities. Willow is currently under construction, with first production expected in 2029. ConocoPhillips is also a

⁷ ConocoPhillips, Annual Form 10-K 2024. Net production includes crude oil and associated natural gas and natural gas liquids.

29.6% owner of TAPS and owns and operates Polar Tankers, Inc., a five-vessel fleet that transports crude oil from the terminus of TAPS to domestic refineries.

ExxonMobil has a 36% ownership stake in the Prudhoe Bay Unit and a small ownership stake of 0.6% in the Kuparuk River Unit (operated by ConocoPhillips). ExxonMobil retains a 62% ownership stake in the Point Thompson Unit, now operated by Hilcorp, which includes a 62% stake of the Point Thomson Export Pipeline. ExxonMobil also owns 21% of TAPS.

Finnex is a privately held exploration and production company with a minority interest in the Quokka Unit and additional exploration leases. In 2020, Finnex acquired majority working interest (96%) in the Mustang Field, part of the Southern Miluvecch Unit.

Furie Operating Alaska, an Alaska-owned and operated exploration and production company headquartered in Anchorage, is the designated operator for the offshore Kitchen Lights Unit in Cook Inlet. Furie installed an offshore platform, pipeline, and onshore production facility in Nikiski and began producing gas in 2015. In April 2025, the company announced a \$40 million in-field gas development program and campaign to drill new wells in Cook Inlet.

Glacier Oil & Gas Corporation owns and operates oil and gas assets in Cook Inlet and the North Slope. Cook Inlet assets include the Redoubt and West McArthur River Unit on the west side of the Inlet as well as the Osprey Platform. Glacier Oil & Gas Corporation also owns gas assets at the North Fork Unit on the Kenai Peninsula. On the North Slope, Glacier owns the Badami Unit and Nutaaq Pipeline along with drilling, production, and transportation infrastructure associated with these fields. The Grey Owl Unit is currently in development.

Hilcorp Alaska is the state's largest oil field operator and the second largest oil producer following its acquisition of BP Alaska's assets in 2020. The privately held company owns and operates Prudhoe Bay (26% ownership stake), Milne Point (100% stake), Point Thomson (37% stake), and Northstar (100% stake) units on the North Slope. In 2024, Hilcorp closed a deal with Italian oil company Eni SpA to purchase 100% of its Nikaitchuq and Ooguruk oil field assets. Hilcorp's North Slope production averaged 135,000 bpd in 2024. Hilcorp is the largest natural gas producer in Cook Inlet and operates 17 oil and gas fields in Southcentral Alaska, including 11 offshore platforms. Hilcorp's subsidiary, Harvest, owns 49% of TAPS.

Marathon Petroleum Corporation is an integrated refining, transportation, and marketing company that operates the refinery in Nikiski, 60 miles southwest of Anchorage on the shore of Cook Inlet. The refinery processes up to 68,000 bpd, manufacturing fuel products for Alaska including heavy fuel oil, diesel, gasoline, propane, and asphalt. Marathon transports refined products via pipeline, truck, and rail to markets from Nikiski to North Pole.

Petro Star Inc. is a refining and fuel-marketing company wholly owned by Arctic Slope Regional Corporation. Its refineries in North Pole and Valdez draw crude supply from TAPS to produce products including off-road and marine diesel, commercial and military jet fuel, home heating oil, and asphalt oil. The company also operates retail outlets across Alaska, including several locations in the Fairbanks area, two locations in Kodiak, and one store in Dutch Harbor. (*Note: The retail outlets are not included in the direct impact analysis.*)

Repsol, which has been actively exploring in Alaska since 2008, is a global energy company with an interest in about 750,000 acres on the North Slope. The company owns a 49% stake in the Pikka Unit, which received a final investment decision from Repsol and operating owner, Santos, in 2022. The company also holds a 49% working interest in the Horseshoe discovery, the largest onshore oil discovery in the United States in 30 years.

Santos is one of the largest oil and gas leaseholders in Alaska. With its 2021 purchase of Oil Search, Ltd., Santos acquired the Pikka project along with additional assets. Santos and non-operating partner Repsol reached a final investment decision regarding Pikka in 2022 and construction efforts are underway with first oil expected in 2026. The drill site is expected to produce 80,000 bpd.

Shell Exploration & Production Company has a long history in Alaska's oil and gas industry, including oil production in Cook Inlet dating back to the 1960s. Although it ceased exploration efforts in the Chukchi Sea in 2015 and significantly reduced its presence in Alaska, the company maintains its membership in AOGA.

Appendix B: State Revenue by Department

State of Alaska Revenue Sources by Department (\$Millions), SFY2024 Management Plan and Supplemental Appropriations

Department	Unrestricted General Fund Revenue	All Other Funds	Total Funding	Directly Attributable to Oil and Gas Revenue		Directly & Indirectly Attributable to Oil and Gas Revenue ^a	
				UGF	% of Budget	UGF	% of Budget
Operating	\$5,097	\$6,501	\$11,598	\$1,898	16%	\$2,642	23%
Administration	\$90	\$233	\$324	\$34	10%	\$47	14%
Commerce, Community & Economic Development	\$23	\$330	\$352	\$8	2%	\$12	3%
Corrections	\$406	\$47	\$453	\$151	33%	\$211	47%
Education & Early Development	\$1,390	\$511	\$1,902	\$518	27%	\$721	38%
Environmental Conservation	\$22	\$88	\$110	\$8	7%	\$11	10%
Family & Community Services	\$245	\$215	\$460	\$91	20%	\$127	28%
Fish & Game	\$65	\$178	\$244	\$24	10%	\$34	14%
Governor's Office	\$38	\$1	\$39	\$14	37%	\$20	51%
Health & Social Services	\$1,012	\$2,436	\$3,448	\$377	11%	\$525	15%
Labor & Workforce Development	\$28	\$145	\$173	\$11	6%	\$15	8%
Law	\$75	\$39	\$114	\$28	25%	\$39	34%
Military & Veterans' Affairs	\$16	\$45	\$62	\$6	10%	\$8	14%
Natural Resources	\$150	\$124	\$274	\$56	20%	\$78	28%
Public Safety	\$245	\$66	\$311	\$91	29%	\$127	41%
Revenue	\$29	\$570	\$598	\$11	2%	\$15	3%
Transportation & Public Facilities	\$173	\$605	\$778	\$65	8%	\$90	12%
University of Alaska	\$332	\$576	\$908	\$124	14%	\$172	19%
Judiciary	\$136	\$5	\$141	\$51	36%	\$71	50%
Legislature	\$80	\$2	\$82	\$30	36%	\$42	51%
Statewide Appropriations ^b	\$540	\$286	\$826	\$201	24%	\$280	34%
Capital	\$486	\$2,675	\$3,161	\$181	6%	\$252	8%
Statewide Total^b	\$5,583	\$9,176	\$14,759	\$2,079	14%	\$2,894	20%

Sources: State of Alaska Office of Management and Budget, McKinley Research Group calculations

^a Indirect revenue attributable to the oil and gas industry includes a portion of transfers to the Unrestricted GF from the Alaska Permanent Fund for use in the state budget.

^b Statewide appropriations include debt service, state retirement payments, fund capitalization, and other branch-wide appropriations.

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