

“Alaskanization” of Alaska’s oil and gas industry

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Key points:

- Alaska oil and gas employment is at record levels.
- Alaskan percentage of the workforce appears at levels similar to recent years.
- Most industry work is done by contractors, and Alaskan-owned or Alaska-based contractors are deeply engaged in industry support, and have been for years.

Why this is important:

- Alaskan-owned or Alaska-based firms tend to recruit and purchase locally.
 - Money stays in Alaska.
- **Some history:**
- “Alaskanization” of support industry began in 1970s when Alaska Native corporations formed subsidiaries to do industry work. Many companies formed then were successful and remain active today, and are broadening their activities through joint ventures.
- Major layoffs by operating companies in the early 1990s led to many small Alaska-based consulting and contracting firms being created. These firms have grown and many are active today. The pool of investment capital held by Native corporations has fostered this.
- The result of this is a high degree of “local content” in the industry today, and this is likely to remain the case because of the demonstrated competence of the Alaskan firms.
- In 1996 Alaskan firms convinced the industry (with a little help from legislators) to build large sealift modules in Alaska, demonstrating that Alaska labor can be as efficient as workers in major fabrication centers like Louisiana. Module fabrication is now done routinely in Alaska. This will pay great benefits when and if a gas pipeline is built.

CHALLENGES - EDUCATION AND TRAINING

- Alaskan firms and Alaska workers have established a track record. The challenge is recruiting and training a new generation of skilled workers. The petroleum industry shares this challenge with the construction industry.
- Industry is doing its part. BP and ConocoPhillips are recruiting professionals from UA and hiring operators from UA training programs.
- The state needs to do its part with more focused support for vocational education.