here’s little doubt that the discovery of oil in Prudhoe Bay transformed Alaska’s economy far beyond anyone’s imagination. With as much as a third of the state’s current economic activity somehow tied to oil, it certainly deserves a prominent place on Alaska’s economic stage.

Part of the prosperity of Alaska’s oil industry is defined by the direct jobs it creates around the state. The number of jobs isn’t large, but they’re some of the most sought-after jobs in Alaska. They require a highly skilled work force and their wages are the highest in the state. Aside from the lure of big paychecks, oil industry jobs have a bit of romance to them too – the excitement of discovery and the brawny work environment.

All that might partly explain why many Alaskans are relentless in their efforts to create more opportunities in the oil industry, whether it’s a new discovery, developing the Arctic National Wildlife Refuge or building a gas pipeline. However, this article will focus on past and current employment trends in the industry to explain why its work force reached record levels in 2008, 20 years after oil production peaked.

**A relatively small employer with a big roar**

Oil revenue makes up 88 percent of the state general fund’s unrestricted revenue. The stream from oil revenue could reach $10 billion to $14 billion this fiscal year, according to some estimates.

The Alaska Permanent Fund, made possible by oil, has dispersed roughly $15 billion in dividends since it began giving them in 1982. On a local level, the oil industry is often one of the largest property taxpayers. It generates more than a quarter of the state’s gross state product. (See Exhibit 1.) There are many other ways oil showers down on Alaska’s economy as well.

But given all of that, the oil industry still isn’t a very big direct employer.

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**1 A Large Slice of Alaska’s Gross State Product**

Alaska, 2006

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1 Private education only
Source: U.S. Department of Commerce, Bureau of Economic Analysis
In this article, direct oil and gas industry employers are defined as oil producers and oil field service companies – firms such as ASRC Energy Services, ConocoPhillips, CH2M Hill, Doyon Drilling, Peak Oilfield Services Company, Halliburton and Kuukpik Drilling. In technical terms, they fall into three groups: oil and gas extraction, drilling oil and gas wells, and support activities for oil and gas operations.3

Using that relatively narrow definition, oil and gas employment (referred to as oil industry employment for the rest of this article) in June stood at 12,600.

Those jobs represent 4 percent of all wage and salary employment in Alaska, based on 2007 average annual employment numbers. (See Exhibit 2.)

If the narrow oil industry employment definition were broadened to include pipeline transportation – mostly Alyeska Pipeline Service Co. – and petroleum refineries and other downstream operations, the share would be slightly higher.

Because the oil industry’s average wage is more than twice the statewide average wage, its payroll impact is more impressive. Alaska’s oil industry payroll in 2007 added up to $1.3 billion, which represented 9 percent of all wage and salary payroll. If pipelines and downstream operations such as refineries are included, the share grows to nearly 11 percent.

Another recent example of the oil industry’s influence on wages is reflected in payroll growth. Between 2006 and 2007, the oil industry’s payroll grew by 18.8 percent. The total state payroll grew by 5.8 percent, the largest increase since 2000.

There are certainly thousands of other direct jobs that service the oil industry but aren’t categorized as jobs with oil industry employers. Out of the more than 9,000 jobs in Prudhoe Bay in 2007, more than 1,500 weren’t with oil industry employers.

For example, NANA Management Services is one of the larger employers in Prudhoe Bay. Its

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3 These are based on the North American Industry Classification System, or NAICS: 211, oil and gas extraction; 213111, drilling oil and gas wells; and 213112, support activities for oil and gas operations.
southwest Alaska, it was driven by lower natural gas prices, lower upstream costs, and the industry’s ability to manage its work force more efficiently.

For most of the past 15 years, Alaska’s oil industry employment levels have fluctuated from year to year, with an overarching declining trend accompanied by periods of recovery. (See Exhibit 3.) Oil production peaked in 1988, and shortly after that, oil industry employment peaked in 1991 at 10,700. It wouldn’t be until 2006 that the 10,000 barrier would be broken again.

Nationally, oil industry employment had peaked nearly a decade earlier in 1982, a testament at the time to the relative youth of Alaska’s oil industry.

Other factors aside from production levels and prices explain the changing size of the oil industry’s work force, both nationally and in Alaska. Dramatic improvements in technology in the last decade have had a powerful effect on employment levels.

Examples include the widespread use of horizontal drilling, ultra extended-reach drilling, 3-D and 4-D seismic surveys, drill bit sensors and other advancements that reduced the number of wells that need to be drilled.

According to the Federal Reserve Bank of Dallas, the national oil and gas industry was the leader in productivity gains throughout the 1990s and continues to be an above-average performer. In other words, the oil industry has been able to perform more work using fewer workers.

Therefore, a decline in employment – nationally and in Alaska – wasn’t always tied to a decline in production. The major oil producers also increasingly began using contractors, consultants, outside suppliers and temporary workers to perform many tasks, instead of adding to their permanent staff. That meant that both gains and losses in the industry weren’t always captured among the oil industry employers.

One of the largest contractions in Alaska’s oil industry work force took place from 1991 to 1992. BP, along with other oil industry employers and contractors, went through a period of major restructuring and consolidation in response to declining oil prices. The downsizing cost the industry 1,300 jobs – a record one-year loss.

Weak oil prices and other factors buffeted the industry again in 1995, when Atlantic Richfield Co. made major cuts to the size of its work force.

By 1998, employment in Alaska’s oil patch began to recover with the development of the Alpine, Tarn and Badami fields, the drilling at West Sak, and preliminary work at North Star, Liberty and other fields.

Oil prices plunged from nearly $19 per barrel in 1997 to $13 in 1998 and record job losses followed. (See Exhibit 4.) For the first time since 1983, Alaska’s oil industry employment fell be-
low 8,000 and the losses reverberated throughout the state’s economy.

Finally, in 2000, recovery kicked in and by 2001, oil industry employment reached a 10-year high, nearly 2,000 jobs higher than the industry’s nadir in 1999. The near concurrent development of both the Alpine and North Star oil fields were the two major reasons for the upswing in activity. What gave the oil industry’s employment numbers some extra loft was the construction of large oil modules in Kenai and Anchorage. Before that, they were built in the Lower 48 or overseas.

The year 2000 marked a historic event: Alaska’s largest oil industry employer and discoverer of Prudhoe Bay, Atlantic Richfield, disappeared from the scene when it sold its assets to BP and ConocoPhillips. The sale was a signal to many observers that Alaska’s oil industry was moving into its very “mature” stage of development, and – barring any major field discoveries, the opening of ANWR for exploration or construction of a gas line – the industry’s employment trajectory was most likely on a permanent downward sloping curve.

Oil industry employment climbs to new record

The following four years appeared to reinforce that view. With most of the work completed on the North Star and Alpine fields, oil industry employment began to fall steeply in 2001 and then hover at the 8,000 level through 2004. What made that peculiar was the fact that the price of oil was recovering nicely from its 2001 low of $23 a barrel to $39 in 2004. Even so, it appeared as if Alaska’s oil work force was entering an era of stagnation and enduring decline.

Finally, and possibly due to four years of above-average oil prices that by 2005 had more than doubled from the 2001 low, the oil industry began to stir again in 2005.

Unlike many earlier recoveries, this one wasn’t tied to one or two projects. Instead, there were a lot of smaller ones: continued work on heavy oil in West Sak, an increase in the production of viscous oil, the repair of Prudhoe Bay production wells, work around Alpine, the building of new connecting pipelines, and the continued development of a number of satellite fields.

Then in early 2006, a section of BP’s pipeline sprung a leak. It eventually turned out to be the largest oil spill in the North Slope’s history.

Soon afterward, BP discovered additional corrosion problems, forcing the company to shut down the pipeline for a short period.

The spill and corrosion led BP to spend more than $260 million in 2007 and 2008 to replace 16 miles of pipeline in Prudhoe Bay and up-
The surprise wasn’t just the dollar amount; it was also its location. The leases are 50 miles offshore and hundreds of miles from any on-shore infrastructure. Such an investment could possibly be ushering in a new kind of oil development in Alaska.

Another example of a newcomer that’s mixing things up in the industry is Pioneer Natural Resources. The company, with its minor partner, Eni Petroleum, made North Slope history when it finished the $500 million-plus development of its offshore Oooguruk project in June. That made Pioneer the first independent to operate a producing oil field on the North Slope.

Other independents, newcomers and companies that have returned to the North Slope are either pursuing development in Alaska or have plans to do so. Those include FEX, Brooks Range Petroleum, Pacific Energy Resources, Statoil-Hydro and Petro Canada.

All that new activity is reflected in the oil industry’s employment numbers. By 2006, oil industry employment reached near-record levels, and by 2007, the industry’s employment zoomed past the 11,000 mark for the first time in history.

Another record was set last January when oil industry employment surpassed the 12,000 mark. It has remained at those new lofty levels through the first half of this year.

It’s not unusual that most of that growth came from the oil field services side of employment and not the producers. (See Exhibit 6.) Typically, most of the changes in the level of oil industry employment come from the oil field service side of the industry. The producers, however, also grew – particularly BP.

BP’s employment in 2000 was 1,018. By 2006 it reached 1,508 and it continued to grow. Some of BP’s growth resulted from the company buying up Atlantic Richfield’s assets. However, who would have thought that 20 years after oil production peaked in Alaska, the state’s oil industry workforce would reach new record-levels and oil would again become one of the fastest-grow-
Most of the work force is on the North Slope, in Anchorage and on the Kenai Peninsula

Nearly 90 percent of Alaska’s oil industry employment is concentrated in three areas: Anchorage, and the North Slope and Kenai Peninsula boroughs. (See Exhibits 8 and 9.) The latter two are where all of the oil is produced; Anchorage is the state headquarters for many oil industry players.

Not surprisingly, the North Slope has the largest concentration of the oil industry’s work force. Nearly half the North Slope’s wage and salary employment stems from the oil industry.

Alaska’s mature oil province, the Kenai Peninsula Borough, is home to oil and gas production, pipeline transportation, a liquid natural gas facility⁴ and an oil refinery. The borough also had a urea-ammonia fertilizer plant that used natural gas as its feedstock, but it closed in late 2007.

Combined, all those players represent 7 percent of the Kenai Peninsula Borough’s wage and salary employment. Alone, the oil industry represents 5 percent. Because oil industry wages are more than twice the borough’s average wage, the oil industry is responsible for 12 percent of the borough’s wage and salary payroll.

In Valdez, most direct oil industry employment is tied to transporting oil from the North Slope through the trans-Alaska oil pipeline. Alyeska Pipeline Service Co. is the single-largest employer. SERVS⁵ is also a large employer. According to a recent Alaska Oil and Gas Association study, oil-related activity in 2007 generated nearly a quarter of Valdez’s employment and more than a third of its payroll.

Although direct oil industry employment in the Fairbanks North Star Borough is relatively small, it’s one of the North Slope’s major logistic and supply centers. The same study attributes 3,250 jobs in Fairbanks to oil-related employment – 5.5 percent of the borough’s wage and salary employment.

Fairbanks is also home to two oil refineries; Valdez has one.

A commuter work force

Although most jobs in the oil industry are concentrated in specific geographic areas, its work force is drawn from all around Alaska and the rest of the United States. That’s particularly true for the North Slope, where only a few of the oil industry workers are North Slope residents.

After Anchorage residents, Matanuska-Susitna Borough residents and then Kenai Peninsula Borough residents form the second- and third-largest groups of Alaska residents who are North Slope workers, according to the 2000 Census. And there’s little reason to believe that’s changed since then. There’s probably no area in the state that doesn’t send some of its labor force to work somewhere in Alaska’s oil fields.

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⁴ Also called an LNG facility
⁵ SERVS is an acronym for Ship Escort/Response Vessel Systems. SERVS is an Alyeska subsidiary but the employment for SERVS and Alyeska is counted separately.

<table>
<thead>
<tr>
<th>Location</th>
<th>Employment %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchorage, Municipality of</td>
<td>21%</td>
</tr>
<tr>
<td>Fairbanks North Star Borough</td>
<td>7%</td>
</tr>
<tr>
<td>Kenai Peninsula Borough</td>
<td>10%</td>
</tr>
<tr>
<td>North Slope Borough</td>
<td>58%</td>
</tr>
<tr>
<td>Valdez</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

Note: This exhibit includes oil and gas, refinery, urea and pipeline employment.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section
For example, in the Mat-Su Borough, where no oil industry exists, about 6 percent of the borough’s working population commutes to the North Slope to work. That’s not surprising because Mat-Su’s average wage for all industries is a third lower than the state’s average oil industry wage.

A different twist on that story is the fact that the Kenai Peninsula Borough, which has the second-highest concentration of oil industry jobs within its boundaries – the North Slope has the highest – also exports many of its residents to work in the oil industry elsewhere in the state.

**Number of nonresidents in the industry grows**

Over the past decade, between 25 percent and 31 percent of Alaska’s oil industry workers have been nonresidents (see Exhibit 10), and wages paid to nonresidents in the industry have grown from $243 million to $328 million. The year 2006 was a record year for the number and percentage of nonresidents in the industry.

**How does Alaska compare to other oil-producing states?**

Since 1979, Alaska has been the nation’s No. 2 oil-producing state. If federal offshore production is included, Alaska ranks third behind Louisiana. (See Exhibit 11.)

As far as the oil industry’s importance to the economies of different states, there’s little doubt Alaska ranks first. (See Exhibit 12.) However, a person wouldn’t guess that by looking at the size of Alaska’s oil industry work force.

Alaska produced 15 percent of the nation’s domestic oil supply in 2007 but employed only 3 percent of the U.S. oil and gas work force. (See Exhibit 13.) Texas produced 75 percent more oil than Alaska the same year but its oil industry work force was 195,000 strong – 17 times as large as Alaska’s. (See Exhibit 11.)

It’s not just among the big producing states where that imbalance exists. In New Mexico, for instance, oil production in 2007 was less than a quarter as large as Alaska’s but New Mexico’s oil industry work force was more than 3,000 larger. Many of the states mentioned produce more gas than Alaska. (The gas work force is included in the employment numbers.) More on that later.

But that doesn’t explain most of the difference. There are a host of reasons that explain Alaska’s much-smaller oil industry work force, in light of its tremendous production.

One big reason is simply that Alaska’s oil fields enjoy large economies of scale. Prudhoe Bay, which is still responsible for 36 percent of the state’s oil production, is the largest oil field in the nation and doesn’t need a huge work force to produce its oil. Other fields on the North Slope, such as Kuparuk – the nation’s second-largest – and Alpine, Milne Point and Liberty, keep company with the nation’s larger oil fields. In fact, 14 of the nation’s 100 largest oil fields are in Alaska.

In Texas, Oklahoma, Wyoming and other oil-producing states, some oil is produced from very small fields. There are 400,000 marginal fields or stripper wells operating in the U.S. and

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**Oil and Related Employment by Area Alaska, 2007**

<table>
<thead>
<tr>
<th></th>
<th>Oil Industry Employment</th>
<th>Petrochemical and Refinery Employment</th>
<th>Pipeline Transportation Employment</th>
<th>Total Oil and Oil-Related Industry Employment</th>
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<tr>
<td>Statewide</td>
<td>11,656</td>
<td>603</td>
<td>842</td>
<td>13,101</td>
</tr>
<tr>
<td>North Slope Borough</td>
<td>7,497</td>
<td>--</td>
<td>43</td>
<td>7,540</td>
</tr>
<tr>
<td>Anchorage, Municipality of</td>
<td>2,439</td>
<td>32</td>
<td>337</td>
<td>2,808</td>
</tr>
<tr>
<td>Kenai Peninsula Borough¹</td>
<td>909</td>
<td>325</td>
<td>14</td>
<td>1,248</td>
</tr>
<tr>
<td>Fairbanks North Star Borough</td>
<td>656</td>
<td>180</td>
<td>144</td>
<td>980</td>
</tr>
<tr>
<td>Southeast Fairbanks Census Area</td>
<td>--</td>
<td>--</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Valdez</td>
<td>31</td>
<td>32</td>
<td>253</td>
<td>316</td>
</tr>
<tr>
<td>Yukon-Koyukuk Census Area</td>
<td>--</td>
<td>--</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Other</td>
<td>124</td>
<td>34</td>
<td>--</td>
<td>158</td>
</tr>
</tbody>
</table>

¹The Kenai Peninsula Borough portion of the petrochemical and refinery employment category consists of the borough’s Agrium plant and Tesoro refinery employment.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section
a stripper well produces 10 barrels of oil or less per day. In many of the states, there are literally thousands of families and small companies engaged in producing oil and gas – something nearly totally absent in Alaska.

The U.S. Census Bureau in 2006 identified 65 oil and gas establishments in Alaska, versus 754 in Wyoming, 1,305 in Oklahoma and 6,472 in Texas.

Another example of the difference between Alaska and other states is the number of wells being drilled. The Baker Hughes rig count for July was four for Alaska versus 923 in Texas. Even the count in Montana was higher than Alaska’s. If Alaska’s oil fields weren’t as remote, employment in Alaska’s oil patch would be considerably higher. Oil fields now considered marginal or simply noneconomic would be economic in a less remote environment.

Alaska is also less likely to be home to an oil industry headquarters or regional center, which also cuts into the size of its oil industry workforce.

That’s also true for many of the oil field service companies and contractors. Other functions, such as corporate, research and sometimes exploration, take place outside Alaska. For example, Houston alone is home to more than 85,000 oil and gas industry workers who are serving Texas’ needs but also the rest of the nation’s and the world’s.

Yet, there are a group of firms in Alaska that are homegrown and have their headquarters in the state. They include companies such as ASRC Energy Services (the largest oil industry employer in the state), AES-Houston Contracting Company, Peak Oilfield Service Company, Udelhoven Oilfield System Services, Doyon Drilling and others.

But what is also true is that nearly all Alaska’s oil industry workforce is in the state solely to produce oil and gas in Alaska, not to provide

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**Oil and Gas Industry Employment by State**

*Production and number of establishments, 2006 and 2007*

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>11,656</td>
<td>400</td>
<td>270,481</td>
<td>444,724</td>
<td>65</td>
</tr>
<tr>
<td>Texas¹</td>
<td>195,031</td>
<td>21,151</td>
<td>475,069</td>
<td>5,513,739</td>
<td>6,472</td>
</tr>
<tr>
<td>California</td>
<td>18,346</td>
<td>12,893</td>
<td>249,698</td>
<td>315,209</td>
<td>525</td>
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<tr>
<td>Colorado</td>
<td>18,913</td>
<td>--</td>
<td>23,903</td>
<td>1,202,821</td>
<td>907</td>
</tr>
<tr>
<td>Louisiana¹</td>
<td>46,610</td>
<td>--</td>
<td>468,383</td>
<td>1,361,119</td>
<td>1,438</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>43,236</td>
<td>--</td>
<td>63,447</td>
<td>1,688,985</td>
<td>1,305</td>
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<tr>
<td>New Mexico</td>
<td>15,070</td>
<td>--</td>
<td>59,876</td>
<td>1,609,223</td>
<td>609</td>
</tr>
<tr>
<td>Wyoming</td>
<td>17,730</td>
<td>--</td>
<td>53,039</td>
<td>1,816,201</td>
<td>754</td>
</tr>
<tr>
<td>U.S. Total</td>
<td>437,600</td>
<td>--</td>
<td>1,862,908</td>
<td>19,381,895</td>
<td>18,118</td>
</tr>
</tbody>
</table>

¹These categories include federal offshore Gulf of Mexico oil production. They don’t include offshore natural gas production.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; the labor departments for Texas, California, Colorado, Louisiana, Oklahoma, New Mexico and Wyoming; U.S. Department of Energy, Energy Information Administration; and U.S. Census Bureau.
their services elsewhere in the country or world. There are of course exceptions. Some Alaska-based firms have taken their arctic and other types of expertise and performed work Outside, but they’re the exception.

Not only does Alaska have a considerably smaller oil extraction work force, it also has a smaller transportation infrastructure and fewer downstream operations, such as refineries. (Texas’ refinery capacity is 4.6 million barrels per day compared to Alaska’s 375,000.) And while Alaska has an 800-mile pipeline and a number of smaller ones, its pipelines don’t compare to the thousands of miles of pipelines that snake through other states.

Alaska refineries for the most part only service local demand, which is relatively small. One exception is the jet fuel the state’s refineries process for the huge international cargo fleet operating out of Anchorage. Alaska’s refineries include Flint Hills and Petro Star in Fairbanks, Tesoro in Kenai, Petro Star in Valdez and two very small refineries on the North Slope.

Until recently, Alaska had only two downstream operations other than refineries, and that number was whittled down to one when Agrium’s Kenai Peninsula fertilizer plant closed last year, as mentioned earlier. The only player now is ConocoPhillips’ liquid natural gas facility on the Kenai Peninsula, which exports its product to Japan.

Among America’s energy producers, Alaska is among the slow-growers

Alaska obviously isn’t the only state or country enjoying the resurgence in oil industry activity – oil at $100-plus a barrel does wonders for the industry. Although a record number of oil and gas industry workers are currently working in Alaska’s oil fields and the oil industry is now one of the most dynamic in the state, Alaska is growing more slowly compared to most other oil and gas producing states.

Oil industry employment in the rest of the U.S. began to grow in 2004, two years before it started to grow in Alaska. Between 2000 and 2007, employment in the U.S. grew by 44 percent versus 34 percent for Alaska. In contrast, employment in Wyoming more than doubled (113 percent) and in Texas it grew by 49 percent over the same period.

There are probably a number of reasons for Alaska’s less-robust growth. One certainly is its remoteness and associated costs. However, there are other reasons. In all other energy-producing states, there are far more players in the industry and they come in all different sizes, which probably makes them more nimble – whereas Alaska is dominated by a handful of large companies that tend to move more slowly in a changing environment.

Another big reason for the difference is the role natural gas is playing in the upswing in employment activity. Unfortunately, there’s no current method to separate oil from gas-related employment.

While oil production in many states and the nation as a whole has been in decline since the mid-1970s, that hasn’t been the case for natural gas production. In fact, nationally, natural gas production in 2007 reached its second-highest level in 27 years. Probably the only reason it was higher in the early 1980s was because gas production was often a byproduct of oil exploration.
A natural gas boom is taking place in many parts of the country, particularly in the Rocky Mountain states, and New Mexico, Oklahoma and Texas. Natural gas production in the past decade has doubled in Colorado and Montana, and has more than doubled in Wyoming, now one of the nation’s largest natural gas producers.

Most current growth in Wyoming’s oil and gas workforce is tied to the production of gas, although oil production has also edged up in the past two years.

Nearly all Alaska’s natural gas production has been in Cook Inlet. It peaked in 1996 and has gradually declined.

High earnings are its big attraction

It’s a well-known fact that wages in Alaska’s oil industry are an outlier on the high side. The average annual wage for an oil industry job in 2007 was $108,538. (See Exhibit 14.) That’s nearly two and a half times more than the statewide average of $43,524.

There are several reasons for the difference in pay, but what factors weigh heavier and which are less important isn’t clear. Certainly, the profitability of the industry plays a role. The level of the required skills and experience, along with the demanding work schedules, are also factors.

Overtime, mostly stemming from shift schedules on the North Slope or on Cook Inlet platforms, plays a big role too. The most common shifts are week on/week off or two weeks on/two weeks off. Remote-based employees often work 84 hours a week, which means 40 hours of straight time and 44 hours of overtime.

Other reasons for the higher pay include the remote work site settings, the hazards of some occupations, and the extreme climate workers encounter on Alaska’s oil fields. Workers’ prolonged periods of separation from their families are definitely a factor in the equation. Longer tenure in the industry is also reflected in hourly pay rates.

Wages in oil producer companies tend to be higher than those in oil field or drilling support firms – the average annual wage for the producers was $152,840. And more job security usually exists with the producers. Work in oil field or drilling support companies often tends to be more project-orientated, which explains to some degree their more volatile employment levels. Annual wages among the non-oil industry employers in the oil patch are considerably below the annual wages for both the oil producer companies and the oil field or drilling support companies.

Big stuff must happen to keep these numbers positive

Employment in the oil industry has waxed and waned over time, but after oil production peaked, it was logical to believe that the labor force in the industry would generally follow oil production’s declining trend. There were periods with flurries of activity to help stem the production decline, and employment would rally for a while, but further declines followed.

Yet in 2007, record oil prices, an oil spill and other activity pushed employment to record
highs, all while oil production continued to decline. However, it’s probably clear that without other major developments or discoveries, the higher employment numbers will be temporary and those numbers will resume the broader downward trend.

There are ventures on the horizon, though, that might stem future losses and propel the oil industry to new heights, launching the state into a new oil and gas epoch. It all started with Cook Inlet, then moved on to Prudhoe Bay. Alaska could now be on the threshold of a new era by becoming one of the nation’s largest gas producers.