

# Alaska's Dependence on Oil Begins

## Alaska's financial dilemma: The state dependence on oil begins

[Dermot Cole](#) March 15, 2015 Alaska Dispatch News

*Veteran Alaska Dispatch News reporter Dermot Cole has written extensively about state spending and the Permanent Fund from his base in Fairbanks. Now, in this three-part series, he examines how we got to this point and what we can do to move forward.*

*First of three parts*

A chartered United Airlines DC-8 lifted off from Anchorage International Airport on the most bizarre run to the bank Alaskans have ever seen.

The jet took off at 7:05 p.m. Sept. 10, 1969, for a nonstop flight to New York.

The cargo? Checks valued at about \$180 million, more than \$1 billion in today's dollars, written by the world's major oil companies that day for the right to look for oil on the North Slope.

In that distant time before Internet banking – a decade after statehood and seven weeks after Neil Armstrong walked on the moon – the bankers delivered the checks to New York the next morning, allowing the state to start collecting \$41,000 a day in interest.

Since that first windfall, supplemented within days by the rest of the \$900 million from the big 1969 North Slope lease sale, the state's fortunes have risen and fallen with the cycles of the world oil market.

The pattern of spikes and crashes has played out many times through the decades, with a predictable response each time from Alaska – euphoria when oil prices rose and cries for cutbacks and fervent promises to become frugal when oil prices collapsed.

Alaska, still more dependent on oil than any other state, has been stunned in recent months by a revenue collapse, at a loss about what we should do next.

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