

# T BOONE PICKENS



## PORTRAIT OF AN ALTERNATIVE ENERGY MAGNATE

T Boone Pickens needs no introduction. Someone recently described him as a through and through Texan oil magnate, which of course he is, but he is also a man who has long since transcended any over-simplified perceptions of an ultra wealthy, Republican voting, philanthropically engaged American.

Of all the things that set him apart perhaps the best known is the eponymous Pickens Plan that has turned him into an unlikely mascot for alternative energy campaigners on each side of the political divide. The strength of the arguments he makes, combined with his compelling personality and dogged determination to get political traction, have recently delivered results in the shape of the introduction of the Natural Gas Act in the US Senate. He is also a member of the Buffett-Gates Giving Pledge club of billionaires but has in reality been a practicing philanthropist throughout his entire life and together with his fourth wife, Madeleine, supports a variety of causes, from education, health and medical research to the wild mustangs of America, a cause near and dear to Madeleine.

Below is our conversation with T Boone. An eminently outspoken man, he has earned his stripes, both in terms of success and age, and the right to speak with the kind of candour few allow themselves publicly. From energy to debt to foreign policy to geo-politics, he pulls no punches and tells it like it is.

**T BOONE AND MADELEINE PICKENS WERE  
PHOTOGRAPHED ON THEIR TEXAS MESA VISTA RANCH  
BY WALES AND NITA MADDEN III.**

*Chapel Cross*

**BB: The Pickens Plan makes two overwhelming arguments – one is global and has to do with sustainable energy; the other is US-specific and makes the case for liberating the country from OPEC oil-dependency, among other things. Why then, in your opinion, has the Pickens Plan been facing resistance from legislators?**

TB: I do in fact have a lot of support for it but it's generally very hard to get something to the Senate floor and get it voted in. The plan is not complicated and we have an extensive paper on it. Now that the Natural Gas Act has been introduced, this will hopefully set the country in the right direction of making better use of its own energy resources. I do believe that if the Act doesn't pass through Senate this year (2011), it will pass next year.

**BB: Have you been promoting the plan for a good long time now?**

TB: I started it in July of '08.

**BB: We think the plan ought to have been adopted sooner**

TB: It should have - but things in Washington happen very slowly.

**BB: As indeed everywhere else, yes. Are there any other practical barriers, never mind legislative barriers, to implementing the Pickens Plan, such as the expense of converting the grid or converting vehicles from using oil to natural gas consumption?**

TB: The Natural Gas Act didn't have anything to do with the grid - it referred to using natural gas for heavy duty trucks.

Below is a model for what you could save on transportation fuel.

70% of all the oil produced in the world every day goes for transportation fuel and if you want to reduce the imports of OPEC oil, you have to start with transportation. I have focused on that because natural gas is so cheap. Unfortunately, with natural gas prices so low, it has made wind energy uneconomical. But if you look at the cost of each one of the fuels on a megawatt hour, the most expensive is solar at \$200 megawatt hour while biomass is \$140, nuclear is \$125, geothermal is \$99, wind is \$80, coal is \$73 and natural gas is \$62. Natural gas is therefore the most economical energy source, so long as you have a lot of it and the price remains constant. Wind energy is not very cost competitive with natural gas prices at such low levels. We can get serious about wind energy projects if and when natural gas prices go up.

The Pickens Plan demonstrates that we can cut OPEC oil imports by half over 5 years. You don't need a special government department to implement or administer it, which makes it an even more attractive proposition.

**BB: But would the vehicles have to be converted from oil to natural gas consumption?**

TB: What you do is, as you buy new vehicles you just replace them with the natural gas engine.

**BB: Would that be very costly?**

TB: The consumer will get a tax credit of around \$20,000 to \$30,000 and

that tax credit will be covered by a user tax on the fuel. Once you get to that point, the price of a natural gas engine will go down and become very competitive with diesel. Let me give you an example with trash trucks in the United States. Half the trash trucks next year will be on natural gas - while incremental difference between diesel and natural gas trash trucks was about \$50,000 five years ago, it's now \$10,000.

**BB: You certainly know your figures.**

TB: Well, I have been at it for so long. I have been in the business since I got out of school in 1951, so 60 years now.

**BB: The energy crisis is not just US specific - the entire world faces some kind of an energy crisis.**

TB: Energy is confusing to most people and in America in particular people do not understand the energy available to us. I am sitting here today looking at the screen: natural gas is selling for \$3.59 while the Mid-East price is between \$16 and \$18, because it's indexed to oil, and in London it's \$13. So here we are, we have the cheapest energy in the world in this country which is incredible. We have more natural gas than any other country in the world - more than Russia or Iran, but the missing link in America is leadership. The leadership does not understand energy and how we can move industry back in here and create more jobs. We can clearly show them that if they pass this bill you can create jobs for \$10,000 a piece which is unheard of but, you know, they don't pay attention to it. They hear what you say but they don't listen.

**BB: Why do you think that is, I mean is it just the present government or politicians in general?**

TB: Well, we couldn't get the Bush government to do anything either. The chemical industry is against the energy plan because they want very

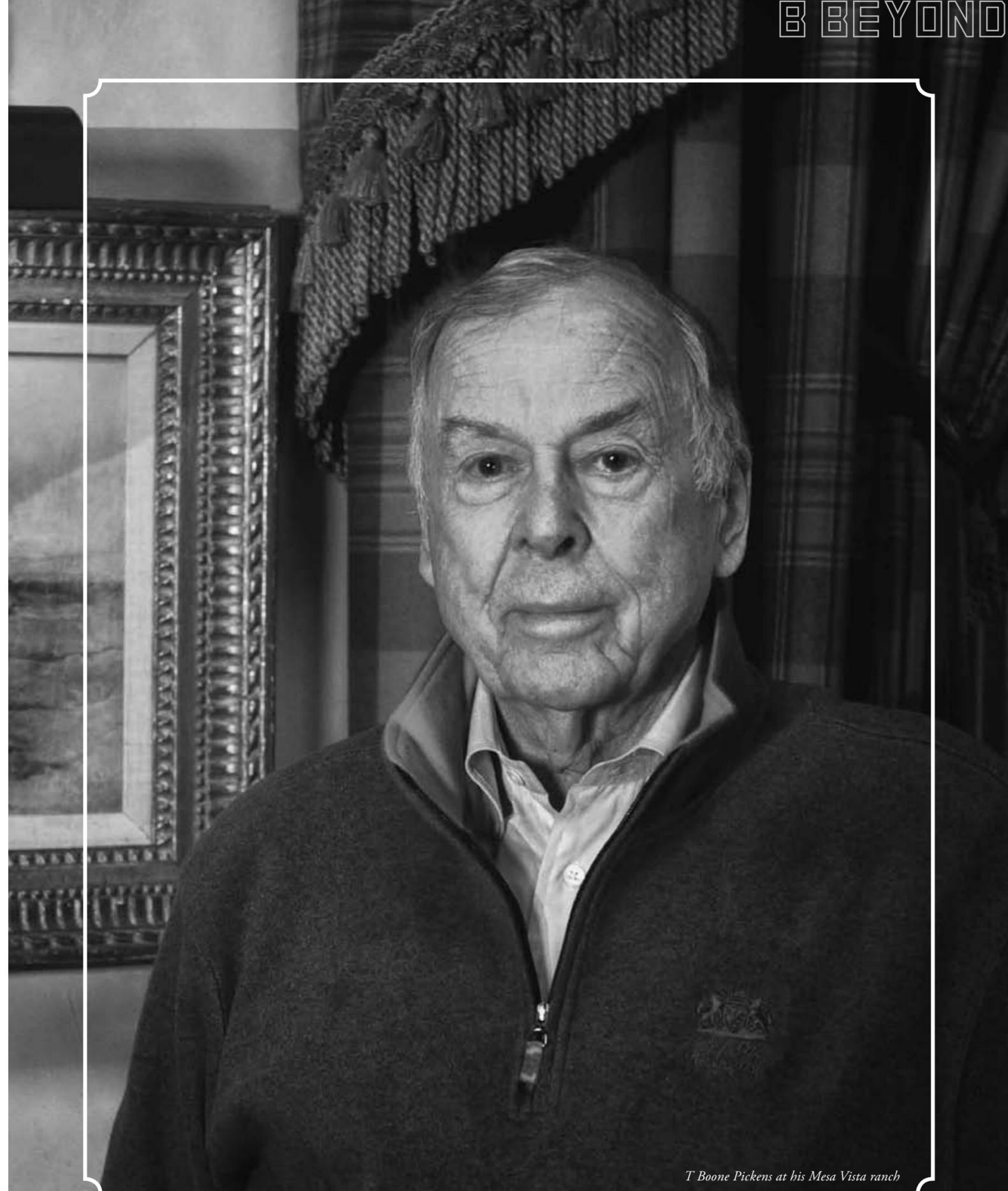
cheap natural gas, which gives them huge profit margins. They are making more money than they have ever made in history and they have done it off of cheap natural gas. But you also have major oil companies that are against the energy plan. For instance 80% of Exxon's revenues come from foreign oil. They import a lot of OPEC oil and refine it and sell it of course for gasoline and diesel in this country. So we are up against many vested interests which work hard for their shareholders - that's the capitalist system.

But I'm working hard for America. My goal is to get an energy plan for America. We are the only country in the world that has no energy plan yet we use 20 million barrels of oil a day. The world produces 90 million barrels of oil a day and the closest consumer to us is China - the Chinese use 10 million barrels a day. So they use half what we do, but they do have an energy plan: the Wall Street Journal said six months ago that the United States has not bought the Boone Pickens' energy plan but the Chinese have.

**BB: Of course China is colonising the oil resources of the world because they are in a strong position to do that. They are cash rich.**

TB: You have used the word 'colonise' - you and I have used it, and nobody else. China has loaned money around and it's going to be paid

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T Boone Pickens at his Mesa Vista ranch

back with oil. At what price do you think countries are paying that loan back? When the loan was made, oil was \$60 a barrel but the loan will get repaid with oil at \$100 a barrel.

**BB: The energy crisis is a global problem – do you think people would have to dramatically change their lifestyle and simply consume less energy in future?**

TB: As far as the United States is concerned, we have the cheapest energy in the world, so this doesn't have to happen.

**BB: Does the US have enough natural gas to export it?**

TB: Well, I am not keen on us exporting our natural gas but it's going to happen, yes. And I am not going to do a lot of complaining about it but I would just assume our leadership in the United States would develop demand for our resources. When you have natural gas selling for \$4 in the United States and for \$13 in Europe and \$16 in the Mid-East, it's a real temptation to get our gas into that market. We could, with the right leadership, increase demand for it and when natural gas prices go up to \$6, we

could open up the wind energy and then natural gas would go to transportation fuel.

But the leadership needs to understand the vast energy resources in this country and the hundreds of thousands of jobs that using them would create.

**BB: Is there a general, grass root awareness of the Pickens Plan?**

TB: 1.7 million people have signed up for the Pickens Plan. There is a great concern about importing oil because when you are importing OPEC oil, part of the proceeds get in the hands of the Taliban. One would be foolish not to see that.

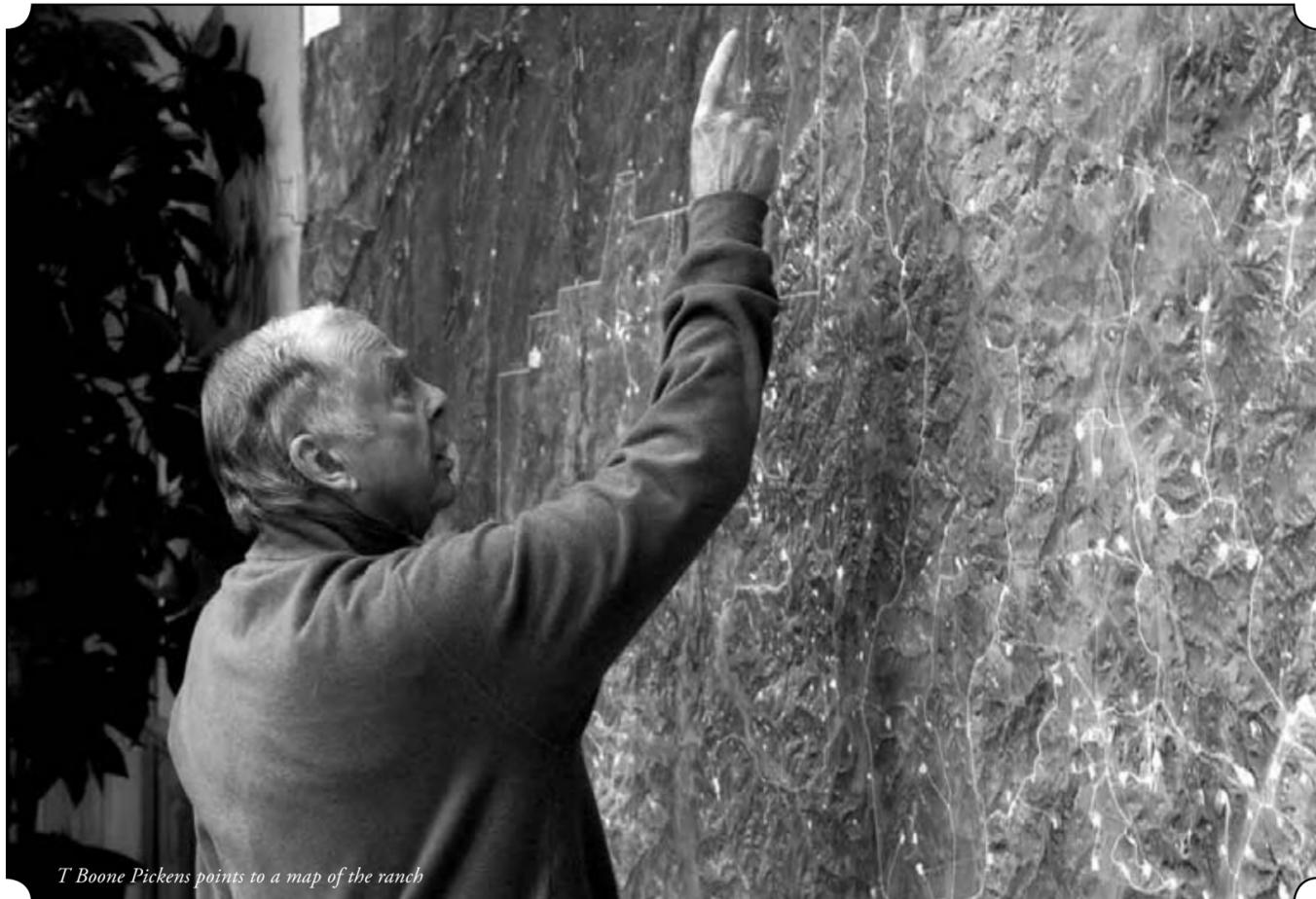
I don't like our military people being in Afghanistan, I don't think we have any business there. I think it costs lives and we have nothing to gain. If you look at the numbers that the Milken Institute came up with, from 1976 to 2007 we have spent \$7.3 trillion on foreign oil, a great deal of which has gone to the military. A major part of the debt in this country is due to importing foreign oil. Whenever you tie the military up for long periods of time, you have to also add the cost of human life which is what happened in Vietnam, for example – we lost 55,000 people and got nothing out of Vietnam. Same is true of Iraq. We don't even get the oil in Iraq, it all goes to the Chinese.

Do you know how many aircraft carriers there are in the



*At the Mesa Vista ranch*

*I am a patriotic  
and outspoken  
American*



*T Boone Pickens points to a map of the ranch*



world and who owns them? The United States has 13. This is a huge investment. We have them because we keep going around the world trying to exert influence and fighting other people's wars.

The net result is that we are deeply in debt, we have lost a lot of people, yet haven't accomplished anything.

I firmly believe that we should stay out of those areas, focus on the home front and utilize our own resources.

**BB: That's a very candid take on US foreign policy**

TB: I have great, great respect for the US military and am close to them. I just don't like to see people killed when there is no gain for what they have sacrificed. I don't like it at all. Go back and look at my record, I have been in disagreement with policies many times. I wanted to restructure corporate America back in the 80s and 90s - it was a good idea then and it still is today. But America needs to be restructured too. I mean, our Congress can't even function and we even make a super-committee out of 12 and they can't function either.

I am a patriotic and outspoken American.

I was in Marine County California recently - a very liberal county. At the conclusion of my speech there the last question was, 'everybody here knows that you are a conservative and a Republican yet you are in

the most liberal county in the United States. How do you think people feel about you after having questioned you and heard you speak for an hour and a half?' I said, 'Very simple, they see me as a patriotic man with a good idea'. There were 3000 people there and I got a standing ovation. And that's the way I am viewed. I don't think I am viewed politically anymore in this country, I think that's the way I am viewed in Washington too. I think that everybody considers me to be a patriotic person who knows the subject of energy and has a good idea.

**BB: So you are outside and beyond political allegiances?**

TB: Exactly. When you are trying to convince someone of the merit of your argument, it is easier to get them on board, or at least listen if you don't have a political agenda.

**BB: In your 2005 commencement speech to Oklahoma State University, you said there is more opportunity for success in the US today than ever. America remains the greatest country in the world. There is plenty of opportunity to go around. Has anything changed since as far as you are concerned?**

TB: Well, we had the market collapse in 2008. That was a change and also, the debt has set us back. But I think the energy industry today in the United States offers unbelievable opportunity.



*Water works at the Lake House*

**BB: Would you say that your plan could be a driving force to lead America out of the economic crisis?**

TB: I don't know whether I have that much influence.

**BB: What do you think in fact would drive America out of the crisis, do you have any opinions on that?**

TB: Look at Canada. Canada has no crisis, why?

If you go back in time I think it was 20 years ago, their debt was about what ours was compared to our GNP and they got out of it. How did they get out of it? They used their own resources. Canada has its own resources. So have we. Here is a good model for us. Let's use our own resources just like Canada did and you will create jobs, money will be made, profits, taxes and the economy moves forward. I believe it's almost that simple.

**BB: You are one of the greatest philanthropists of the century**

TB: I have given a lot of money away, right at \$1 billion.

**BB: What do you think motivates philanthropists in general? Is it a noblesse oblige factor, i.e. I have lot of money so I need to give some away, is it a feel good factor or is it to achieve a bit of immortality, or is it something that's cultivated at home at an early age?**

TB: You know, I think it's all of those. I grew up in a fairly modest family - my mother worked for the government, my father worked for an oil company. My grandmother owned several houses that my grandfather had built which she rented out, she lived on that. My aunt taught school. It was a small family and we all lived in one house. My grandmother often said, 'don't ever forget where you came from, you need to share with other people'. I was a newspaper delivery boy and noticed that she was the only person in town with a red cross on her window. I asked her about it and she said 'I am the only one that gives to the Red Cross and they send me a window sticker to acknowledge this'.

I don't know how much she gave but giving was something that I saw as the right thing and consequently when I got rich, I knew I didn't need to have all that money. I wanted to do some good with it and I enjoy putting it where it's needed. I have said before, I don't want to wait for my estate to go to charity. Even though I have taken the Bill Gates and Warren Buffet Giving Pledge that half my estate will go

*I never smoked cigars and I never drank a cup of coffee*

to charity, I still wanted to give money away before I die to see what happens to it.

**BB: How do you measure the success of a particular contribution. Do you monitor it in anyway?**

TB: Yes, we do. When we give we follow the money.

**BB: Do you think philanthropic foundations should be run as a business?**

TB: I sure do. I think you ought to run universities like this. If you are managing one hell a lot of money, you can't operate unless you do as with all your businesses.

The first time I said that was probably in the early 80s and I was criticised on the basis that universities are not businesses. The regional University at that time was small - it had a \$17 million budget. I said, 'listen, if you've got \$17 million you are in business and you better manage it like a business because you have fiduciary responsibilities and you can't manage it any other way than as a business'. They eventually came around with that thinking.

**BB: Can you tell me what the best advice is that you have ever been given?**

TB: I am sure that it came from my family. They would have given it at a time when it was very important, when I was very young, and I can't recall everything but I do recall one thing that my grandmother told me that didn't happen.

She told me not to smoke cigars or drink coffee and I would be six feet tall. When I turned 20 I went to her and said 'Grandmother, I didn't smoke cigars and I didn't drink coffee and I am not six feet tall'. She said, 'Sonny, if you had, you may not have been five feet tall.'

**BB: So have you not smoked cigars ever?**

TB: No, I never smoked cigars and I never drank a cup of coffee. But I love Scotch although I quit drinking it 10 years ago. I drink wine with dinner now.

**BB: What's your favorite wine?**

TB: I only drink French wine if somebody else pays for it. Otherwise, I drink Californian wine and my favourite is Duckhorn merlot.

**BB: Are you a collector?**



TB: Oh, I have some nice art. It's Western art mostly.

**BB: What else do you enjoy doing?**

TB: I've been working on two new deals in the last year. If I have a free run, they'll make a lot of money but this kind of thing takes time.

I was a pretty good golfer and I was an excellent wing shot. I shot a lot of quails and pheasants, ducks and all. But I don't shoot any longer as I don't see as well. And I can't play golf like I used to but I really do enjoy working out. This morning I was up at 6:30 when my trainer comes. He has been with me for 21 years and I have a routine.

Today, I did the treadmill to start with and we started with 8 degrees elevation, four speeds, 15 minutes a mile on it. I had a new personal record today - 100 squats on the ball with a 65 pound vest on. It's a serious workout.

We keep trying to step it up and although I know can't win, I am going to die some day, I want to stay healthy and productive as long as I can. I am at the office every day at 8 o'clock if I am in Dallas. My day starts at 8 o'clock on Saturdays and Sundays too, after my workout and although I am a serious person, I have a great amount of fun too. I enjoy my life very much.

**BB: Your routine for your age sounds amazing. What is the secret of remaining active?**

TB: Physically I am in good shape, I have never had any problems. I was an athlete as a child and in college but was never injured. It hits you at some point that you've had an unusual life - and I have had a very unusual life. I have been married four times. I was first married for 22 years and had four children. I was then married for 24 years and had one child. I was married a third time for 4 years and had no children. And this last time I have been married 7 years and had no children. I am 83, my wife is 64 and we had a Thanksgiving at the ranch last week. I have five children and 12 grandchildren and one great grandchild, so we had 28 family members there over 4 days, laughed a lot and had a great time. It's nice to have a big family. ★