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Pickens' Windmills Tilt Against Market Realities

Texas Oilman's Plan for Renewable Energy Faces Strong Headwinds as Oil Prices Subside and the Credit Crisis Makes Landfall

By [NEIL KING JR.](#)

Washington

He boasts his own self-declared army and the support of 13 governors, 53 congressmen and 180 mayors, along with the Sierra Club and the American Lung Association. He has plugged his cause on countless news shows and spent \$60 million of his own money on a massive ad spree.

Now T. Boone Pickens is about to find out which has more oomph: all of the above, or a \$100 drop in the price of oil.

The flinty Dallas billionaire is going all out to sell lawmakers and the next administration on his plan to wean the U.S. off Middle East oil by ramping up the use of wind power and natural gas.

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T. Boone Pickens

Trouble is, energy markets, and a fair share of skeptics, keep tilting against him.

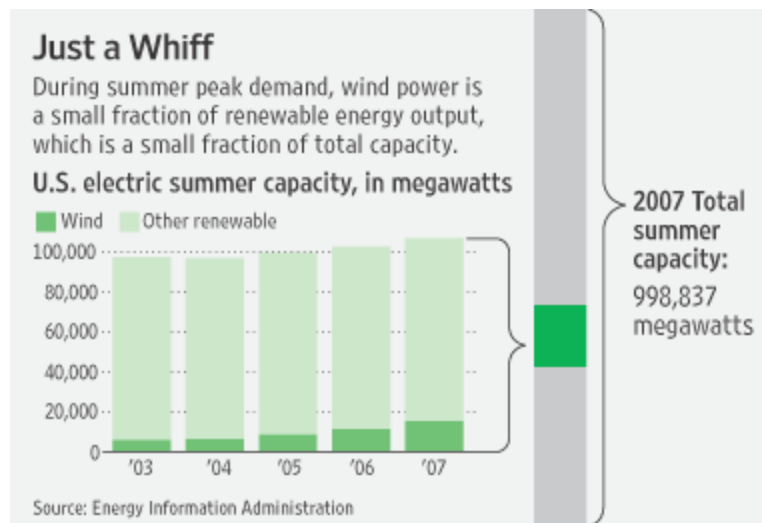
When the 80-year-old oil magnate launched his vaunted Pickens Plan on July 8, crude oil was at \$136 a barrel and rising. Crude has since slumped to below \$40 a barrel, as have public concerns over oil supplies and the urgent need for alternatives.

"Cheap oil doesn't help," says Mr. Pickens, who predicted in July that oil would never again dip below \$100 a barrel. "It just means we have to work harder."

Not since fellow Texas oilman H. Ross Perot dropped \$65 million on his 1992 presidential quest to block the North American Free Trade Agreement and rid the country of its national debt has any lone citizen thrown similar cash and zeal into a public cause.

"This to me is like a war without guns," says Mr. Pickens between a flurry of meetings one recent morning in his hotel suite across from the White House.

The folksy Oklahoma native and his much-touted energy plan have hit some rough spots recently. Mr. Pickens now hopes that a last burst of advertising, plus grassroots help from his



growing legion of volunteers, will get the new Congress to turn at least parts of his plan into law. He is in Washington Tuesday to meet with lawmakers, including House Speaker Nancy Pelosi.

Mr. Pickens's original vision had something for everyone. First he would build a wind farm in Texas with 2,700 turbines costing upward of \$10 billion. That would pump power into the national grid, allowing huge amounts of natural gas to be diverted from power

plants to newly equipped cars and trucks. The result, he promised, would be a sharp reduction in the country's dependence on Middle East crude.

But the credit crunch gutted the wind project's financing, putting all those turbines on hold. "The wind stuff is deader than hell right now," he concedes.

By October, the value of Mr. Pickens's own equity hedge fund, BP Capital, fell by around 60% from its peak in late June.

Mr. Pickens suffered another jolt in November, when California voters resoundingly defeated a ballot measure he supported to put \$5 billion in bond money into promoting natural-gas vehicles in the Golden State. Mr. Pickens's own company, Clean Energy Fuels Corp., the country's largest owner of natural-gas filling stations, sponsored the plan and put up \$19 million to back it.

Then there was the long swoon in oil prices, which have now driven fuel costs down to their lowest level in years. Mr. Pickens pitched his plan as the best way to slash the country's foreign-oil tab by a third within 10 years. Plunging prices managed to do that work, it turns out, in less than six months.

A rangy man who still works out almost every morning, Mr. Pickens banks heavily on his own mystique for bucking adversity and making vast fortunes. "I have lived through 14 presidents, one Depression and as many booms and busts as you can imagine," he says in his most recent TV spot, set to air extensively in the Washington area this month.

A lifelong Republican who helped fund the Swiftboat attacks on Sen. John Kerry during the 2004 presidential campaign, Mr. Pickens took his plan first to President Bush. The two men met in the Oval Office in April.

"The president sat and listened for an hour and a half," Mr. Pickens says. "And then nothing happened. No call back. Nothing. So I decided to do it myself."

He didn't fare much better with the two presidential nominees. When he sat down with Sen. John McCain in August, the Arizona Republican chastised him for "trying to pick winners" by so openly favoring natural gas. President-elect Barack Obama seemed more amenable when the two met in a hotel conference room in Reno, Nev., a few weeks later.

Mr. Pickens sketched out his plan in series of pie charts on a white board. "He didn't do any back flips or anything but he did seem to like what I was saying," Mr. Pickens says.

Mr. Pickens hasn't been shy about tweaking his plan to keep abreast of critics and the collapsing market. He first proposed that Congress mandate that all new fleet vehicles run on natural gas. That went down with a loud thud among critics such as Fred Smith, chief executive of Fedex Corp., whose massive fleet includes 672 aircraft and more than 80,000 motorized vehicles.

Mr. Smith, who declined to comment, argues that the best way to curb America's oil use is to convert to electric cars and delivery trucks. He opposes the Pickens plan's heavy focus on natural gas, saying it would require onerous additions to the country's infrastructure and deepen the reliance on fossil fuels. An influential group of corporate CEOs and former generals that he co-chairs, called Securing America's Energy Future, is of the same view.

So Mr. Pickens shifted his focus to the country's truckers, saying that all new long-haul trucks should be required to run on natural gas. That didn't sit well with former Kansas Gov. Bill Graves, who heads the American Trucking Association.

The son of a truck operator, Mr. Graves laid out his objections over breakfast recently in Mr. Pickens's suite. Many companies, he noted, are already turning to diesel hybrids. Natural gas-run trucks are about a third more expensive than traditional diesel trucks. Nationwide filling stations for natural gas don't exist.

"How do you just airlift in the infrastructure to make this happen?" he said.

Mr. Pickens has recently taken to labeling his critics as un-American. Mr. Graves got the full dose.

"Bill, I just want to warn you on this," Mr. Pickens said, putting down his fork. "I'm going to make you look unpatriotic for supporting foreign oil. I just want to make sure you understand that."

Taken aback, Mr. Graves pointed out raspberries and croissants arrayed before them. The foreign oil helped deliver the food, he said. "We wouldn't have any of this here if our trucks hadn't delivered it," he said. "So what's more patriotic, Boone?"

Since July, Mr. Pickens has logged more than 300 hours aboard his personal jet and spent five days a week outside of Dallas. His office says that, to date, word of his plan has reached 1.8 billion U.S. newspaper readers and TV watchers -- every American, that is, six times over.

Mr. Pickens is also amassing a nationwide cadre of supporters, including a "Pickens Army" of 1.3 million online adherents. One such foot soldier is Ryan Jones, a 32-year-old automation student at Idaho State University in Pocatello. The goal is to have one designated foot soldier in all 435 congressional districts. Mr. Jones, who helped convert Pocatello's mayor, is now planning a recruitment party at the local brewery to "get some people signed up," he says.

Some top lawmakers credit the Pickens publicity barrage for solidifying support for updating the U.S. electricity grid, among other things. Majority Leader Harry Reid once labeled Mr. Pickens a "mortal enemy" but now calls him "a pal." Mr. Reid talks with Mr. Pickens every few weeks, aides say, mainly to update him on energy-related legislation.

Still, for all his labors, Mr. Pickens appears likely to fall short in his quest to force some mass conversion to natural gas-fueled transportation anytime soon. Legislation now in the works, top congressional aides say, will probably include some tax incentives to get companies to reduce their oil consumption, but not much more.

Mr. Pickens promises to push on. "We've been on this energy yo-yo for 40 years," he says. "We are going to pay an unbelievable price if we don't get this right."

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