

## Pickens' Purpose

An Interview with  
T. Boone Pickens, Founder, BP Capital

**EDITORS' NOTE** T. Boone Pickens left the company he founded, Mesa Petroleum, in 1996 and formed BP Capital, an energy-focused hedge fund dealing in both commodities and equities. He is the architect of the Pickens Plan to enhance U.S. energy security through an expanded use of renewables in power generation and by increasing the use of America's abundant supply of lower-cost, cleaner-burning natural gas in heavy duty transportation applications to replace OPEC oil/diesel/gasoline. He argues that OPEC dependency is a key threat to the U.S. economy and national security.



T. Boone Pickens

**COMPANY BRIEF** BPC is a Commodity Pool Operator and General Partner for the BP Capital Energy Fund, L.P. ("the Energy Fund"), and TBP is a Commodity Pool Operator and General Partner of BP Capital Management, L.P., the General Partner of BP Capital Energy Equity Fund II, L.P. ("the Equity Fund"). Collectively, TBP and BPC are referred to as BP Capital ([bpcap.net](http://bpcap.net)). BPC and TBP are private investment firms that focus on investments in energy futures and stocks of public companies in various energy sectors and energy dependent industries.

**How has the U.S. progressed on an energy plan and how close is it to making that a reality?**

I wanted some help in Washington on that front and didn't get it. However, the energy plan is still unfolding pretty nicely because the whole gas industry has done an unbelievable job of developing gas reserves and production for the country.

It could have happened faster, but my primary focus was to get natural gas on heavy-duty trucks. The component that was desperately needed was the right engine, the 14-liter. Cummins now has one in production and there is good demand for it.

We came in early with the idea, and the path has pretty well followed what we said would happen – we are developing our own resources and getting off of OPEC oil.

**Is the progress in line with the Pickens Plan from 2008?**

The fact that natural gas is cleaner, cheaper, and abundant has made it work.

**Is it possible to create a true energy policy without Washington coming onboard?**

The gasoline price has been very stable, so there isn't much pressure. Gasoline is where the pressure develops as gas prices go up. It has been quiet on that front, and as long as it's quiet, there probably will not be an energy plan.

I believe at some point, there will have to be an energy plan because the resources in America are so abundant that the federal government needs to understand what is here and available to the country.

On the other hand, as long as everything is going fairly well, we should leave it alone and not try to get government involved in it. This is what is going on today.

I just think at some point that you need to put North America together and develop an energy alliance with Canada, Mexico, and the U.S. When you do that, you won't need OPEC oil.

For oil purchased from some members of OPEC, I'm convinced that some part of the money gets into the hands of the Taliban and Al-Qaeda. But apparently, Washington doesn't believe it's important enough to focus on.

So we'll see as it unfolds, but heavy duty trucks are going to go to natural gas because it's \$2 per gallon cheaper.

Whether we'll have an energy plan for America or not, I don't know.

**Are your beliefs well understood?**

I'm for anything American. Despite what is said publicly, I'm not opposed to the battery – you just can't move an 18-wheeler with a battery so it takes it off the table. But you can replace diesel with natural gas.

I'm open for debate and available to discuss the issues, but my story is use your own resources. The countries that are able to use their own resources are doing well.

Natural gas is 30 percent cleaner than diesel – and it's cheaper, abundant, and ours.

**Your plan certainly makes sense, but for those who haven't come onboard, is it frustrating that they don't get it?**

It is, but nobody will take me on in a debate and take the other side of the issue. Natural gas is just too logical. It's cheaper and cleaner, to start with, so why would you buy oil from OPEC?

If you put the heavy-duty 18-wheel trucks on natural gas, you can knock out 75 percent of OPEC. Today, we're in the Middle East, protecting the 70 million barrels a day of oil going through the Straights of Hormuz, even though only 10 percent of that comes to the U.S. We protect it for the cartel, which is OPEC, and the rest of the world takes advantage of our protection of OPEC oil.

**How critical is the North American Energy Alliance and how realistic is that plan?**

Very realistic. Canada and Mexico have the oil, and it's available to us.

We don't have to be in the Middle East. I don't see that we have friends there. We're doing it because it's what we have always done.

**Does the public really understand that this industry drives the economy?**

Maybe others are not as vocal as I am as to what the industry does, but it's huge. A great part of economic recovery was possible because we have the cheapest oil, natural gas, and gasoline in the world. That will give you an economic boost.

**Is enough being done to spur entrepreneurship in the U.S.?**

I think so. The government can't do a lot to spur entrepreneurship. America has more entrepreneurs than anywhere else in the world. I wouldn't worry about whether they're being encouraged or not; they are.

**Early on, were there times you weren't sure your plan would work?**

Sure, I had those feelings, but I didn't give up, even when I failed. I knew it would work – it all depended on me.

**Will there be a point when you feel the energy you put into this fight will have paid off?**

I think I've gotten my money's worth. We have been successful with the Pickens Plan. We've educated the country on energy, and the national security and economic risks tied to OPEC oil.

**What makes for a successful CEO today?**

There are a lot of people qualified to do something, but not all are leaders. I don't know why they're successful or not. Leadership is something you can't train, but to watch a good leader can give one a lot of insight into how you conduct yourself and what you can accomplish.

Universities have courses in leadership and there is a lot picked up in those classes, but a true leader is going to get there. ●