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Texas Oil Tycoon Tackles Renewable Energy

By [David Case](#)

As you alight from the elevator, you see, at the end of a long, paneled corridor, a huge Wilson Hurley painting of a Mars sunset bleeding from rust to black; in one corner soars NASA's *Mariner 4* spacecraft "on its way to oblivion," according to the caption.

T. Boone Pickens's office is a shrine to a life of Texas power and wealth: framed Western landscapes, a portrait of his platinum-haired wife, photos signed by Republican presidents, magazine covers featuring the impish billionaire during his corporate-raider days with headlines such as "Boone Pickens: Hero or Heel?" But Hurley's painting of Mars stands alone in encapsulating this singular moment for Pickens: At 80, he is hurtling ahead, oblivion be damned, toward new frontiers. His flight plan focuses on the escalating global-energy and environmental crises. He has minted billions with BP Capital, a fossil-fuel hedge fund he founded in 1996. He listed [Clean Energy Fuels](#), a company that markets natural gas for vehicles, on Nasdaq last year. Convinced of an imminent water shortage, he has amassed rights to billions of gallons per year of the Texas panhandle's aquifer and hopes to build a 300-mile pipeline to Dallas. But perhaps most audacious: He's building the world's biggest wind farm, a sprawling \$10 billion project.

Pickens wears hearing aids. His eyesight is failing, so he constantly asks the score of the Oklahoma State University Cowgirls basketball game he watches while we talk. His arm is in a cast, after a late-night fall. "They put in 11 pins and a plate," he says in his thick drawl, seated behind a huge wooden desk. "I got lucky. It could have been my head." Between calls from Michael Milken and the governors of Texas and Mississippi, I trail Pickens from his office to an investment meeting to a private dining room in Dallas's Park Cities Prime Steakhouse. As vivacious and thought-provoking as ever, he unspools his opinions, rancor, and rage.

Listening to all of your environmental ideas, it sounds like you're the Al Gore of Texas Republicans.

Don't connect me to Al Gore! A lot of what he says just doesn't make sense. Texans know I'm environmentally directed in some ways. But I'm realistic about what's going on. Industry people are comfortable with me. Gore talks about getting rid of the combustion engine. I don't talk about that.

You recently announced plans to build the world's largest wind farm, in the panhandle. Is that about money or the environment?

Money! First thing, it's about money. Of course, I'm also a good environmentalist. I can pass the saliva test. But I'm not going to go do a 4,000-megawatt wind farm for the environment first and money second. I'd rather go give money someplace else. You're talking about \$10 billion.

What kind of return do you expect?

A minimum of 15%. It'll probably be closer to 25%.

Tell me about the project.

It's huge, the size of two nuclear plants in output, enough to power a million homes. More than 2,000 turbines, each between 2 and 3 megawatts. The first 1,000 megawatts will be ready by 2011, and 1,000 each year or two after that.

And you'll do all this on your beautiful 68,000-acre ranch?

I'm not going to have the windmills on my ranch. They're ugly. The hub of each turbine is up 280 feet, and then you have a 120-foot radius on the blade. It's the size of a 40-story building.

So whose land is it going on?

My neighbors', mainly south of my ranch. They'll get royalties of 4% to 7% on the energy produced, an average per turbine of \$10,000 to \$20,000 per year. They still can run cattle or farm on the land with the turbines there too. We'll put in only five per square mile. And unlike oil, this is not a declining situation. Let's say a guy has a 3 megawatt turbine, and it does \$20,000 per year. It's going to be out there for, say, 100 years. You're talking about \$2 million. It's not like having an oil well that's a real pisser for a few years, and then it starts to decline.

What about when the wind doesn't blow?

[Pickens purses his lips and starts puffing.] That's the problem with wind generation. You've got to supplement it with a gas-fired or coal-fired source so whoever buys it gets continuous 24-7 generation.

So you're going to build that?

Either we will or someone else, like TXU.

What happens if Congress doesn't extend the \$20-per-megawatt-hour Production Tax Credit for wind -- set to expire December 31? On a project this size, that's an \$80,000 deduction every hour at full capacity.

Then you've got a dead duck. It would be hard to go without a subsidy. But they'll probably pass it.

Transmission is a major challenge for most wind projects -- getting the electricity to where the people are.

That's right. The hardest part is having rights-of-way and buyers someplace.

You've been planning a \$3 billion water pipeline from the Texas panhandle to Dallas. Would the wind and water be transported along the same corridor?

Yes, if it goes to Dallas. We bought \$45 million worth of water rights in Roberts County. We'll transport 200,000 acre-feet of water a year. And we set up a water district that gives us the power of eminent domain for the transmission corridor. We can issue tax-free bonds. It has all the favorable characteristics of a city government.

You put \$1.2 million into the last Texas elections, didn't you?

I don't know. I don't keep track.

The advocacy group Texans for Public Justice alleged that you used that money to get a bill passed that allowed you to create and control the water district without local voters' approval.

That's not true. I never asked any elected official for that. It's bullshit.

Did that law help you with your wind and water projects?

The bill lets us use the right-of-way from the water district for both water and wind. But I didn't even know anything about the bill until it was over with.

How important is wind to America's future energy needs?

The United States today runs on 987,000 megawatts, and the demand is going to increase 150,000 megawatts in the next 10 years -- 15%. We could supply most of that with wind from the Great Plains, from Texas to North Dakota, but we've got to set up corridors to the West Coast and to the East Coast.

So you're an oil man who's turning his back on oil?

Foreign oil is costing us \$500 billion a year. In 10 years, \$5 trillion goes out of the country. It's nuts. It's the greatest transfer of wealth from one area to another in the history of the world.

You argue in your new book, *The First Billion Is the Hardest* (out in September from Crown), that global oil supply is slowing.

If I'm right, world oil supply has peaked. Existing fields are going to start declining at 5% to 8% per year, and it's like a treadmill: As your production declines, it gets harder to keep up. Look at the biggest oil field in the world, Ghawar in Saudi Arabia; for every barrel of oil, they're lifting six of water. That means the field has matured. It peaked at 5.7 million barrels a day; now it's 4 million.

What will happen in the next five years?

Demand will go up, and price will go up.

Take a stab at what we'll be paying at the pump in five years.

Oh hell, that's so far out. Maybe \$6 to \$8 a gallon.

You've advocated a higher gasoline tax. What do you think the tax ought to be?

I don't have a formula. I've just said, if it were up to me, I'd raise the tax to kill demand. And the people who are going to be most hurt by it, give them a break on payroll taxes or something else.

Is ethanol part of the solution?

Ethanol is political. That's what Bob Dole told me in 1989. He called me up and said, "Quit talking down ethanol. You need to understand something: There are 21 farm states, and that's 42 senators. Those senators want ethanol." He said, "Are you getting the picture?" And I said, "Yeah, it's coming through pretty clear." [Dole confirms that Pickens's account is "probably accurate."]

Not exactly an inspiring vision of Congress.

The leadership is absolutely, totally pissy in Congress -- a real conglomeration of fruitcakes. I mean pitiful people.

So would you cut the ethanol subsidy?

No. Hell, I'd rather subsidize ethanol or cream soda than have the money going out of the country buying oil. If you subsidize ethanol, the technology will ultimately get better. Corn will not be the primary ethanol fuel. They'll go to something cellulosic. People who are against it say, "It costs so much to buy ethanol." It costs more to buy oil from the Middle East. You're better off circulating money in the United States. Create jobs here.

Are you supporting any of the current presidential candidates?

I always support the Republicans. I had a tough choice between McCain and Hillary... . That's a joke. I think she's basically not an honest person.

You were a major funder of the Swift Boat Veterans for Truth campaign in 2004. Senator John Kerry says you rolled back your million-dollar challenge to anyone who found anything false in the campaign, after he challenged it.

He said that? He's a fucking liar. I didn't roll back anything. He never showed me one thing that was not factual. I said, "I'll give anyone a million dollars if they can show anything that was not factual in the ads." Those ads were perfect.

Money and politics aside, you've long said -- like Al Gore -- that climate change is happening, and it's man-made.

It could be that it's happening naturally, and we've pushed it over the edge. Regardless, I'm going to take action. Opponents say it's going to cost so much money to address. And I say, well, hell, go ahead and spend it. I'd rather take a chance that I'm right than that I'm wrong. I don't want to wait around until the house burns down 'til I decide whether it's a serious fire or not.

David Case wrote about AOL's struggle to survive, in the April Fast Company.
