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Being Boone Pickens

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Thomas Boone Pickens Jr. talks a lot about his grandparents' front porch in Holdenville, Okla. Located right next door from where Pickens grew up, the modest veranda was a platform in his youth for his own personal tribunal—a mighty triumvirate of strong women with equally potent opinions.

"I found a billfold on Broadway Street when I was collecting for my paper route," Pickens recalls, "and got a dollar from the owner for returning it. Of course, I came home pretty excited about that dollar. But my grandmother, who was sitting on the porch with my mother and aunt, told me to take it back."

THE TAKEAWAY

Pickens, the oil-industry entrepreneur who has amassed, lost, and won again billions of additional such bills since finding that wallet, protested, but eventually did as he was told. "I had to push my bike across a natural drainage ditch and it was pouring down rain. I was up to my waist in water," he remembers. "When I got back, I told them I almost drowned on Burgess Street, but they had no sympathy. 'If you had gone when we told you to go,' they said, 'you wouldn't have gotten wet.'"

The lesson endures, seven decades later. "A dollar is not worth as much as you think it is," Pickens says. "Your honesty is worth much more."

Having turned 80 in May—with a fortune estimated by *Forbes* magazine at \$3 billion—Pickens' professional near-drownings are clearly on his mind these days, as are the early influences that taught him to press on, figure a way out, and lead with integrity. "The way these women, and my father, raised me made things easier," he says. "Everything was put in place for you."

To mark his milestone birthday, Pickens' 1,200-square-foot childhood home was relocated from Holdenville to his ranch in Roberts County, Texas, and refurbished to the condition it was in when his grandfather built it in 1923. The gesture was a gift from Pickens' fourth wife, Madeleine.

COMMANDING A ROOM

A computer is logged on to CNBC in the offices of BP Capital Management, the private-equity firm that runs two hedge funds, both of which invest mainly in oil and natural gas. Pickens, who founded the Dallas company in 1996, is watching an interview recorded earlier that morning. He is known to be frank, and he is. In person, and on the screen. A winsome blend of down-home, around-the-fire storyteller and legendary tycoon, Pickens commands a conversation, a room, a presence. The show's hosts are having a lively time.

"Come get me when you're done," he says, walking into the hallway.

"He wants you to see this," says Jay Rosser, Pickens' public affairs director. "It was supposed to be a five-minute spot, but they kept him on for 20. And they blew through one commercial break, which they rarely do."

Pickens has always been asked about how he built his first company, Mesa Petroleum, into one of the largest independent oil companies in the world, and about how he not only explored the globe for potential oil sources, but also acquired other companies in high-voltage 1980s takeovers, or tried to. Lately, though, Pickens has become a vociferous advocate of alternative energy, believing the earth's oil production is on the cusp of irretrievable collapse.

"What do you want to talk about?" he asks, leaning his sweatered arms on a table in his office.

"Tell me about the wind."

"The wind."

"Yes."

"The wind is a serious big deal."

In the same way that Pickens long has drawn possibility—and oil—from uncharted terrain, he sees potential in the unharnessed currents that kick dust across the Texas plains. He intends to build the world's most expansive wind farm—a \$10 billion project that will yield 4,000 megawatts of electricity, five times the amount of the largest existing facility in Abilene. Last year he formed Mesa Power LP, which will

1. Never underestimate a solid upbringing as a factor in business success.
2. Early on, T. Boone Pickens learned how to succeed by making acquisitions.
3. A good fisherman knows when to throw the catch back into the sea.

oversee construction for the next six years in four counties in the Panhandle.

“We are now spending half a trillion dollars on foreign oil, importing 62 percent of the oil we use, and we haven’t had the leadership in D.C. to do anything about it,” Pickens says. “We’ve got to move to other sources of energy. But we’ve gotten way behind, and will continue to pay the fiddler. It’s not a good future.”

Mesa Power is assembling acreage in Roberts, Gray, Hemphill, and Wheeler counties and, in April, ordered nearly 3,000 turbines. The company also is interviewing contractors and preparing to acquire the necessary rights-of-way. Pickens hopes to begin building by next year, dotting the landscape with futuristic-looking windmills, each 40 stories high, with blades more than 80 yards long.

The breezy corridor from Texas north to the Canadian border is a prime resource, with its reliable supply of renewable energy. Mesa Power estimates that 1 million homes in the state will be powered by the facility, which has included in its plan the transmission lines that will carry power to the main grid. Currently, about 2 percent of electricity here comes from those hard-hitting gusts for which the land has become known. Pickens wants to increase that figure to 20 percent. And, as the cost of petroleum and natural gas has risen, this emissions-free alternative would seem poised for growth.

“Legislation [was] passed in 2005 to encourage more wind production, and one result is that consortiums are being developed,” says Terry Hadley, a spokesman for the state Public Utility Commission. “We’ve seen that wind developers are trying to establish partnerships with power-line companies, and new power companies are being formed.”

Along with the Abilene facility, several smaller wind-energy companies have been operating in West Texas for about 10 years, Hadley says. “There is more interest in it now, of course, with the high fuel costs. Also, the rapid growth in population here demands that we need more electricity, as well as a wide variety of sources to generate it.”

Pickens wishes that government officials would study the options in a more critical way. “The candidates should be starting to figure out how to use wind, how to use solar, to clean coal up and get it into the market,” he says. “The number of barrels of oil produced each day is not going up. The cost predictions are more severe. Soon, there will be many changes, and they are all going to happen pretty quickly. People will start talking about living closer to work, they will be taking mass transit, cars will be filling up. If you don’t turn down your heat when you leave the house, you’ll start to.

“My grandmother told me, ‘Turn out the lights or start paying the bill,’” Pickens says. “I turn the lights out, but not everyone does.”

At the same time, Pickens also wants to pump water from 200,000 acres in West Texas and sell it to an urban area—either Dallas-Fort Worth, El Paso, Lubbock, or San Antonio. Landowners in Roberts County have sold him the rights to the Ogallala Aquifer water beneath their property for \$75 million. Ultimately, his company, called Mesa Water Inc., expects to reap \$1 billion from that investment.

Under his plan, which Pickens developed in 1999, pipelines would transport water from the Panhandle to communities that need it, supplying 320,000 acre-feet of water each year to as many as 1.5 million people. Land values for the 1,000 families sitting on top of this commodity—Pickens is one of them—are estimated to triple over time, reaching \$700 per acre. At this point, though, Pickens is only in the talking stage with local water providers.



HUNTING ELEPHANTS

It’s said that the difference between people who succeed and those who don’t is in the doing. Successful ones do. The others talk about it. It’s also said that if you don’t have a good idea, no matter how much you do, you won’t get past the front door. In the case of Boone Pickens, an unconventional thinker who simply does it differently than most—whatever *it* is—one might say he’s got both strategies on his side.

“When I have an idea, I run it by the guys up here,” Pickens says, raising his hand into the ethers of his Preston Road headquarters. “I try it on them. If I like it, I pursue it. I pursue well. The older I get, the more I see a straight path where I want to go. If you’re going to hunt elephants, don’t get off the trail for a rabbit.”

Pickens began hunting elephants at age 11. The first was a kid named Jones. A fellow paperboy for the *Holdenville Daily News*, Jones had something Pickens wanted. When he started in 1939, Pickens had 28 customers, selected strategically for their homes’ proximity to the newspaper office. He saw that Jones, who was older, had routes adjacent to his. Knowing that his colleague would be retiring at age 14, Pickens figured that he could assume the business when it became available. The manager went for his pitch.

“All of a sudden, I had 80 papers,” Pickens says. “I wore two bags, put two on the bars, rode two blocks and off-loaded one, then another block and took off the other. I had a system for going back and forth, backing up, picking up the bag, taking it off again, and I’d do it four times, flying back into the office in 36 minutes.”

With the pace, some papers would land on the walk, on the steps, or on top of the piano teacher’s glass milk bottles (“once I did take a point-blank shot,” he admits, “and took them all out”). Says Pickens: “Speed was more important than accuracy.” Within three years he acquired 128 new customers, increasing his revenue by 457 percent. “I never did like to ask for an allowance,” he says.

By high school, Pickens had moved with his family to Amarillo so that his father could take a job with Phillips Petroleum. Thomas Boone Pickens Sr. was a local oil “land man” whose job was to find landowners willing to lease their mineral rights and then sell those leases to oil companies. Pickens Sr. had always worked for himself, until Phillips made him an offer. The younger Pickens, an only child, finished high school in Texas, attended Texas A&M University for a year, and then transferred to what is now Oklahoma State University, where he graduated in 1951 with a degree in geology. Following graduation, he, too, took a job with Phillips Petroleum, where he stayed until he just couldn’t anymore.

“I asked them when we would be drilling our first well, and they said, ‘In a couple of years,’” Pickens says, still seeming frustrated. “I said, ‘I think I’ll quit.’ I just don’t fit into a bureaucracy that waits.”

So Pickens became, in that instant, an entrepreneur. He had a little money, a wife (his first, the former Lynn O’Brien) and three kids. For two years, he worked as a wildcatter—someone who drills oil wells in places that are not known to be oil fields. In 1956 he founded Mesa Petroleum, which would mushroom by 1981 into a powerful, well-known producer of oil and gas.

Rather than relying only on drilling and exploration, Pickens utilized his paper-route tactic for expansion, attempting to boost his energy reserves by acquisition. Oil companies—large and small—were targeted for takeover. In 1983, his bid for Gulf Oil netted \$404 million, though Gulf ultimately joined with Chevron. In the process, Gulf’s stock price rose to \$80 per share, which put \$6.5 billion into the pockets of the company’s 400,000 shareholders—the largest of which was Mesa.

The Gulf deal let the business world know that small companies could go after large ones and come out ahead. “Size alone no longer protected an entrenched and stagnant management,” Pickens wrote in his book, *The Luckiest Guy in the World*, published in 2000. “But we didn’t take a position in Gulf Oil because we wanted a landmark deal, or because I wanted to become a celebrity, or because we hoped to create a national debate about takeovers. We did it because Gulf was an undervalued company in the public marketplace, and we needed to make some money.”

Though other similar acquisition attempts did not pan out, Pickens and his fellow stockholders in the various bids benefited handsomely over the years from the eventual sale of stock. Pickens, who was portrayed in the media as a corporate raider, positioned himself as a champion for shareholders’ rights, helping to create the United Shareholders Association, a key objective of which was to win a one-share, one-vote rule from the Securities and Exchange Commission.

During the 1980s, Mesa acquired natural gas reserves in two key transactions. By 1989, Pickens moved Mesa to Dallas and, in 1996, following a bout with falling natural gas prices, resigned from the company, and later sold his stock for \$35 million. In 1997, along with BP

Capital (which, after a wobbly start, is now valued at \$4 billion), he formed Pickens Fuel Corp., which was reincorporated in 2001 as Clean Energy Fuels Corp. Today Clean Energy owns and operates more than 150 natural-gas fueling stations from British Columbia to the Mexican border. The company is the largest supplier of natural gas for vehicles in the transit, trucking, refuse, police, airport, and taxi industries. Vehicles fueled this way produce up to 95 percent less pollution than those that run on gasoline or diesel.

Pickens' latest book, titled *The First Billion is the Hardest*, has to do with making money and is due out in September.

"At what moment in the time line did you feel successful?" Pickens is asked.

"When I had 40 pointers," he replies. He's talking, of course, about hunting dogs.

GIVING BACK

For all of his hunting—for quail, for oil, for gusts of wind on the Central Plains—Boone Pickens knows how to throw the catch back into the sea. He is a generous man.

During his career, Pickens has given more than half a billion dollars away to various philanthropic causes. Earlier this year, for example, he pledged \$10 million to the Dallas Museum of Nature and Science for the building of a 150,000-square-foot museum in Victory Park. He also gave \$5 million to Texas Woman's University for the creation of a new Institute of Health Sciences, which will house the nationally ranked Stroke Center, College of Nursing, and programs in occupational and physical therapy.

In addition, Pickens has donated \$50 million to both the University of Texas M.D. Anderson Cancer Center in Houston and the UT Southwestern Medical Center at Dallas. Last year, he provided \$2.5 million to Happy Hill Farm Academy/Home, a residential school for at-risk children and teenagers, as well as \$6 million to Jubilee Park in South Dallas. His \$7 million gift to the Red Cross following hurricanes Katrina and Rita was the largest from an individual donor in Red Cross history. His donations to his alma mater, OSU, where he briefly played basketball, have totaled \$300 million, with roughly 90 percent of the gift directed toward the university's athletics program—the largest such sports donation in collegiate history. The remaining funds were given to the School of Geology, which is named for him.

"I don't go looking for somewhere to spend my money," Pickens says of his attitudes toward thrift and philanthropy. "You can step on a tube of toothpaste for a week, if you have to. I spend what I need to and give it away."

NURTURING THE LANDSCAPE

Guests arrive at the Belo Mansion for a luncheon honoring Pickens and his gift to TWU. It is a warm and uplifting affair, with friends, business associates, and university faculty filling the room to capacity. Pickens, a sort of folk icon, glides through the crowd, distinguished in a dark suit. People steer toward him like compass needles to the north.

"If Boone is involved in something, I know I want to be involved in it, too," says Realtor Ebby Halliday, a Dallas business icon herself at age 97.

Pickens' pal Jerry Jones, the owner of the Dallas Cowboys, makes the introduction. Alluding to Pickens in the language of sports, Jones talks about "days of glory," about getting knocked down and standing back up. He talks about football, and about how "you only know what you're made of when the fight is on."

Later, Pickens acknowledges the fights, and his fumbles.

But a look at his life in full reveals a sweeping philosophy that has characterized all that he has accomplished. Having spent a career isolating terrain primed for possibility, whether an oil field, a windy plain, or a young mind seeking inspiration in a new museum, Pickens has always nurtured the landscape, setting it up to yield as much as it can.

“By age 79, you did it—or you didn’t do it,” he says, curving his lips into a knowing smile.

T. Boone Pickens understands clearly that he has.