

NATIONAL PRESS CLUB LUNCHEON WITH T. BOONE PICKENS

SUBJECT:

MODERATOR: SYLVIA SMITH, PRESIDENT, NATIONAL PRESS CLUB

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**SYLVIA SMITH:** (Sounds gavel.) Good afternoon. My name is Sylvia Smith. I'm the Washington editor of the Ft. Wayne *Journal Gazette* and president of the National Press Club.

We're the world's leading professional organization for journalists. And on behalf of our 3,500 members worldwide, I'd like to welcome our guests and our luncheon audience members today. I'd also like to welcome those of you who are watching on C-Span or listening on XM Satellite Radio.

We here at the Press Club are celebrating our 100<sup>th</sup> anniversary this year, and we've rededicated ourselves to a commitment to the future of journalism through informative programming, journalism education, and fostering a free press worldwide. For more information about the Press Club, please visit us at [www.press.org](http://www.press.org).

We're looking forward to today's speech, and afterward, I'll ask as many questions from the audience as time permits. Please hold your applause during the speech so we have as much time as possible for questions.

I'd like to explain, if you do hear applause, it may be from guests and members of the general public who attend our events, not necessarily from the working press.

I'd now like to introduce our head table and ask them to stand briefly as their names are called. From you're right, Dan Berman, editor of *Environment and Energy Daily*; Eleanor Clift, national contributing editor for *Newsweek* and panelist for the McLaughlin Group; Lou Cordia, son-in-law of the speaker; Jay Rosser, director of public affairs at BP Capital; D. Bhambhani, an energy correspondent for Platts McGraw-Hill and a member of the National Press Club board of governors; Madeleine Pickens, wife of our speaker; Angela Greiling-Keane, Washington correspondent for Bloomberg News and chairwoman of the National Press Club Speakers Committee. And we'll skip over our speaker just a moment.

Dave Anderson of the Department of Housing and Urban Development, and a member of the Speakers Committee who organized today's event. Thank you so much, Dave. I beg your pardon. Dave's not at the table. Rick Dunham, Washington bureau chief of *The Houston Chronicle* and former Press Club president; Liz Cordia, Mr. Pickens' daughter; Kathy Kiely, Washington correspondent of *USA Today*; and Melissa Monk of Energy Policy TV. Welcome everyone. (Applause.)

T. Boone Pickens is underwriting the multi-million dollar cost of TV ads in this year's campaign season. But they're not targeted at a particular candidate. Instead, this lifelong Republican and oil & gas billionaire is warning that the escalating reliance on oil is a bad idea financially and environmentally. He says, "This is one emergency we can't drill our way out of," generally the nut graf of a Democrat-leaning environmentalist speech.

Pickens is the billionaire oil executive and hedge fund manager whose \$58 million dollar multimedia campaign promoting the use of alternative energy is competing with the flood of ads from presidential contenders. Pickens recognizes this dissonance. In his commercials, he says he's been, "...an oil man all my life." And here he is, promoting wind power and telling everyone that drilling is not the answer.

The Pickens Plan promotes the use of wind to replace the use of natural gas generated electricity which would free up more natural gas for transportation and reduce the reliance on oil, especially imported oil. We'll hear more about that in a moment.

Six decades ago, Boone Pickens started in the oil business as a geologist following his graduation from Oklahoma A&M, eventually becoming the top

executive in Mesa Petroleum, the nation's largest independent oil company. He began acquiring companies and became known as a corporate takeover artist.

His fortune grew whether his attempt at hostile takeovers of companies such as Phillips Petroleum and Gulf Oil were successful or not. He figured out well before anyone else that the price of a barrel of oil would skyrocket. That allowed him to leverage his energy bets on natural gas and oil futures and take advantage of the rise and fall of oil prices by buying and selling those commodities. So now you know how to make your first billion, which could be the reason why so many of you had joined us today for this sold-out event.

But Pickens hasn't always gotten it right. For example, his BP Capital Energy Commodity fund lost money in its early years. His ten million shares of Yahoo were sold at a big loss. And he served on the finance committee of the failed presidential campaign of Rudi Giuliani. But such setbacks are easily set right and quickly forgotten by the fluctuating price of a barrel of oil.

On July 8<sup>th</sup>, he introduced the Pickens Plan, designed to promote alternatives to oil. However, his heavy financial investment in natural gas and wind turbines has given pause to environmentally minded Democrats who view Pickens as a speculator and committed Republican while harboring suspicions about his motives.

But you have to give credit to a successful oil man with a well publicized admonition that we can't drill our way out of this. Pickens has met with both Senators McCain and Obama to discuss his plan. And he's here now to tell us more. Please join me in a warm National Press Club welcome to today's speaker, T. Boone Pickens. (Applause.)

**T. BOONE PICKENS:** Sylvia, thank you, and I appreciate the nice turnout today. Sylvia, the organizer that she is, she dropped this. It says, "Clock here." I can't see it, though. I spoke one time in Denver and I finished and it was-- I should have known better. It was to a group of accountants. They're not big on gifts. And so when it was over and I was seated, well, the emcee said, "Would you come back up? We have a gift for you."

And I said, "Of course." So I came back up. He said, "We liked your speech today and we're giving you a very nice gift." And he gave me this Rolex watch. But it was mine. I had left it on the (Laughter.)-- And there was nothing more than my watch. I had the crowd figured pretty good on those accountants.

I want to talk about a problem that is-- it's as big as the problem they're solving today on the financing we've experienced, the financing or the lack of financing. I don't know which it is. But I did like a remark that was made today

on CNBC that said, it's got to stop where you privatize the profit and socialize the risk. And that's kind of, you know, what we've come down to.

But I want to talk about a subject here. And you know something about what I'm doing, because surely you've seen my ads. After all I've paid for them, it'd be heartbreaking to ask for a show of hands and have only half of you raise your hand. But I'll tell you how this has all occurred. I'm 80 years-old. And please don't ask me the question if I'm in this for profit, because I promise you, for what I've been doing, trying to acquaint the American people with the problem, that I want you to look at that question and don't ask it. Because I'd rather be playing golf at Del Mar Country Club in California today instead of paddling around all over the country talking to everybody about energy in America. I'm not trying to make any money out of this. I've got enough money. I don't need any more money.

And I've given away in five years over \$700 million. And I look forward to the day (and it'll be a big party when I do it) when we give away a billion dollars. Not another billion – it's working the seven up to a billion. But I look forward to when that day comes. And for my book, if you buy my book, whatever part of that goes to me will go to Brooke Army Medical and to Fisher House. (Applause.) You won't buy it and then say, "This son of a gun is going to make more money now off of this." No. And I like to do that. I enjoy doing those things.

But I've been in this business for 50-- Well, I got out of school in '51 as a geologist at Oklahoma State. I then worked for Phillips Petroleum for three and a half years. And then I went out on my own. As Sylvia said, there were good years and bad years. I've had people ask me, how many years out of the 50-odd years you've been in the business were really great years in the oil business? And I'd have to say it would be, maybe if you get it, five on one hand, great years. Those were the years when you found an oilfield or a gas field and everything worked out well for you.

The other 45 years were not losers. But how many out of the 45 were losers? I'd say about five or ten. But the great years and the really bad years kind of equaled out. The rest of them, you stayed alive, in the other 40. And so the business is not-- Don't have the idea that it's an easy, simple business where you just drill a hole in the ground and oil comes out. It doesn't quite work that way. Sometimes you can drill well after well and nothing comes out. And I don't care who you meet in the next ten years, you will not have met anybody that has drilled more dry holes than I have.

But somebody says, "That's because you've been in the business a long time." That's part of it. That's part of it. But as this campaign came and-- to

exist-- And tonight, I did a lot of talking. My wife has been treated for cauliflower ear for having to listen to me. And so I said, you know, none of these candidates really understand the business.

I first thought we had some people that were dishonest. I don't think that. I think they just didn't understand and they would not take the time to get acquainted with the problem and the severity of the problem.

But in 1970, Richard Nixon said, at the end of this decade, 1980, "By 1980, we will not be importing any more oil." We were importing at that point 24%. That was wrong. Then every President after that point that I could find all said, "Elect me and we'll be energy-independent."

Wrong. Each time-- Nobody-- And honestly, I blame you more for not making them accountable for what they said than I do me. But I start to take blame as this unfolds. But I never saw a reporter or anybody in the media that ever said to one of the candidates, "What is your plan for doing this," because this is a huge problem for the country.

After they were elected, it was never mentioned. I never saw where they mentioned. Now, I have in a handout that I hope you get, it has what each one of these Presidents has said about energy in America and how they're going to solve the problem. These were all made before they were elected. They were not mentioned after it.

So I told my wife, I said, "Someplace, somebody has got to explain some of the myths that actually exist in this business," because it's so important to the country. So I look at \$150 dollar oil. It's costing us about \$700 billion dollars a year to buy foreign oil. Well, you think about that a second. That's four and a half times as big as the Iraqi war every year. So you think, nope, not one of these-- Now, President McCain-- President McCain.....(Laughter.) *Senator McCain* and also met with President Obama-- (Laughter.) I evened that up, didn't I?

But Senator McCain, after I talked to him, he now does use \$700 billion, if you've noticed, that we can't sustain the cost of foreign oil at \$700 billion dollars a year. And I met with Senator Obama. And he quit saying that he was going to have a million plug-in hybrids in ten years. And the reason I think that was eliminated from his remarks, that I told him-- We both-- I addressed both of them this way. They were privately, Friday, on a-- It's back, been about six weeks, eight weeks ago, I met with Senator McCain in Aspen. And the following Sunday, I met with Senator Obama in Reno, Nevada.

And when I spoke to them, I did not know Senator Obama and did not know Senator McCain very well. I'd been with him on one other occasion, at the

Reagan Library. But I said that-- "Senator," I said, "I'm going to address you as a general working for you and you are the Commander-In-Chief. And I will present the problem and the solution. Interrupt me any time you want to."

And I had a whiteboard there that I went through some calculations on. But both of them had the same response when I said, "I'm addressing the Commander-In-Chief." They both got a big grin on their face, so. (Laughter.) I started off good anyway.

But Senator Obama, after I presented and we talked there for 30, 45 minutes, and he became a little more relaxed with me, that I was not-- he didn't see me as a bad guy. He saw me as a guy that-- I think that I was sincere in trying to help our country. And I said, "Something you say that makes me a little uncomfortable is that you're going to have a million plug-in hybrids in ten years." And he kind of straightened up in his chair and he said, "And I'm going to do that, too." And I said, "But Senator," I said, "If we looked out the window on that parking lot and saw a million cars, it'd look like one hell of a lot of cars, wouldn't it?" And he said, "Sure would."

I said, "Now, you've got to think bigger, because there are 250 million vehicles in America. One million is nothing. In ten years, one million plug-in hybrids is nothing. But don't throw it away." I told him, I said, "Don't throw it away." We'll take everything we can get, just so it's American. Just so it's American. We want it. I'm for everything that's American when it comes to energy. I'm for nuclear. I'm for drilling. I'm for biofuels. I'm for geothermal. I'm for natural gas. You know, I can go down the list. I know the list very well. There are eleven on it.

But when you list the resources we have to solve the \$700 billion dollars and the almost 70% dependency on foreign oil today, when you put the list down, it looks like a pretty good list. But when you look at the ones that can reduce the imported oil, it only has two out of the eleven. One is biofuels. That was a ...(inaudible) deal, wasn't it, the ethanol deal? I was against ethanol forever. I was with Bob Dole yesterday, and he said, "You keep telling that story about me on that ethanol." And I said, "Well, is it incorrect?" He said, "Well, it isn't incorrect." "But," he says, "...it sounds stupid the way"-- I said, "Well, you called me out in the hall in 1990 in Washington. He said, "I know what I did." He said, "I called you out in the hall and told you that you're trying to convince a bunch of people that ethanol wasn't a good fuel. But we knew more about it than you did and all. But you needed to understand something about politics."

And I said, "And you proceeded to tell me there were 21 farm states and there were 42 Senators." And I said, "Hold it. I'm starting to catch on now, what's going to happen here." And he said, "And they want, those 42 Senators want

ethanol. And we're going to have it. Now quit coming around here telling us it's not a good fuel."

But I then became, I guess, not a lover, but I did accept the ethanol because it was ours. I'd rather have ethanol than I would foreign oil. Anything in America is better than foreign oil for energy. And so as it unfolded and I started to craft my story to you and others about we had to do something about this, that I focused on the \$700 billion.

Let me give you a fast-forward in ten years. If you look at what's happened to us in 40 years, we've never had an energy plan for America. And who do you blame? It's easy. You know, all of us who don't live in Washington, blame Washington for everything. And you that live in Washington wonder what we're doing where we live that we don't know what's going on.

So as I looked at it and thought leadership, you know, say, we didn't have the leadership. Well we didn't have the leadership. Nobody ever stood up and said that we're not going to do what we're doing. We are putting ourselves in a horrible spot from the security standpoint to have dependency on almost 70% of our oil is from foreign sources, and 38% of that comes from the Mideast and Africa, the most unstable areas in the world.

And here we are in that spot. Second, it's going to kill our economy. Nobody stepped up and said it. Okay. They didn't, but in their defense, we had cheap oil. Cheap oil caused us to do it. Germany had cheap oil. They developed wind. The French had cheap oil and knew they didn't have the oil, but-- They were buying it from somebody else. But they developed the nuclear.

We sat here. We didn't do anything. We didn't even really have a train. And when you look at it, this country didn't even-- I go to China to ride on a bullet train. We don't have a bullet train in America. Why? Because we had cheap oil. And our rail system could not develop.

My wife liked to go out on that bullet train to Beijing Airport. And as we went out there, she thought I looked good. She said as we were whipping along at 250 miles an hour, she said, "Gosh, you really look good here on the train." (Laughter.) I said, "You want me to ride on this train all the time?"

But if you look at what we did, we really-- It starts to border on being not very smart. But maybe a better way, we are stunted. We're absolutely stunted on energy. We do not understand energy because we had cheap oil.

Now, when we come up to the \$4.00 dollar-- This is one of the reasons why I'm here in front of you today, that we went to \$4.00 dollar gasoline. And it

went on up, that a little bit. But at \$4.00 gasoline, people started saying, "Wait a minute. I didn't have any idea I was going to pay \$4.00 dollars for gasoline." And, you know, we had SUVs and all this. I sat at an intersection, Mockingbird and Preston Road in Dallas a year ago and counted the cars going through on green while I was on red. Forty-four cars went through and one car had two people in it, and the others had one. I thought, "Whew, we're going to-- Something's going to change in America. At some point, it's going to change."

Well, we're there. We're at that point. Now, you saw the problem.

[side remarks]

So you see the problem. It's huge. And now what is the solution? Well, when you look at the list of resources we have to work with, the ones-- I said biofuels. That did get up to a million and a half barrels. In the world today, global production of oil is 85 million barrels. Eighty-five million. We use 21 million. Twenty-one of the eighty-five is 25%, with only 4% of the population. But another horrible part of that, we only have three percent of the oil reserves in the world – three percents of the reserves and we're using 25% of the daily production. Somehow that doesn't seem right to me.

But I wonder what those with the oil have said privately about what we're doing to ourselves. Nobody else is using any level compared to their population as we are. So here we are using 25% of the oil. We have in this country about-- We have five million barrels a day. And our production peaked in 1970. So when you see the politicians get up and tell you about the 86 billion barrels of oil that the Interior Department has given them that's off our East and West Coast, I promise you, don't believe it. Don't believe it. I mean, that is myth number one.

The 86 billion barrels that are given is oil in place. You say, well, what does that mean? Well, it means that it's not going to all come out of the ground. About 30% of oil in place is produced. But they throw the 86 billion around like it's low hanging fruit. It's not.

You look at the Western Gulf of Mexico sale two months ago. And Carl Pope, with the Sierra Club-- And I have, believe it or not-- Can you-- The Sierra Club and Boone Pickens are now bosom buddies. (Laughter.) But we are on the same page. Carl doesn't want to drill. But I said, "Carl, you get heartburn over drilling. There's not going to be that much drilling left to do." I said, "Look at the Western sale, Western Gulf of Mexico sale coming up." And I said, "It's 18 million acres."

He said, "I've seen it. I saw it." And he said, "I don't want them to drill." And I said, "Okay. The 18 million acres, there won't bids on half the acreage." He



said, "Why not?" I said, "Because the oil companies don't think it's worth anything, is what it is." I said, "It's been picked over. Everything's been picked over. The big fields have been found." And so he said, "Okay."

The sale came and he called me. "My god," he said, "...you really know this business." (Laughter.) And I said, "Carl," I said, "...half the tracks wouldn't be bid on." It was only 10% of the tracks were bid on. Ninety percent did not get a bid. And I said, "I don't feel very good about that. I said half." He said, "Let me tell you, the half was good enough for me." He said, "I thought there'd be a bid on every track." I said, "No." And I said, "When you start bidding the East/West Coast that you aren't going to get"-- There's not going to be a lot of attention to it. The highest track that sold in that sale was \$62 million by a foreign company, Statoil. And it was \$62 million, which is a kind of a midrange price.

And the second bid-- Usually on a track that went for \$62 million, you would have six to ten bidders on it. There were one other, *one other*, Anadarko, and they bid \$8 million. So it's picked over. And so we're not going to pick up much oil off the East/West Coast. ANWR is where to go. I've had, I don't know, a hundred people in the last year that have said, "Alaska will solve our problem." You're shaking your head yes. That's what you're thinking.

No. It isn't. The pipeline is only two million barrels. The pipeline from Deadhorse to Valdez is two million barrels. "Well, put in another line." No. That ain't gonna happen. There's going to be a gas line that comes out of Alaska to the lower 48, but I don't want to get on that. I'm running out of time, Sylvia.

And so Alaska is not the answer. The candidate, Sarah, she speaks of it like there's unlimited supply of oil in Alaska. That's not so. If we could get a million barrels a day out of Alaska, I'd be tickled to death. We're now producing one million up there. The line is two million. If I could fill it up with a million, I'd be happy. If I could get a million off the East and West Coast, I'd be happy. If I could get two million barrels out of everything we have, I'd be happy. Okay?

Now remember, we're using 21-- We're importing 12 million barrels a day. And now you have people saying, "Drill. We're going to drill our way out of it." I say, you can't get any more than two. So two won't cover 12, right? Now, if it did, if we had 12 million a day that we found someplace that this geologist don't think you have a chance of finding, you would be larger than Saudi Arabia. Saudi Arabia produces nine million barrels a day. So the magnitude of the problem we're facing is huge. It is huge. There's only one resource we have in America that we can actually reduce foreign oil with in large quantities. That's natural gas.

Natural gas, we have an abundance of. And abundance of, it's ours. It's cheaper and it's cleaner. It's crazy. Why wouldn't we use it? Why wouldn't we? There are eight and a half million vehicles in the world today that use natural gas. One hundred and forty-two thousand of them are in The United States. Why? The auto companies didn't want it. The major oil companies didn't want it. The chemical companies didn't want it. And we didn't have it. That's what happened. We didn't have it.

But now it is going to be the transportation fuel that bails us out of this horrible problem. Okay, if we take the wind corridor, which is a beautiful wind corridor, from Texas to Canada, east of the Rocky Mountains, and that could be opened up like Sweetwater, Texas, which is a town-- I model-- Everything I tell you, I've got a model for. I'm too old for R&D, so-- (Laughter.) (Applause.) Thanks. Thank you. I hear these politicians. You know, they'll say, "Well, R&D, we'll have it in three years," or, you know, "The cellulosic ethanol, it'll be here, but we're not quite there. Be five years," you know and everything, well, I don't have those kind of deals. I've got them. I've got the model.

Okay, Sweetwater, Texas is my model for revitalizing rural America. Sweetwater, Texas was 12,000, went below ten, now above 12. Why? Because of wind. Wind energy, they have 2,000 megawatts of power on turbine in there at Sweetwater. And the town is now 25% of the employees there are wind-related, some fashion or other, maintenance or construction or whatever. I'm doing a wind farm at Pampa, Texas, which is 4,000 megawatts which will be the biggest wind farm in the world. And it will be twice the size of Sweetwater, but it'll be a huge boon to that area. Shell Oil Company is doing one 100 miles from where I am. You go up through that corridor of the-- all the way to Canada and you can revitalize rural America. And the solar corridor is from Sweetwater, Texas to California.

All this can be done. Why hasn't it been done? Because of cheap oil. We were not tasked to do one thing. We weren't. Every time oil went up and you had-- There's some stuff going on in the universities and some research and everything, which is all good. I'm all for that. Anything that's American-- Remember I said that: "Anything that's American, I'm for." I'm against foreign oil.

So everything is going to have to work. And there's room for everything to work. Natural gas, the thing to use natural gas for is heavy duty. You need it on the trucks. It's where it goes. The President, what I won't even say, the next administration is, that the new vehicles purchase by the Federal government will be natural gas. That'll send a signal to Detroit: "Get ready, because this is going to work." And that's where it starts.

Then you do the trucks. One million trucks on natural gas would reduce our diesel used in America by 40%. If you took the 22% of power generation on natural gas and replaced it with wind, that 22% can reduce the foreign oil by 38%.

Now, I took this and presented it in The White House. And the President listened intently and so did the Secretary of Energy and four DOE people. And we talked about it for an hour, hour and a half there. And I said, "Have you ever seen a number, 38%, that you could reduce foreign oil by 38%?" You're talking about getting back of \$700 billion dollars, if we did 38%, you can get back close to \$300 billion dollars. Can you imagine how many jobs created in America, jobs, profits, taxes, economy? America could be revitalized by just managing our energy properly, getting what we need in place and using it, and getting rid of the \$700 billion dollar outflow.

If you go forward ten years from this point and say, "Okay, we didn't do anything. We didn't do anything for 40 years. Now we aren't going to do anything for ten more years," if you go ten more years-- And we're in this. I mean, there's a ticking bomb right there. Seven hundred billion a year is a ticking bomb. It's going on. This is just a projection from what we're already involved in.

You go ten years. You're going to be importing 75% of your oil. And I promise you, the price will be two to three hundred dollars a barrel. I promise you that. And I keep my promises. I know what I'm talking about. And you are going to be spending \$2 trillion dollars a year. Well, we can't do that. That's out of the question. No economist would say-- And now I have people that say, "Well, I don't know whether this'll work or not." I said, "Fine. What's your plan?" No plan.

Wait a minute. I'm going to give you a chance, because I'm going to-- But when you don't have a plan, I have a plan. Okay? Now *The Wall Street Journal* hammered me on this. And they said I was tampering with commerce as it should be, where we buy something and it's delivered to us and we're happy with what we got and they're happy with what they got. That's commerce.

I'd rather commerce would take place at home, that I'm not sending it, the money out of the country, that I'm buying something in America. And then that is real commerce. That's real commerce. We will buy our own resource here and we will use it for the proper purposes. We will become much more conscious of the cost of energy. But natural gas will be cheaper. Is natural gas a solution forever? No. It is not. It's a finite resource. And all it is, is a bridge to where we want to go, to the next generation. The next generation will be electric or hydrogen for our transportation fuel.

But I'll bet you, there's not ten people in this room could know what I'm getting ready to tell you. Do you realize that a battery cannot move an 18-wheeler? Why are those cars so lightweight, the Volt? Good idea. It's going to work. We're going to use it. But we're not quite ready for it yet. But there are four of us could carry that Volt across this room here. They're lightweight vehicles. They won't move-- Battery will not move a truck. So only thing going to move a truck is diesel, gasoline, or natural gas. And we have an abundance of natural gas.

Okay. I get to take questions. And I'm going to conclude that I hope that after hearing me and how I feel about the subject that you know you're listening to an American, is what you're listening to. And I want to do something for America. I'm 80 years-old. And I kind of had a feeling that the next campaign is going to be too late for this story. So I felt like that I should put up my money and go tell the story and see if we can get-- What do I want? I want both of these candidates-- And we're going to press up. You're going to see a new series of ads. But I'm going to press it up to them that we want a plan, an energy plan, to reduce, at least reduce our foreign oil by 30% in ten years. And that can be done. I can tell you that you could get it down 50%. You can get it. But I've said 30%, they've got to give us a plan.

To-date, neither one have. Senator Obama said he was going to cut off the Mideast in ten years. I wouldn't have said that. I would be afraid they may have a different schedule. (Laughter.)(Applause.) And Senator McCain is just-- He is so fixed on nuclear. And nuclear will work if you're on electric vehicles. But it is not going to reduce today foreign oil. You have to go to the fuel that is going to do it as quickly as possible. Thank you. (Applause.)

**MS. SMITH:** Thank you so much. We have a thousand questions here. Having met with both candidates, you said that neither of them has a comprehensive plan that you think would really work. But of the two, do you think-- how confident are you one of them would actually carry through on a plan compared to the current and previous Presidents that you chided for not?

**MR. BOONE PICKENS:** Well, you're wanting me to grade the candidates. And I can't do that, because I said when I went into this, I was totally non-partisan. And I said, this is an issue has nothing to do with politics. And I will remain that way.

Now I've been approached to join with, and I said no. I've got to remain a lone ranger in this. I have nobody helping me with the financing. I'm paying for every dime of it. And it'll be just that. And neither one have come up with a plan. But I can tell you that we're going to turn up the heat. I've had over six and a half million people come in on that website. And I've signed up 400,000 of them to-- we call them army, that we will march together. And will force plans out of both

of these candidates by the time we get to election day. That's the way this is going to unfold, that they're going to have to have a plan. If they didn't, I failed what I started out to do.

But I don't have any-- Either one of them are fine with me. But they've got to have an energy plan for America.

**MS. SMITH:** How many of those 12 billion (sic) barrels that you mentioned could be replaced with natural gas in five years if we built that windmill corridor?

**MR. BOONE PICKENS:** How much of the 12 million could be replaced if we built the windmill corridor? The windmill corridor will handle all the wind that you want to have. We have 987,000 megawatts built out in The United States today. The Department of Energy projects (and I think it's a good study) that this April '07 that you could do 200,000 megawatts. And they said by 2030.

Too late. It's too late. I can't wait till 2030. I'll be 102 years-old. And so I've got to have it faster than that. And so you could do of the-- That's a tough question. How much is-- I think that within five years, you could recover 20% of the 12 million barrels. I think that we could replace it with wind and natural gas and solar. In five years, I think you could have it down by two and a half million barrels off the 12 million.

**MS. SMITH:** Isn't this as much an issue about consumption? Aside from price, what could persuade Americans not to use so much energy?

**MR. BOONE PICKENS:** Yeah, it says aside from price. That underlined. Because that's the way you can control consumption. We all know that, that everybody, as the price goes up, you're going to become more sensitive what you're spending your money on. And so I don't know how you can do it unless you have a price. And I've always felt--

See, the 85 million barrels-- Oh, that's a point I left out. Eighty-five million barrels, remember, I said was what the world produced every day. The IEA is projecting 87.6 million barrels a day for '09. Well, 85 won't cover 87. And so the way that's handled is with price, as the price goes up. And don't be carried away with this drop from \$150 down to \$91 that took place in the last-- CNBC, who I'm on there frequently, they can't wait to get me on. They wanted me on all last week. And I was busy. I'm going to go on, I think, Thursday morning. But they're going to say, "You said that"-- you know? I said it would be supported at a hundred. And OPEC cut 500,000.

Another point I want to tell you, that 500,000 barrels, they said they were cutting, that was last week. And they'll support it at a hundred, is what'll happen. But five years ago, the OPEC countries' revenues were \$250 billion dollars, \$250 five years ago. This year will be \$1 trillion, 250 billion. Huge. It's the greatest transfer of wealth in history of mankind. That's not all ours. Know this. I mean, our part of that is about \$300 billion. But around the world, those that don't have that are having to buy their oil, their revenues will be \$1 trillion, 250 billion this year.

**MS. SMITH:** Questioner says, if natural gas is only a bridge to a long-term solution, how do you counter the argument that natural gas is expensive considering the infrastructure costs and refueling limitations?

**MR. BOONE PICKENS:** Okay, this is the kind of-- It's a good question, but it kind of makes me think, you're against wanting to try something. Well, I've got to tell you a story. I'm from Roberts County, Texas, which is up in the northeast part of the panhandle of Texas. That's where my ranch is and all. And by the way, I bought my first 2,000 acres up there in 1971. So that wasn't some huge ranch. It's gotten to be pretty good-sized now. But it wasn't back at that time. But there was an old gentleman in the county. His name was White. He was 90 years-old. And when he had his 90th birthday, they had it in a high school gymnasium. And everybody loved him and they came around and shook hands with him.

And somebody there said, "Mr. White," said, "...congratulations. You were born in this county. You've lived in the county 90 years. You don't even like to travel outside the county." He said, "That's right." Said, "You've seen a lot of changes in 90 years, haven't you?" And he said, "Yes, and I was against every damned one of them." (Laughter.)

And here, you're going to have to be some inconvenience on the infrastructure. There's no question. But if you do the trucks, I promise you, that's easy. That's easy. The trucks-- When you start talking to somebody that wants to make a deal-- The Swift people in Phoenix, they talked to me about this five or six months ago. And they said, "What am I going to look at in price of diesel?" And I said, "It's going to be more expensive than gasoline forever after." "Why?"

I said, "Takes four barrels of oil to make one barrel of diesel. Takes four barrels of oil to make two and a half barrels of gasoline." So they said, "Okay, we got that. You don't need to explain any further. It's going to be more expensive than gasoline because you don't get as much out of the barrel." "Yeah, that's right."

Okay. They said, “But, you know, if we went to natural gas and we did LNG, liquefied natural gas, we can go on the interstate all the way across the country with ten stations.” That’s right. Their trucks could do 3,000 miles with ten stations. So, you know, all these details will come together. If this is a real plan, they’ll come together fast.

**MS. SMITH:** Couple of different questioners would like you to comment on the environmental consequences of using more natural gas. Is there a way to make it a cleaner fuel?

**MR. BOONE PICKENS:** Well, natural gas is 80% cleaner than gasoline and 90% cleaner than diesel. So the bridge is the right kind of bridge. So we’re not having to use the dirty fuel because it’s ours. We have the clean fuel. This is the break that I think is-- I think it’s divine intervention. I mean, for us to show up with as much gas as we have-- And this has just happened in the last ten years, that we’ve developed a method to fracture shales, carboniferous shales. And that has been developed. And the largest gas field today is inside of my office, if you can believe it, in Dallas. They’ve actually drilled under DFW Airport.

And that’s the Barnett shale, which covers about five and a half counties. So it’s not just DFW Airport. But the Barnett shale is 50 trillion cubic feet of gas now. And the big reserves on the Arctic Coastal Plain, which we’ve lathered for, for ten years now, is 39 TCF, 39 trillion, smaller than the Barnett shale gas. Still good — I mean, we want all the gas off the Arctic Coastal Plain for the lower 48. But if you look at the Haynesville over in north Louisiana, it’s now projected, after drilling a hundred wells over there, that-- not me, but a hundred wells have been drilled into Haynesville. It’s projected to 250 trillion. And then you have the Marcellus in Appalachia which is now-- It’ll be twice the size of Barnett.

And the Fayetteville in Arkansas and the Woodford in Oklahoma and the Barnett in West Texas-- We have the gas. And this is the opportunity of a lifetime to go ahead and use it. It is the bridge for 20 to 30 years. And it’s cleaner than foreign gasoline and diesel.

**MS. SMITH:** Questioner says, the Pickens Plan notes that the U.S. is the Saudi Arabia of wind. Interestingly, we’re also the Saudi Arabia of coal. Given coal accounts for half of our country’s energy, what role does coal play in your plan?

**MR. BOONE PICKENS:** I’m ready to go on coal. Just clean it up to the level of natural gas. That’s it. Coal’s fine with me, but you’ve got to clean it up.

**MS. SMITH:** You told *The New York Times* last month that you'd never vote for a Democrat. Are you finding that difficult in reaching out to Democrats then with your plan?

**MR. BOONE PICKENS:** I met with Harry Reid. And Harry, I've known Harry for a long time. And we sat down and he said, "Now, are you really out of this campaign?" I said, "I'm out, Harry. I told you. I said if I'm going to sell this plan, the Pickens Plan, I've got to be totally neutral, out of it, no money in it or anything else." He said, "Okay." "If you tell me that," he said, "...I know you." And he said, "You're an honorable person and I believe you 100%. If you're out, you're out. So we want to work with you."

I met two days later with Speaker Pelosi, 45 minutes. We had no problem. She introduced me to the Democratic caucus, no problem. I think I honestly believe that people in this country trust me. And I think that if that was a test, I think it was a good test, because if I told them something, they said, "That's fine. We can go to the bank with it." They know that I'm not going to-- Well, I'm not going to be dishonest. And so I am having no problem working with Democrats.

Had a little problem working with the Republicans. They don't like it because I want to do more than just drill. And they somehow have gotten it-- a lot of them have, that you can drill your way out of this. But you can't do it. There's not enough oil there to do it. But I'm ready to do it, though. I'm going to give it a try. Let's find all we can.

**MS. SMITH:** You ready to give that 'D' lever a try, Democrat? (Laughter.) You mentioned rail. Do you think the U.S. needs more passenger rail? If so, where should the capital come from? And would you invest in passenger rail?

**MR. BOONE PICKENS:** It hadn't been a good investment. And it hadn't been-- I mean, we would have had rail from Houston to Dallas if it hadn't been for Southwest Airlines. You know? That's the whole lobbying game and everything. We all know about that and we've all been involved in it. No. I wouldn't invest in passenger rail at this point. I mean, you know, at my age, you don't buy green bananas, you know? (Laughter.)

**MS. SMITH:** Questioner says, why build wind in isolated regions onshore which requires long transmission lines to reach demand centers, instead of siting wind offshore near major cities?

**MR. BOONE PICKENS:** Yeah, the offshore, it's a lot more expensive, but it's closer to the consumer. And that's something that I didn't mention. When you put that wind, the big wind corridor in, you're going to have-- Congress is



going to have to give-- Have I talked about this? I talk about these things so much, I would think maybe I've already told you. But the Eisenhower-- ? Okay, good.

That I see that what has to be done here-- And I think it may be lucky, and we get the draft behind this Paulson deal, is that they say emergency. And now we have both parties together. That's nice, isn't it, where they sit down and act like we're going to do something instead of try to figure out not to do something. But here we are. And if this works, the emergency deal-- The energy is an emergency also. There's no question it's an emergency. And if it could be presented that way by the President and that we're going to use Eisenhower interstate highway in the Cold War-- You remember how that all unfolded? It went pretty fast and it almost seemed like it was painless. But that was so far back, I don't remember what pain was like then.

But anyway, here, I think that this-- They've got to give us the corridors to move that out. Somebody says, "How much is that going to cost?" I think, and I've had several discussion on this with Warren Buffett, and we think it can all be done privately, if the government wants it done privately. I think that that opportunity is there. You can do it. This isn't going to cost us a lot of money. You don't have to have a lot of money upfront to do it. There may be some incentives to get the trucks-- And I don't want to switch the trucks over. I don't want to go back and retrofit anything. I want just the new stuff coming in, is-- that goes to natural gas.

So I somehow believe it can be done, rather quickly. And it would be cheap to do it. I don't think it's going to be expensive. Somebody asked me the other day, said, "Well, what would it cost to do 200,000 megawatts in the wind corridor?" And I said, "Well, I'm paying \$10 billion for 4,000 megawatts. So that would be \$500 billion." And they said, "Well, how much could be done there?" And I said, "Well, you could put 400,000 megawatts there in that wind corridor." And they said, "Well, that'd be a trillion dollars." And I said, "Yeah, that's right."

Next day, they wrote the article and said, "Boone Pickens wants a trillion dollars from the government to build a wind farm." (Laughter.)

**MS. SMITH:** Well, how much of that trillion dollars is for land acquisition? And how much of it is for the infrastructure needed?

**MR. BOONE PICKENS:** You cannot believe it, but the landowners love it. Now, you get on the East Coast and West Coast, you start running into problems because it gets a little tight over there, and you don't have big land holdings. I think most people are against looking at the turbines.

But in the wind corridor, they're all for it. It's not that expensive. I mean, we announced our deal and signed up 250,000 acres to build turbines on, and at a cost of, oh, \$2 million(?) dollars, something like that. That's just for the lease, not for the royalty, income from the turbines. Those run about ten to twenty thousand dollars a turbine. And I was with ABC crew down at Sweetwater. And they were trying to get somebody to say something negative about the turbines. And they picked out a guy standing on a street corner. I could have told him, "You're not going to get anything out of this guy."

But he's standing there, cowboy hat on, you know, kind of standing. This reporter said, "You for Sweetwater?" "Yup." "You seen all these turbines built here?" "Yup." "You find anybody that doesn't like these turbines?" "Yup." "Who is it?" "The guy that doesn't have 'em." (Laughter.)

**MS. SMITH:** They'd skin me alive if I didn't ask one question on the subject you brought up a question ago, and that's the Paulsen plan. What do you think of the proposed financial market bailout? Should Congress approve it? And should it include any conditions such as limits on executive compensation for the companies involved?

**MR. BOONE PICKENS:** You know, that isn't my question, because I-- Well, I'm not the-- I have confidence in Bernanke and Paulsen. And there's no question some horrible mistakes have been made. But I think these are smart guys. And I think they really do care about this country. And so there's nothing-- I mean, what I see, I'm ready to go along with it. I want to do this. I want to get somebody in there that is going to manage the assets. Because there's a lot of assets here, you know?

There's one way if you want to look at it-- Geologists always look at things optimistically because we drill so many dry holes. And this is kind of a dry hole, but we're now going to try to salvage something. But I think, you know, if you had the right management, if you could get Warren Buffett to assume responsibility for these assets, I can guarantee you, we the people would come out making some money out of this. I mean, it may take us a little while to get there, but there's a lot of assets that are in this. And we can get out. I don't want the deal like we had on Savings and Loan. I don't like that, because there were favored people in there that were giving nice pieces of the thing that turned out very well.

If there are going to be nice things to take place, I want it to be ours, not somebody else's. I want it to be the taxpayers, the people of the country. And if we're going to put up the money and take the risk at this point, we should have whatever profits can be made out of it. And I'm just hopeful that it could be worked out very well.

**MS. SMITH:** We're almost out of time. But before asking the last question, we have a couple of important matters to take care of. First, let me remind our members of some upcoming luncheons. On September 29th, we have Michelle Rhee, chancellor of the District of Columbia schools. And October 3rd, we have James Glassman, undersecretary of state for public diplomacy in public affairs. And I'd like to present our speaker, if he'll come back to the podium, with the National Press Club mug, very famous mug.

[side remarks]

I do have one last question. We've heard you loud and clear today. How about telling us the biggest single microphone mistake in your speaking career?

**MR. BOONE PICKENS:** I had a feeling my wife gave that question there. I spoke at Midland, Texas. And it was a big audience there. It was about 3,000 people. And I was sitting and I had the person that was interviewing me, it was a conversation type, you know, format. And I talked for about ten minutes. And Jay came up to the front and he said, "Boone, there's something wrong with your microphone. They can't hear you."

And I said, "Well, first thing is, I don't have a microphone." And so I started looking. And I was sitting on it. And so when they rigged me up, I said, "Well, you can say that for the first ten minutes, he talked out of his ass." Thank you. (Laughter.) (Applause.)

**MS. SMITH:** Thank you very much, Mr. Pickens, for coming today. Thank you, audience, for coming. I'd also like to thank National Press Club staff members, Melinda Cooke, Pat Nelson, JoAnn Booz and Howard Rothman for today's event. Also thanks to the Press Club Library for its research.

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We're adjourned. (Gavel sounds.)

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