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Gas producer pushes for 'creative destruction' of entrenched oil, coal interests

By [Mark Hand](#)

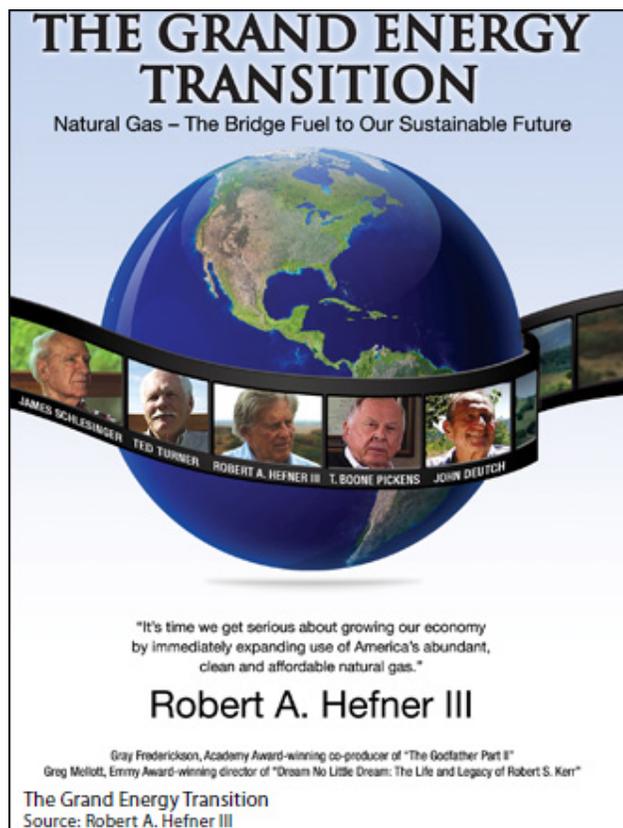
Many energy industry officials often caution against  rushing into building natural gas-fired generation, stressing the need for  balanced energy portfolios. But Robert Hefner III, founder and owner of GHK Companies, a private Oklahoma City-based oil and gas producer, doesn't understand all the fuss.

"I'm a believer in the North American natural gas resource base," Hefner said in an interview. "It's a giant."

Citing concerns about the health of the environment and the nation's economy, the long-time energy executive has little patience for an  all-of-the-above energy strategy. He believes the nation needs to move away from both coal and oil as quickly as possible. Their continued use will only delay the day the world can evolve to sustainable, nonpolluting energy systems, he said.

Hefner felt so strongly about what he views as the important role of natural gas in the nation's energy future that he decided to write a book that laid out a scenario for moving toward the use of cleaner-burning fuels to support economic expansion. The book, *The Grand Energy Transition: The Rise of Energy Gases, Sustainable Life and Growth, and the Next Great Economic Expansion*, was published in 2009. And in a new documentary film based on the book, Hefner touts natural gas as a fuel that can power the economy for the next 100-plus years and portrays coal and oil as 19th and 20th century fuels. The film, which shares the same title as the book, is also highly critical of nuclear power and highlights the weaknesses of wind and solar energy.

In introductory remarks at the film's premiere in Washington, D.C., on April 18, Hefner said his "grand energy transition," or GET, plan will help modern society transition from liquid and solid fuels to an era dominated by energy gases. In the film itself, Hefner says that modern society cannot exist without the consumption of vast quantities of energy. "Therefore, energy consumption is a moral good," he says.



Hefner, who co-founded GHK Cos. in 1959, believes the North American natural gas resource base is large enough to power the nation's electric generating and industrial facilities, fuel a large portion of the nation's transportation fleet, and export volumes to other countries. "There's plenty to meet all the demand for phasing out coal and generating electricity with natural gas," he said. "And if you took half the vehicles and ran it on natural gas, you would still have enough to export some LNG. There's nothing wrong with exporting some natural gas."

According to Hefner, the federal government should play an oversight role in unconventional gas production but not engage in regulation "because geology varies so much."

"There's a uniqueness to every state or group of states, and therefore there's not going to be one set of regulations that fits everything very well," he said. "It's best that the states regulate and they've been doing a darn good job."

Some states could learn a lot from officials in traditional oil and gas producing states, such as Texas and Oklahoma, where members of the regulatory agencies "are sophisticated and know what they're doing and they're very well-educated." Hefner said regulatory officials in Texas and Oklahoma "could be a great help to the Eastern states that are not quite as aware."

Public health advocates and environmental activists, however, complain that state regulators in oil and gas producing states often fail to adequately regulate the industry because of legislative mandates and mission statements to promote drilling in addition to regulating it.

At the screening of the film, Hefner conceded that the natural gas industry dragged its feet in addressing the concerns of some public officials and residents. "No question the industry was slow in revealing what was in frack fluids," he said. But he questioned why the industry still remains under intense scrutiny because he believes it has cleaned up its act.

The film shows news clips of anti-fracking activists and takes a swipe at Josh Fox, who made the Oscar-nominated  anti-fracking documentary "Gasland." But the makers of "Grand Energy Transition" did not interview opponents of drilling activity in shale gas plays. Instead, the film is dominated by businessmen, academics and landowners who express support for the benefits of the shale gas revolution and laud the industry for a clean environmental record. Throughout the film, many luminaries, including former CIA Director John Deutch, CNN founder Ted Turner and [Chesapeake Energy Corp.](#) CEO

Aubrey McClendon, describe Hefner as a "visionary" and "risk-taker."

In his interview with SNL Energy, Hefner said he is opposed to calling natural gas a fossil fuel because it places coal, oil and natural gas into the same category. "What we're doing when we say fossil fuels is lumping the major problems with the major solutions," he said. "It doesn't make any sense to me. The word fossil fuel is a semantic disaster because it links all three of them together as one. They're as different as a solid, a liquid and a gas."

Hefner also touts "creative destruction," a term popularized by the late Harvard economist Joseph Schumpeter, as a way to sweep away the dirty fuels that are preventing the U.S. economy from flourishing. "When you move an economy forward, the creative side has to destroy some of the entrenched, vested interests," he said, referring to the coal and oil industries. "That's what natural gas is doing right now."

Hefner fears the nation's coal and oil infrastructure and their "deeply embedded economic and political interests" will again slow the transition within the U.S. economy and contribute to an economic decline, as compared to the rise of countries already committed to "major 21st century energy changes."

According to Hefner, the final stage of his grand energy transition will be the creation of a hydrogen economy, before the end of the century, based on hydrogen from water, solar, wind and nuclear fusion. "The hydrogen economy will provide civilization a fully sustainable energy system capable of providing economic growth for whatever the world's population may become," he explained.