

Foundation Affecting Public Attitudes

By Pat French

HOUSTON—In the past year, the Texas Foundation for Energy Education has taken major strides toward its goal of building a comprehensive public education program in Texas. Focusing on three core initiatives, it has become one of the most substantive energy education efforts in the nation.

The foundation's primary mission is to educate the general public. This is vitally important for the oil and gas industry, given the cause-and-effect relationship between public attitudes and public policy.

It is all the more imperative because Texas, as the fastest growing state in the nation, has seen a dramatic shift in population, and these demographic changes are having a significant impact. A study completed several years ago clearly shows, for example, that residents who have lived in Texas for three years or fewer have considerably more negative views of the industry than do longer-term residents.

The focus of the foundation's media program, therefore, has been on fundamentally changing the public's perception of the oil and gas industry.

This is being accomplished by conducting systematic media campaigns across the state. These campaigns, which target audiences of opinion leaders, key influencers, and the general public, involve using a mix of media that includes radio (30- and 60-second spots) on targeted news and prime programming, supplemented with newspaper support (one-half page/page-dominant advertisements).

Initial Campaign

The success of these campaigns can

be determined only by the results they produce—by their ability to shape public opinion. Heavy emphasis, therefore, has been put on "measurability."

Using empirical data, public opinion is measured before (base-line study) and after (post-wave study) each media campaign to determine its success in repositioning public attitudes.

The foundation's first media campaign was launched in August and September 2008 in East Texas. Major cities included Tyler, Longview and Kilgore.

Pre- and post-advertising surveys clearly showed that the test media campaign generated positive changes in public opinion on a number of issues.

In particular, significant improvement occurred regarding the public's perception of the industry's concern for the environment and with regard to the public's general image of the industry. For example, when asked about the industry's concern for the environment, in the precampaign survey, 30 percent said the industry was either "somewhat" or "very" unconcerned. That percentage dropped to 24 in the post-wave survey.

Conversely, in the precampaign survey, 51 percent said the industry was either somewhat or very concerned about the environment; in the post-wave survey that percentage increased to 67.

When asked whether the industry's image was better or worse than five years ago, 67 percent in the precampaign survey said it was worse versus 59 percent in the post-wave survey—a difference of 8 percentage points.

Campaigns Two And Three

Based on the positive results of that first media campaign, the foundation moved forward with another campaign in the Texas Panhandle in partnership

with the Panhandle Producers & Royalty Owners Association.

The Panhandle media campaign was conducted in October and November, and included Amarillo, Pampa, Dumas, Canyon and Perryton.

When Panhandle campaign participants asked their opinion regarding the industry's concern for the environment, 31 percent precampaign said the industry was either somewhat or very unconcerned. That percentage dropped to 24 in the post-wave survey. In addition, 59 percent said the industry was somewhat or very concerned about the environment in the precampaign survey, increasing to 63 percent in the post-wave survey.

When asked whether the industry's image was better or worse than five years ago, 37 percent of the Panhandle participants said it was better in the precampaign survey versus 40 percent in the post-wave survey.

The third media campaign—in West Central Texas—targeted a combination of the Abilene and San Angelo, Tx., markets, including Breckenridge, Albany and Sweetwater.

When asked about the industry's concern for the environment, 32 percent of participants in this precampaign survey said the industry was either somewhat or very unconcerned. This dropped to 29 percent in the post-wave survey. On the other hand, 59 percent in the precampaign survey said the industry was either somewhat or very concerned about the environment. The percentage increased to 65 in post-wave survey.

When asked whether the industry's image was better or worse than five years ago, 53 percent of the West-Central Texas precampaign survey said it was worse versus 39 percent in the post-wave survey.

2009 Media Targets

There also were some very interesting results with respect to the question, "Should the oil industry be taxed to pay for researching and developing renewable energy?" Sixty-six percent said they either strongly or somewhat agreed with that statement in East Texas, 67 percent did so in the Panhandle, and 58 percent in Abilene (plus 53 percent in San Angelo).

The results of these test campaigns in East Texas, the Panhandle and West-Central Texas all clearly show it is possible to reposition public attitudes toward the oil and gas industry.

With a demonstrated track record behind it, the foundation now plans to build on that success with two more campaigns in 2009 in other Texas media markets. The next one will be launched in the South Coast area, and will include Corpus Christi, Kingsville, Alice, Robstown and Refugio, Tx.

The year's final campaign will be conducted this fall in East-Central Texas, and will focus on the Waco/Temple and Bryan/College Station markets, including Killeen, Gatesville, Prairie View and Brenham.

Classroom Program

While educating the general public has been the Texas Foundation for Energy Education's primary focus to date, we also have embarked on another critical mission: to bring the facts about oil and gas to Texas classrooms.

With the serious workforce issues ahead, the importance of this effort cannot be overemphasized. In fact, many would argue that the future of the oil and gas industry depends on what our children learn today.

This is a major development as the industry works toward building a comprehensive public education program. The fallout from negative public attitudes is not limited to its impact on public policy; it also has undermined the industry's ability to recruit and has played a key role in creating the labor shortages that have confronted the industry. An aging workforce also underscores the importance—and urgency—of focusing on students.

Specifically, the foundation will collaborate with the highly respected Offshore Energy Center in promoting its student education programs across the state.

Through teacher workshops, traveling exhibits, and exciting curriculum materials, the industry will be presented in a way that will stimulate the imaginations of today's grade schoolers.

The program's \$1.2 million traveling exhibit, for example, features six self-contained learning centers with hands-on activities that introduce the sciences

and technologies involved in today's sophisticated oil and gas industry. And, very importantly, the curriculum for each of the 24 activities is based on national and Texas state standards (Texas Essential Knowledge and Skills).

Students will learn the basics about how oil is transformed from prehistoric remains to fuel and all the products that are essential to their everyday quality of life. This widely acclaimed program makes science and technology come alive for students, and has the potential to directly influence later career and life choices.

Many industry members had an opportunity to see the mobile learning unit at the Texas Alliance's annual meeting in April in Wichita Falls, Tx., and again at PPROA's annual meeting in May in Amarillo.

The result of a new student mind-set toward the oil and gas industry could be to reverse the alarming decline in the number of college students majoring in petroleum engineering and the geosciences.

The Foundation for Energy Education is delighted to be working with a partner such as the Offshore Energy Center, with its tradition of excellence in energy education. In classrooms across Texas, this program will provide students with an opportunity to see oil and gas—and the industry—in a new perspective.

Promote Natural Gas

Finally, the mission of the foundation's third initiative—the Natural Gas Advantage—is to promote the use of natural gas in Texas. This program is an effort to communicate the many advantages of natural gas as a solution to America's energy and environmental challenges. Texas' natural gas production has far surpassed its oil production the past few years, and ensuring a robust market for this resource is vital.

Ironically, in the past, neither the marketplace nor policymakers have endorsed the widespread use of natural gas, a reluctance that reflected a serious concern about declining U.S. production.

U.S. gas supply, however, has changed dramatically. Natural gas production has surged as new technologies have unlocked vast quantities of gas trapped in tight rock formations, and newly developed fields such as the Barnett Shale in Texas have swamped the marketplace with excess supplies.

Given this new environment, it is imperative that the industry aggressively promote natural gas for power generation, transportation, and a variety of other uses. A critical part of the challenge will be to overcome skepticism about gas supply and assure the marketplace, as well as policymakers, that there are ade-

quate supplies to meet long-term needs.

The stakes are high. Texas is the leading natural gas producer in the nation, producing one-fourth of total U.S. gas. In addition, its gas reserves account for almost 30 percent of total gas reserves.

Because of its large population of 24 million residents and an energy-intensive economy, Texas also is the largest gas consumer in the nation, using roughly one-fifth of the U.S. total. As one would expect, demand is greatest in the industrial and electric power sectors, which together use more than four-fifths of all natural gas expended.

Also, at a time when the issue of global warming has taken center stage in the U.S. Congress and state legislatures, the industry must replace misunderstandings about natural gas with credible facts, and promote it as a source of clean-burning energy that is environmentally friendly.

Among other benefits, success in achieving these goals will mean creating thousands of high-paying jobs for fellow Texans, as well as billions of dollars in new tax revenues.



**PAT
FRENCH**

Pat French joined the Texas Alliance of Energy Producers in 2000 and serves as its senior vice president as well as president of its affiliate organization, the Foundation for Energy Education. After earning an undergraduate degree in government and politics from the University of Maryland, French began his career on Capitol Hill in 1977 with the Republican National Committee. He served with the U.S. Chamber of Commerce from 1978 to 1990. In 1991, he became a senior partner with The Association Development Group, a Washington-based consulting firm specializing in national trade associations. Clients included the Independent Petroleum Association of America and the American Gas Association. French sits on the board of directors of the Global Energy Management Institute at the University of Houston, and on the Assessment & Strategy Development Committee of the Greater Houston Energy Collaborative.

Seeing The Benefits

Parenthetically, use of traditional media outlets will be supplemented with new Internet-based tools to accommodate—and reach—our younger citizens, who are leading today’s communications revolution.

These programs are working in tandem to accomplish objectives that are crucial to the future of the domestic oil and gas industry. The results of the Foundation for Energy Education’s media campaigns clearly have shown that a successful public education program can replace negative attitudes with positive perceptions.

It is imperative that the industry build on this record. As a “voice” for the oil and gas industry in Texas, this program

will translate into better community relations, less political opposition, and more supportive energy policies.

And, the potential impact of our school education program on the industry’s ability to attract the labor it needs could be equally significant. A new public mindset toward the oil and gas industry could result in reversing the alarming declines of university students earning degrees in petroleum and the geosciences.

We also believe that educating the public about the many benefits of natural gas is an important and timely addition to the foundation’s endeavors, and that it has the potential to reshape public views of natural gas as an energy resource.

It is interesting to note that state programs such as this one and others in Oklahoma, Ohio, Illinois and Kansas, for example, are proving to be complementary additions to national education efforts that also are under way.

Broad-based media campaigns at the national level are being reinforced by state programs that tailor messages to specific audiences with different geographic perspectives. The result is an increasingly effective voice for the domestic oil and gas industry. □

Editor’s Note: For information about the Texas Foundation for Energy Education, call 713-529-6707 or visit www.foundationforenergyeducation.org.

New Initiative Marks PR Effort In Texas

By Pat French

HOUSTON—Energy education programs in oil producing states across the nation have been increasingly effective as they have become more substantive.

Like those other state programs, the Texas Foundation for Energy Education also has made a major effort to ensure that its program reflects a comprehensive approach as it works toward changing public perceptions.

The foundation, therefore, is pleased to announce that it is in the process of adding another important initiative that will focus specifically on improving community relations, and that it also has completed constructing its interactive Web site (www.foundationforenergyeducation.org).

The new program, "The Citizen Partnership," will focus on building better community relations for the Texas oil and gas industry by providing a special communications link with communities impacted by oil and gas operations. It will be introduced through press conferences in Houston, Dallas, Tyler, Austin, San Antonio, Midland, Corpus Christi and Amarillo, Tx.

As a "public service," the program's goal is to become a widespread resource for factual information about oil and natural gas drilling and production in Texas. It will provide the public (through the Internet) with an extensive range of information dealing with such issues as drilling, leasing, pipelines, safety, the environment, etc.

Building such a bridge has become vitally important. Legislators vote the views of their constituents, and given the

correlation between public attitudes and public policy, an industry under attack can expect to see legislation and regulation that reflects those grievances.

Problem Prevention

In Texas, more so than in many producing states, the nature of the industry requires it to operate in local communities. If operations generate conflict, the industry cannot simply "set up shop" elsewhere; it must either resolve the issue or abandon the prospect.

Drilling operations can have a disruptive impact on local communities, and it is critical that the industry proactively address any questions or concerns. The Foundation for Energy Education plans to assume that role by implementing this important new community relations program.

In effect, this initiative will focus on "problem prevention" through dialogue, and statewide advertising will actively encourage Texans to participate. The foundation's Web site, which will have interactive capabilities to maximize its effectiveness, will provide the communications format.

A successful program could resolve issues that, if not addressed, might otherwise escalate into potential conflicts between communities and our industry.

The stakes are high. Failure to communicate effectively could result, for example, in restrictive city ordinances that would seriously impact the industry's ability to access oil and natural gas resources.

This program will supplement the foundation's other energy education initiatives, which focus on:

- Educating the public through state-

wide media campaigns ("New Perspectives for a Stronger Energy Future");

- Educating our school children ("The Facts About Oil and Gas") in partnership with the Offshore Energy Center; and

- Promoting the benefits of our state's abundant natural gas reserves ("The Natural Gas Advantage").

Media Campaign

The goal of the foundation's media campaign is to fundamentally change the public's perception of the oil and gas industry. This is being accomplished by conducting systematic media campaigns across the state using a mix that includes radio (30- and 60-second spots) on targeted news and prime programming, supplemented with newspaper support.

Because the success of these campaigns can be determined only by the results they produce—by their ability to shape public opinion—heavy emphasis is put on "measurability." Using empirical data, public opinion is measured before (baseline study) and after (post-wave study) the advertising phase to determine its success in repositioning public attitudes.

The results of media campaigns in East Texas, the Texas Panhandle, and West Central Texas have clearly shown that it is possible to change public attitudes toward the oil and gas industry.

With a demonstrated track record, the foundation now plans to build on that success by conducting two more campaigns this year in other media markets. The next will be launched in the South Coast area and will include Corpus Christi, Kingsville, Alice, Robstown and Refugio, Tx.

This year's final campaign will be conducted in East-Central Texas and will include a combination of the Waco/Temple and Bryan/College Station markets. Major cities will include Waco, Temple, Killeen, Gatesville, Bryan, College Station, Prairie View and Brenham, Tx.

Students And Gas

The foundation also is focusing on school education by bringing the facts about oil and gas into Texas classrooms. With serious workforce issues looming, the importance of this effort cannot be over emphasized.

Specifically, the Foundation for Energy Education has formed a strategic partnership with the highly respected Offshore Energy Center to promote its student education outreach programs across the state. Through teacher workshops, traveling exhibits and exciting curriculum materials, the industry is presented in a way that stimulates the imaginations of today's students.

In addition, the foundation is promoting the use of natural gas in Texas. This program is an effort to communicate the many advantages of natural gas as a solution to our energy and environmental challenges. Texas' natural gas production has far surpassed its oil production in recent years. Given this reality, it is

imperative that the industry aggressively promote natural gas for power generation, transportation, and a variety of other uses.

Also, at a time when global warming has taken center stage in the U.S. Congress and in state legislatures, the industry needs to replace misunderstandings about natural gas with credible facts. Most important is that natural gas is clean-burning and environmentally friendly.

Finally, the foundation is also pleased to report it has completed its interactive Web site. This capability will allow the foundation to disseminate industry's message to a far larger audience. The site provides a wealth of information on the industry and detailed data centers relating to the foundation's major programs, as well as news releases, copies of the foundation's newsletter, *Energy Literacy*, and membership information.

As our industry faces the many challenges of providing adequate and reliable energy supplies in the years ahead, an informed and supportive public could play a significant role in our success.

The foundation believes that adding this new outreach effort is a major development toward building a comprehensive public education program in Texas. □



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Public Education Moves Forward in Texas

by Patrick W. French
 President
 Foundation for Energy Education
 Senior Vice President, Texas Alliance of Energy Producers

Today, an industry that is the bedrock of America's economy and way of life is under attack by those it serves. It is hardly news anymore. A recent Gallup Poll shows that Americans think more negatively of the oil and gas industry than any other.

Over the years, supply disruptions, price volatility and a myriad of environmental concerns have resulted in public distrust, shareholder dissatisfaction and a barrage of criticism that has left the industry reactive and defensive. This reality reflects the fact that our neighbors no longer trust our businesses or understand the market influences that shape our performance and the prices they are paying for fuel.

More than ever, this problem is in urgent need of a solution. It has a potentially negative impact both on the industry's ability to explore and drill for oil and gas and on America's future access to the oil and gas supplies that it needs. As we face the enormous challenges of providing adequate and reliable energy supplies in the years ahead, an informed public and a spirit of partnership have never been more necessary. Building a new partnership between industry and the public that fosters greater understanding and cooperation will benefit both and help ensure America's energy future. Only the industry has the ability to reposition itself in the public mindset by being a proactive participant in the court of public opinion.



Public Education Key to New Paradigm in Texas

In Texas, many believe that addressing this issue is becoming even more imperative as the traditional rural support for the oil and gas industry weakens and politics becomes more urbanized as a result of dramatically changing demographics. Fortunately, there has been a growing consensus in Texas that a substantive, proactive public education initiative can offer a viable solution. With that in mind, the Texas Alliance of Energy Producers' Foundation for Energy Education is moving forward with a program that has strong support across the state. Still, even with such overwhelming support, launching such a program has been more challenging than many would have envisioned.

In October 2006, the Alliance board voted unanimously to transfer the public education program – which the Foundation developed – to a separate and nonaffiliated organization being formed called the Texas Energy Education Partnership (TEEP). This action was taken to broaden its base of support in Texas and to help ensure that public education in the Lone Star State was “industry driven.”

That initiative, however, proved less successful than anticipated, and the TEEP board voted a year and a half later to return the program to the Alliance.

On April 16, the Alliance's board voted unanimously to resume management of the public education program, and today the Foundation is again moving forward with a program.

Effects of Negative Perception

There is little question that the negative perception problem represents high stakes for both the oil and gas industry and the general public as the United States grapples with the challenge of meeting its future energy needs. Today, more than ever, the industry realizes that conflict leads to higher costs.

Legislators vote the views of their constituents. Given the correlation between public attitudes and public policy, any industry under attack can expect to see legislation and regulation that reflect those public concerns.

In Texas, more so than in many producing states, the nature of the industry requires it to operate in local communities, and this creates additional public outreach challenges. Oil and gas can be produced only where geological deposits exist; if these operations generate conflict, the industry cannot "set up shop" elsewhere – it must either resolve the local conflict or abandon the prospect.

The fallout from negative public attitudes, however, is not limited to its impact on public policy. Negative public perceptions have also undermined the industry's ability to recruit and have played a significant role in creating the labor shortages facing companies of every size. An aging workforce and a shrinking labor pool underscore the importance of focusing on today's students if the industry hopes to avoid potentially catastrophic labor shortages in the future.

The indirect impact of energy policy on the public can be just as significant. The implementation of restrictive or unnecessarily burdensome policies – or the industry's inability to meet staffing requirements – can have an enormous impact on its success in providing adequate and reliable energy supplies to meet growing demand. For example, at a time when many are increasingly concerned about unreliable foreign imports, greater public understanding of the industry's environmental record could result in less pressure on policymakers to restrict drilling access to America's most promising reserves. Domestic production could be increased significantly by gaining access to the estimated 110 billion barrels of domestic oil equivalents that are beneath federal lands and coastal waters.

In addition, North America has vast amounts of unconventional oil and gas resources that remain untapped. These are fossil fuels that are not found in conventional oil reservoirs, but are trapped in more challenging geologies

such as tar sands and oil shale. Ironically, at a time when the nation is importing more of its oil than ever before, under current policy 85 percent of federal offshore acreage has yet to have any leasing or development planning implemented.

In Texas, more so than in many producing states, the nature of the industry requires it to operate in local communities, and this creates additional public outreach challenges.

It is interesting to note that the International Energy Agency (IEA) projects that 81 percent of global energy demand in 2030 will still be met by fossil fuels such as oil, natural gas and coal. In view of that, a robust domestic oil and gas industry will be critical to sustaining America's economic growth and standard of living. Minimizing our reliance on foreign oil will have important implications for our national security as well. As U.S. demand for petroleum products – gasoline, aviation fuels, distillate fuel oil, residual fuel oil, lubricants and asphalt – grows in the years ahead, maximizing our nation's resources will become crucial.

Public Opinion Measurement

The oil and gas industry – through education outreach – can play a major role in making that happen. By proactively addressing the public's questions and concerns, it has an opportunity to replace confrontation with partnership.

Initially, the focus of the Foundation's program will be on changing the general public's perception of the oil and gas industry. Success will be determined by the results it produces – by its ability to educate. Therefore, heavy emphasis will be placed on its measurability. Using empirical data, public opinion will be measured before (baseline study) and after (postwave study) the advertising phase to determine its success in repositioning public attitudes.

Several years ago the Foundation commissioned the public relations firm of Ackerman McQueen to conduct a baseline study on public attitudes toward the oil and gas industry in Texas. The results, as expected, confirmed that a serious problem exists. The following is a sampling of the study's findings.

With regard to the industry's general image, roughly one-half (48 percent) of statewide respondents said that their image of the oil and gas industry was either neutral or bad; a quarter said that the industry's image

was bad or very bad. Not surprisingly, neutral respondents can easily be swayed in either direction. Even those with “good” images are not necessarily strong in their convictions. Only 12 percent gave the industry a “very good” rating.

One-third of statewide residents and one-third of Houston residents said that the industry was either “somewhat” or “very unconcerned” about the environment.

Concerning environmental stewardship, nearly three-quarters (72 percent) of statewide respondents and 68 percent of Houston respondents believed that the industry cleaned up sites only because of strict government enforcement. Opinion leaders were even more cynical (76 percent). This figure climbed to 84 percent of Democrats, 85 percent of liberals, and 85 percent of African Americans.

One-third of statewide residents and one-third of Houston residents said that the industry was either “somewhat” or “very unconcerned” about the environment. Moreover, when asked directly if energy producers cared about the environment, the jury was split with 45 percent of the Houston sample, 46 percent of the statewide sample and 49 percent of opinion leaders saying that energy producers did not care about the environment.

Ironically, despite the fact that the oil and gas industry in Texas, through the Oil Field Cleanup Fund, has invested in excess of \$200 million since the beginning of the program, 80 percent of statewide respondents, 75 percent of Houstonians and 80 percent of opinion leaders were unaware of that industry investment.

The vast majority of respondents viewed the oil and gas industry as “big business” – either large national companies (50 percent) or huge multinational corporations (37 percent). By contrast, only 10 percent of Texans identified small independent producers as representative of the industry.

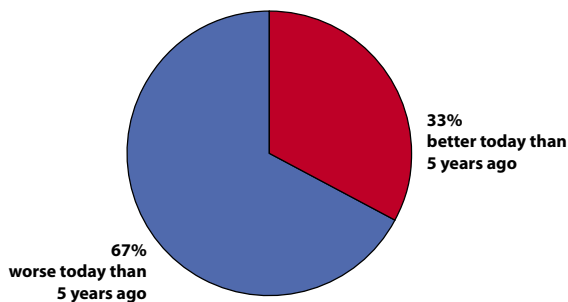
On the regulatory front, perhaps partly because respondents think of the industry as “big business,” more than half (55 percent) of those questioned statewide and 51 percent of Houston residents believed the industry was underregulated. These numbers increased significantly by specific subgroup: 53 percent of opinion leaders, 56 percent of Hispanics, 63 percent of recent residents (those who have lived in Texas 0-3 years), 71 percent of Democrats, 72 percent of liberals and 78 percent of African Americans supported even more regulation. In addition, 71 percent of statewide respondents and 84 percent of Houston respondents said they would support legislation giving surface rights supremacy over mineral rights.

Four out of 10 statewide respondents attributed increases in the price of gasoline to inflated profit margins and corporate greed. This percentage was higher than those who blamed conflict in the Middle East (36 percent) and substantially higher than those who cited supply and demand (22 percent).

But why did these respondents give the oil and gas industry such a poor score? On an open-end basis, consumers pointed to three factors: prices/greed, Enron and a lack of concern about the environment.

Is the image of the industry getting better or worse? In the 2005 survey, close to one-quarter (23 percent) of the statewide sample said the image of the oil and gas industry was “somewhat worse” or “much worse” than it had been five years earlier. Our latest poll of 899 residents in East Texas shows that 67 percent believe the industry’s image is worse than it was five years ago (Figure 1).

When you think of the oil industry in Texas, is your image today better or worse than it was 5 years ago?



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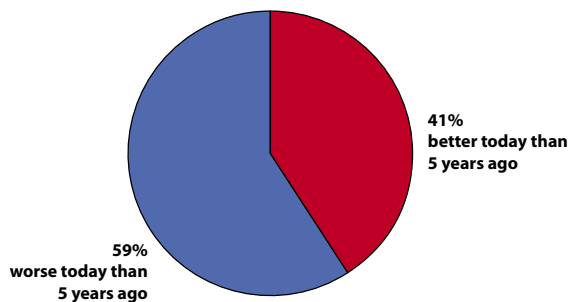


Figure 1: East Texas survey results before advertising (left) and after advertising.

There are distinguishable segments with even more negative views. Democrats, liberals, African Americans and opinion leaders are examples. Opinion leaders, specifically, are in positions to impact perceptions, and as a result, they represent a particular opportunity for the industry.

Texas, as the fastest-growing state in the nation, has seen a dramatic shift in population, and these demographic changes are having a significant impact. The numbers speak for themselves. As this study pointed out, only 12 percent of recent residents (0-3 years) believed that the industry was concerned about the environment, and 63 percent of this group said the industry was not regulated enough.

This initial benchmark research was instrumental in alerting the industry here in Texas to the severity of the problem. It will be followed in the future with a statewide postwave study, and in the meantime it will be supplemented by regional baseline and postwave research as the program moves from one media market to another.

Media Campaign

As we move forward in building a substantive and effective program across the state, a crucial first step has been the completion of a pilot media campaign. It is important to emphasize that the primary objective of this pilot program has been to demonstrate that an effective media campaign can educate and successfully move public opinion. This test was conducted in East Texas and involved a print media and radio advertising campaign. Based on the positive results of that model, the Foundation has also moved forward with an ongoing media campaign in the Panhandle, in partnership with the Panhandle Producers & Royalty Owners Association (PPROA).

Research based on other industry programs has shown that a combination of approaches is most effective.

Broad-based messages provide the foundation upon which all other messages are either believed or not believed and set the stage for more targeted messages. This public education program will focus on both general and specific communications strategies, as in the “Drill Now/Produce More” campaign.

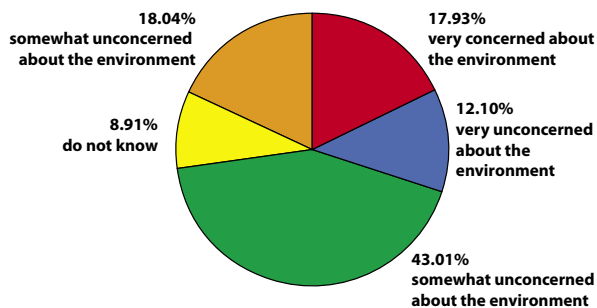
Texas, as the fastest-growing state in the nation, has seen a dramatic shift in population, and these demographic changes are having a significant impact.

The media mix included radio (30-second and 60-second spots) on targeted news and prime programming and newspaper support with one-half page/page-dominant print ads. The target audience consisted of opinion leaders, key influencers and the general public. A preadvertising survey and a postadvertising survey were conducted. Both surveys used identical questions in order to ensure consistency in measuring changes in public attitudes.

Results clearly showed that the test media campaign had generated positive changes in public opinion on a number of issues.

In particular, significant improvement occurred regarding the industry’s concern for the environment and with regard to the public’s general image of the industry (Figure 2). For example, when asked their opinion about the industry’s concern for the environment, in the precampaign survey, a total of 30 percent said that the industry was either “somewhat” or “very” unconcerned about the environment. In the postwave survey, that percentage dropped to 24 percent. By contrast, in the precampaign survey, a total of 61 percent said the industry

Which of these statements best describes your feelings about the oil industry and the environment? Do you feel the industry is...



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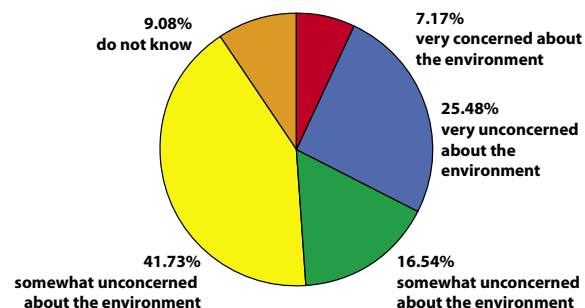


Figure 2: East Texas survey results before advertising (left) and after advertising.

was either “somewhat” concerned or “very” concerned about the environment. In the postwave survey, that percentage increased to 67 percent.

When asked for their opinion regarding whether the industry’s image was better or worse than five years ago, 67 percent in the precampaign survey said that it was worse versus 59 percent in the postwave survey – a difference of 7 percentage points.

The East Texas media campaign was conducted in August and September, and major cities and towns included Tyler, Longview, Kilgore and Marshall. The Panhandle Media Campaign began in October and is currently ongoing. Major cities and towns include Amarillo, Pampa, Dumas, Canyon and Perryton.

Future Campaigns

The Foundation will enter at least three new markets around the state in 2009. The first planned media campaign will be conducted in the South Coast area; major towns will include Corpus Christi, Kingsville,



Alice, Robstown and Refugio. The second campaign will be conducted in west-central Texas. This will be a combination of the Abilene and San Angelo markets; major cities and towns will include Abilene, San Angelo, Breckenridge, Albany and Sweetwater. The third campaign will be conducted in east-central Texas. This will be a combination of the Waco/Temple and Bryan/College Station markets; major cities and towns will include Waco, Temple, Killeen, Gatesville, Bryan, College Station, Prairie View and Brenham. A particular benefit to conducting a campaign in this latter market in the fall of 2009 will be the ability to schedule radio ads during the college football season. This will capitalize not only on the Baylor and Texas A&M audiences but also on other Big 12 teams’ broadcasts carried on affiliates in these markets.

An Innovative Funding Model

With regard to Foundation funding, experience gained from a broad range of successful industry education efforts has underscored the importance of sustainability of funding as a key to ensuring a program’s viability over time. Very simply, to be effective, education programs must be undertaken for the long term, and that requires predictable funding.

To be effective, education programs must be undertaken for the long term, and that requires predictable funding.

Given the absence of a “check-off” funding mechanism in Texas, we believe a workable solution to the sustainability issue is to build a membership organization that is based on such successful models as the Texas Alliance of Energy Producers or the many exemplary university alumni programs. Membership renewals in these organizations are routine, and any annual attrition rate is more than compensated for with an expanded membership base. In addition, as current memberships are renewed from one year to the next – and as new members are also brought onboard – it is possible to build a sizeable revenue base in a relatively short period of time.

The Foundation expects that total operating expenses (excluding direct expenditures for educational programs) as a percentage of total revenues will decrease markedly from year to year. At the same time, the percentage of funds available for education is expected to increase significantly.

For companies interested in supporting this program, an important consideration is that all donations to the Foundation, a 501(c)(3) organization, are totally tax deductible as a charitable contribution. Additionally, the Foundation can accept funds from other foundations.

Overall, the strategy for implementing this public education program is to build incrementally, using a step-by-step approach that will move the program forward as success is achieved at each level. The result, we believe, will be a substantive program that is both effective and measurable.

More than ever, it is time for our industry to play a proactive role in public outreach in order to foster greater understanding and cooperation with our shareholders. Very simply, bridges must be built to address the public's questions and concerns. Establishing a viable partnership with our shareholders is critical given the correlation between public opinion and public policy.

Finally, meeting that challenge of providing adequate and reliable oil and gas supplies will also require a new willingness by the oil and gas industry itself to take responsibility for communicating the message about fossil fuels. Since legislators vote the views of their constituents, education has the potential to replace negative attitudes with positive perceptions.

As the voice of the industry, the Foundation for Energy Education is building a new partnership with the public, which can mean better community relations, less opposition in the political arena and more supportive energy policies. The impact on the industry's ability to attract the labor it needs could be just as significant. A new public mindset toward the oil and gas industry could mean a reversal in the alarming declines of university students earning degrees in petroleum engineering and the geosciences. That alone would be a major victory.

The United States is the world's largest energy consumer. As such, every American has a vested interest in the success of the oil and gas industry. With increased dialogue comes understanding, and an educated public armed with the facts could help to ensure that energy policies support the industry in its challenge of meeting the future's increased demand for oil and gas. Unless the industry takes a proactive and substantive role in providing the public with credible information to address its concerns, the problem of negative perceptions will continue to escalate. The Foundation for Energy Education believes that it can offer a viable solution to this problem. With an innovative program and a long-term perspective, it hopes to create a future that serves the best interests of its fellow Texans as well as the entire oil and gas industry. ■

Patrick W. French joined the Texas Alliance of Energy Producers in 2000 and serves as senior vice president. He is also president of its Foundation for Energy Education.

After earning an undergraduate degree in government and politics from the University of Maryland, Mr. French began his career on Capitol Hill in 1977 with the Republican National Committee. He then served with the U.S. Chamber of Commerce from 1978 to 1990 in various development positions and had assignments in Chicago, Dallas, San Jose and Washington, D.C.

In 1991 he became a senior partner with the Association Development Group, a Washington-based consulting firm specializing in national trade associations. Major clients included the Independent Petroleum Association of America and the American Gas Association.

Mr. French serves on the board of directors of the Global Energy Management Institute at the University of Houston and on the Assessment and Strategy Development Committee of the Greater Houston Energy Collaborative.

