

The condition of market formation on Alaska's natural gas frontier

Arthur Mason

Abstract: This article examines the practices through which Cambridge Energy Research Associates disseminates natural gas market analysis among senior-level decision makers in the Alaska state government. Cambridge Energy is a global consulting firm that provides knowledge on the future of energy markets. The US natural gas market has recently undergone a revolutionary transformation as a consequence of changing regulation. This has led to expansion in the services of consulting firms such as Cambridge Energy, who produce analysis on the uncertainties affecting the future. In fall 2000, with a rise in energy prices and renewed interest in commercializing Arctic natural gas, Alaska Governor Tony Knowles awarded a contract to Cambridge Energy to assist with market analysis slated to lead to construction of Alaska's natural gas pipeline. Drawing on ethnographic research at key sites of decision making, I show how domestication of analyses in state and news media discourses serves to govern Arctic gas development.

Keywords: Alaska, economic knowledge, energy politics

In the United States, the winter of 2000–2001 will be remembered by many as a period of natural gas market shock. High natural gas prices resulted in power blackouts and energy rationing while politicians accused energy marketers of price gouging. In Alaska, political leaders also were rousing the public. The nation's energy crisis was their window of opportunity for building the Alaska natural gas pipeline project.

In this article, I explore the 2000–2001 energy crisis from the vantage point of the State of Alaska's effort to promote construction of a 20 billion dollar natural gas pipeline. The project would deliver natural gas located in

Arctic Alaska to energy consumers in mid-continental US. I examine also the work of Cambridge Energy Research Associates, a consulting firm hired by Alaska politicians to produce forecasting knowledge of energy pricing. I argue that between September 2000 and May 2001, Cambridge Energy forecasts carried a certain necessity for Alaska political leaders, not because these forecasts were taken for granted, but because Alaska officials pursued pipeline development *with* these forecasts and *through* these forecasts. As I will show, Cambridge Energy forecasts provided Alaska officials with a kind of equipment for

thinking through pipeline development—as it validated Alaska state policy.

Investing in the Alaska pipeline is risky business because delivering Arctic natural gas into US markets may or may not cause energy prices to fall. The project also faces competition from less expensive pipeline ventures in the nearby Canadian Arctic. Alaska politicians, faced with waning oil production, desire the revenue streams that would become available from building the pipeline. Thus, a successful pipeline project for investors and Alaska politicians hinges on knowledge about the future of natural gas price.

Natural gas forecasting, the art of predicting the future price for natural gas, is a type of foresight practice which has evolved into a lucrative commercial enterprise in the wake of industry restructuring. It is a field composed primarily of economists who possess management experience in the energy industry and who have been lured by consulting firms, such as Cambridge Energy, into producing high-value analysis for clients seeking to anticipate the energy future. The increased visibility of such firms reflects a growing reliance on foresight industries whose advisory services attend to a discourse of prognostication. Liberalization in the markets for foreign currency, air travel, and telecommunications is likewise increasing the need for early warning system technologies through which the future is constructed as concrete and knowable.

The present study lies at the intersection of liberalization in the US energy markets and ethnographic explorations of Alaska energy politics. I want to understand and explain how the restructuring of energy markets in mid-continental US is affecting Arctic natural gas supply development.

With 1.3 million miles of interconnected pipeline infrastructure already in place, US natural gas energy consumers are today physically connected to producing and consuming regions as well as collectivized as a multitude of isolated users into a market. Over the past two decades, this infrastructure has given rise to an entirely new market of sophisticated natural gas trading mechanisms: future exchanges, marketers,

risk management services, trading floors, and trade press price reporting are all part of market transformation. That is, the physical presence of infrastructure has given rise to new ideas about how market institutions can now operate.

In Alaska and other Arctic gas supply regions, pipeline infrastructure does not yet exist. Nevertheless, development of Arctic gas resources, I argue, requires an understanding of the *ideas* behind how this new sophisticated market operates. Thus, unlike mid-continental US, where ideas of the market evolved *after* the construction of infrastructure, in Alaska, a sophisticated set of ideas on market development is evolving *before* development of infrastructure. In academic terms, we could say that *logically* and *historically*, energy market development in mid-continental US follows classical economic theories of Karl Marx and Adam Smith. Yet in Alaska and across the Arctic, developing energy infrastructure follows classical social theory of Max Weber, in which an “image of the world” determines the tracks upon which steel pipes will be laid (1946: 280).

Introducing Wilson Condon and Pat Pourchot

In December 2000, three multi-national energy corporations—Exxon, BP, and Phillips—announced a 100 million dollar feasibility study to pipe Alaska gas to markets in Chicago. Alaskans became excited. Special legislative committees were formed. Visions of an earlier trans-Alaska oil pipeline wage bonanza danced in many a head. Alaska Governor Tony Knowles pronounced that “the window of national focus for more natural gas and on Alaska as a potential support to the market requires the State of Alaska to act quickly in order to take advantage of the opportunity” (*Anchorage Daily News*, 31 January 2001).

Before the month was through, Governor Knowles stated publicly: “My way is the Highway.” The announcement was a pledge to bring a pipeline route that would cross through central Alaska via the Alaska Highway. Although more expensive to build than other pipeline routes

under consideration, according to the governor, the Highway route would guarantee the “maximum benefit” by providing “the most revenue, jobs, and access to gas for all Alaskans.”

To carry out the directive, Governor Knowles selected two top officials from his inner circle of political operatives, Wilson Condon, commissioner of state revenue, and Pat Pourchot, commissioner of natural resources. In the State of Alaska, a commissioner is both head of a bureaucracy and gubernatorial appointee. The actions of Wilson Condon and Pat Pourchot were bound both to institutional responsibility and to execute consciously the order of an elected power holder. In the Knowles administration, premiums of vanity were restricted to those who remained obedient to the governor’s political goals. Obedience provided markedly inner rewards with spatial metaphors, such as inner sanctum, inner circle, internal alignment, and concentric circle, marking one’s proximity in a hierarchy of closeness to the power holder.

The biographies of Wilson Condon and Pat Pourchot relate to how the two men come to interpret Cambridge Energy’s market analysis. Their individual experience in politics, working knowledge of the petroleum industry, as well as their friendships with key persons in the Knowles administration, all contribute to the unique shaping of their inner attitude and outward appearance, including the direction of their commitments.

Wilson Condon, for example, is a Stanford University law graduate who served previously as Alaska’s attorney general, an appointee position under Governor Jay Hammond’s administration two decades earlier. University of Alaska historian Stephen Haycox writes that Wilson Condon brings to the State of Alaska an “extraordinary level” of expertise on oil and gas litigation (Haycox 1998: 129). For the historian, Wilson Condon holds a reputation for organizing departments into “efficient, cohesive, ordered offices that are capable of resisting volatile changes in state government” (ibid.: 129).

Thus, in Alaska, the name Condon circulates with the aura of the expertly trained official. Within this circuit, Condon’s work ethic

is on display as favoring rationally created rules (“efficient, cohesive, ordered”). Equally visible is that these rules are durable (“capable of resisting change”). Yet Wilson Condon’s successive appointments have also required him to obey power holders whose authority lie in their charismatic appeal, a visibly non-rational ethic of responsibility. Condon fashions his legacy, thus, on both orienting himself toward bureaucratic specialization and by making politics a permanent source of his income (he lives off politics as a vocation; e.g., Weber 1946: 84, 369).

By contrast and until this writing, Pat Pourchot’s biography had not included an academic contribution. A small consideration, perhaps, but given Pourchot’s extensive political experience in Alaska, the lacunae suggests a disinterest in his aesthetic contribution to the production of Alaskan modernity. The historian Stephan Haycox, cited earlier for example, does not write of Wilson Condon’s work, but in fact, celebrates his bureaucratic expertise (“extraordinary level” of competence) in a way that indicates something is at stake for the academic: a bias toward authority based on bureaucratic competence over political obedience.

Pat Pourchot is obedient to elected power holders. His experience in Alaskan electoral politics runs deep, having previously served as an elected lawmaker himself in the state legislature. Within the Knowles administration, Pat Pourchot was considered the most loyal and competent political operative. He and Tony Knowles were tight since the days when Knowles was mayor of Anchorage, Alaska’s largest city, nearly a decade earlier.

In fact, Pat Pourchot was widely acknowledged as the governor’s personal favorite, a confidant, who could be seen working alongside Knowles on final draft edits just moments prior to leadership speeches. To observers in and outside the administration, Pat Pourchot was a member of the governor’s first concentric circle. His close proximity to the governor in the seating arrangements of meetings and dinner engagements provided the name Pourchot with its own special kind of aura: of possessing personal access to the governor (he has the governor’s

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Opening day: Gov. Tony Knowles speaks during a news conference about expediting a natural gas pipeline this morning at the Capitol just before the legislative session opened for 2001. Pat Pourchot, commissioner of the Department of Natural Resources (center), and Wilson Condon, commissioner of the Department of Revenue, also spoke at the conference.

BRIAN WALLACE / THE JUNEAU EMPIRE

Knowles creates 'cabinet' to push gas pipeline

By BILL McALLISTER
and KATHY DYE
THE JUNEAU EMPIRE

As the 22nd Alaska Legislature convened this morning, Democratic Gov. Tony Knowles announced creation of a "natural gas policy cabinet" to expedite the permitting and routing of a pipeline to Lower 48 markets.

Knowles, largely avoiding issues on which he and the Republican majority in the Legislature might disagree, also announced the introduction of legislation that would give him the authority to negotiate a tax package with gas line developers.

Soon after, in a solely ceremonial event, the House convened for 30 minutes for the swearing in of 39 members by Lt. Gov. Fran Ulmer and the election of Anchorage Republican Brian Porter for a second term as speaker. Rep. Jim Whitaker, a Fairbanks Republican, missed the floor session because of a delayed flight.

Freshman Rep. Lesli McGuire, an Anchorage Republican whose opponent accused her of lying about her residency, choked back tears after she was sworn in. Palmer Republican Rep. Scott Ogan, on crutches after breaking his kneecap, offered some comic relief, hopping to the podium to shake Ulmer's hand as other lawmakers laughed.

The House then broke for a meeting of the Committee on Committees, returning later for additional opening-day business.

The Senate convened an hour after the House, with half of the 20 members being sworn in for another term. The other half were not on the ballot last year.

At his press conference, Knowles called construction of a gas pipeline the "flagship issue"

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The circulation of this image reconfirms the close proximity of Pat Pourchot (middle) to Alaska Governor Tony Knowles (far left) and the ambivalence of the technically oriented Wilson Condon (far right). *Juneau Empire*, 5 January 2001.

ear). Also, as suggested by witnessing the two men side-by-side, editing drafts, Pat Pourchot possessed special influence over the governor's speech by his ability to weigh the effect of the spoken word properly, that is, to successfully plead a cause to the public through means of speechwriting¹ (versus Wilson Condon's expertise with the bureaucratic word).

Thus, while Pat Pourchot was a bureaucrat, in the sense that he functioned as a commissioner who expressed certain commitments toward the organizational identity of a state agency, his priority lay in his obedience to political alliances. Cambridge Energy forecasting, as I will show, would remain for him a type of political knowledge oriented toward forwarding the governor's pledge of a pipeline along the Highway route.

By contrast, Wilson Condon, whose political service to the state included non-politicized institutional commitments, would possess a wider arc for retaining an ambivalent attitude toward forecasting knowledge.

Cambridge Energy's new gas paradigm

Before 2000, both Wilson Condon and Pat Pourchot had little knowledge of North American natural gas energy markets (Reynolds 2003; Meurs 1997). Beginning in the summer of 2000, however, they began to learn from energy trade publications about the possible delivery of Alaskan gas to US markets, which could occur under what was called a new natural gas price regime.

A price regime indicates a specific level and range within which the price for natural gas will fluctuate yet be expected to remain stable over a long period of time. Prior to 2000, economists had characterized twentieth-century North American gas markets as having undergone two distinctive price regimes (Tussing and Tippee 1995: 42–47). In mid 2000, while no consensus yet existed among experts, a new and higher price regime was increasingly hinted at by the use of specific phrases, for example, “new commodity price environment” (*Inside F.E.R.C.*, 12 June 2000) and “next phase of high prices” (*Gas Daily*, 23 June 2000).

For Wilson Condon, Pat Pourchot, and other lead members of the Knowles administration, the implication of the new price regime was that investors might soon be enticed to build new pipe to connect Arctic gas reserves to the North American pipeline grid system.² To increase public awareness of the possibility of commercializing Alaska’s Arctic natural gas, Pat Pourchot assisted in arranging a Natural Gas Summit between Alaska’s Governor Knowles, and Ohio’s Governor, Robert Taft. According to a press release by the Interstate Oil and Gas Compact Commission on 22 August, the September 2000 program would take place in Columbus, Ohio, and was designed to help governors “understand the fundamentals of the North American gas marketplace.”

Dr. Daniel Yergin, chairman of Cambridge Energy Research Associates, was master of ceremony at the Gas Summit. Cambridge Energy is a lead consulting firm whose partners have credentials from Kennedy School of Government, Harvard University. They provide market analysis to 650 clients worldwide who seek information on the future of energy markets. Cambridge Energy’s North American Gas Advisory Service, a team of experts who interpret and analyze information on the gas industry, were early proponents of promoting a new natural gas price regime.

In January 2000, for example, and in the face of skepticism, Cambridge Energy predicted that natural gas prices would rise substantially over the next years and that a fundamental change was underway in the dynamics of natural gas

pricing in North America. Upon hearing this information, other competing energy consulting firms began referring to this knowledge as “Cambridge Energy’s new gas paradigm” (*Gas Daily*, 13 January 2000).

The particular phrasing—“Cambridge Energy’s new gas paradigm”—is worth noting because it reflects a belief among energy consultants that the new gas paradigm belonged to Cambridge Energy. That is, this paradigm, as an object of knowledge, was the property of Cambridge Energy. It was manufactured through the unique skills of consultants employed by the organization. Once manufactured, this object could then be sold to interested buyers of such knowledge who pay money for it because they can think with this knowledge and think through this knowledge. Thus, objects of gas market knowledge carry necessity because they have the capacity for shaping the imagination, including the way industry participants should now think and talk about such objects, including a new gas paradigm.

According to the content of the new gas paradigm, the US natural gas discovery had experienced a downward trend and thus, the continental gas supply was expected to soon decline. Moving from supply side to the demand side, Cambridge Energy forecasters stated that the US gas industry was fixed on a very ambitious target. Driven by a surge of gas-fired electric power generation, these forecasters observed that the underlying demand drivers would be in place to support a dramatic expansion in the gas market, an increase of 35 percent over the demand for the year 2000.

It was within this informational matrix, this new gas paradigm, that Cambridge Energy first proposed, during early fall 2000, that Alaska’s natural gas pipeline would be built and gas would be flowing by the year 2007, an ambitious target for a USD 20 billion project not considered economically feasible for several decades.

In this period, Cambridge Energy also played a role in popularizing their new gas paradigm. According to a senior economist for British Petroleum with whom I spoke, “[O]n-the-record, Cambridge Energy is a ubiquitous, dominant,

and good analysts. Off-the-record, it is all marketing, their conversations with the President of the United States, their editorials published in newspapers, the ability to give Lord John Brown [CEO for BP] a phone call and get him to buy their reports, which I do not even think we need.”

The marketing skills of Cambridge Energy’s Daniel Yergin, who holds a BA from Yale University and a PhD from Cambridge, has captured the attention of *The New York Times* editor David Brooks. In his book *Bobos in paradise: the new upper class and how they got there*, David Brooks (2000) identifies Daniel Yergin as one of America’s new elite who combines values of the counter-cultural 1960s with those of the enterprising 1980s. As a member of America’s emerging Bobo class (‘Bobo’ stands for ‘bourgeois bohemian’), Daniel Yergin is part of America’s intelligentsia who see their careers in capitalist terms: they seek out market niches, compete for attention, and regard ideas as property. Daniel Yergin’s books on the oil industry are best-sellers which have been transformed into public television programs (see, e.g., Yergin 1991).

At the National Governor’s Ohio Gas Summit in fall 2000, Governor Knowles was impressed with the prestige value of Daniel Yergin’s capitalist intelligentsia image. Daniel Yergin’s success in producing a community of interpretation among the senior-level decision makers from industry and government also impressed the governor. According to one state official, what became evident at the Gas Summit was the “fantasy that Dan Yergin was going to guide us into how to get the [Alaska] pipe built very fast.” The same official comments that “at the Gas Summit, the governor turned to us at some point and said ‘I want to get these guys on contract, as advisors’. And we sort of said, ‘Okay, what do you want them to do’, but of course the governor just said ‘no, I just want them, they can advise us.’” As it happens, Daniel Yergin and Tony Knowles were also undergraduate classmates together at Yale University. “Going back Knowles was a good friend of Yergin and believed with this friendship, we [the administration] could really get a lot out of Cambridge Energy,” states another official.

In this same period, the Knowles administration began negotiating contracts with public relations firms, including Hill and Knowlton Ltd., in order to promote favorable reaction on the Alaska Highway pipeline route. According to one state official, while the governor “never really articulated it, I think he envisioned Cambridge Energy would be more advocacy [than analysis].” Two months after the Natural Gas Summit, the Knowles administration awarded a USD 350,000 no-bid contract to Cambridge Energy which included for the governor twenty-four hour cell phone access to Daniel Yergin. Cambridge Energy has contracts also with the Alaska companies BP and Exxon (*Anchorage Daily News*, 31 January 2001).³

Introducing scenarios-based analyses

In early January 2001, Wilson Condon, along with several other Alaska officials from the state revenue department, flew to Cambridge Energy headquarters in Cambridge, Massachusetts, to participate in their scenarios-based study *Toward new frontiers: the future of gas supply in North America*. Governor Knowles instructed members of this group to develop a view of the market concerning long-term investment risk on the pipeline.

The Alaska department of revenue is the bureaucracy responsible for analyzing the state’s future fiscal health. Institutionally, officials would be concerned with determining what the state could expect in return for developing its royalty gas resources. As commissioner of revenue, Wilson Condon was directed by the governor to analyze fiscal regimes in the context of North American natural gas demand. The governor’s concern was not simply a political directive, but also an institutional mandate, and one recognized by Cambridge Energy consultants at the time. According to one consultant, “Condon needed to know what an expert’s opinion was on the market fundamentals, on the market dynamics, he was mandated with that responsibility to ask, ‘okay, what does monetizing [Alaska] gas mean for the state in the context of revenue?’”

Cambridge Energy's view of the market is based on what they call their comprehensive scenarios-based analysis. In a memo to Wilson Condon, written later that year, consultants remind him that "Cambridge Energy addresses the long-term future of natural gas energy markets and industries in the context of scenarios rather than single forecasts. This allows clients better to understand the forces driving the future, and how significant uncertainties can affect the future strategically" (Cambridge Energy Research Associates 2001a).

In January 2001, Cambridge Energy developed, with participation from Wilson Condon, three scenario-based studies: gas favored, supply realignment, and aftershock. At the time, the supply realignment scenario was the favored outlook for the State of Alaska. It suggested that Alaska natural gas would play a critical role in America's near-future gas supply and would reach the US market by the year 2007. The assumptions underlying the supply realignment scenario also replicated the outcomes of a number of earlier Cambridge Energy reports (Cambridge Energy Research Associates 1999, 2000a, 2000b; Robinson and Hoffman 2000). Thus, the scenario provided the kind of independent industry assessment the governor sought in order to promote his preferred Alaska Highway pipeline route. This was the political agenda of the governor and one of the reasons why Cambridge Energy was hired.

Perfecting the use of Cambridge Energy strategic-knowledge requires learning specialized reference points, modes of observation and objects of discourse. On the supply side, for example, Cambridge Energy's price forecasting method calls for examining components of producibility, which consist of: (1) declines in existing gas production, (2) current pace of exploration, (3) recent significant discoveries, (4) forecasts on future discoveries, and more. Applying Cambridge Energy scenario-based knowledge, therefore, required Alaska officials to bind their consciousness to new relations in technology, economics, and regulation that were coded in a techno-economic vocabulary. For officials from the revenue department, already familiar

with revenue forecasting, the task would not be too difficult.

But the task is worth noting because it coincides with obedience to Knowles policy objectives and, of course, for revenue officials, institutional responsibilities. Such obedience, thus, represented a technique of the self in that officials would educate themselves about natural gas supply, demand, and price formation. The word 'education' even became a term of art, used among revenue officials in particular, to describe the application of market knowledge. According to one revenue official, however, "[A]s it turns out, Knowles was not that interested in getting 'educated' and what we did was develop a pretty close relationship with the Cambridge Energy analysts." Another official adds, "[W]e tried to use Cambridge Energy to 'educate' the real policy makers, the governor, the legislators, so they would make more informed decisions, and that was not as successful as it could have been because the governor was not interested ... he was anti-knowledge, he did not let knowledge get in the way of policy making."

Cambridge Energy is popular in Alaska

In January 2001, within days of his return from Cambridge Energy, Wilson Condon provided testimony to the Alaska state legislature on gas pipeline issues. Recognizing the importance of energy market analysis discourse, Condon stated, "[I]t would be valuable for the legislature to hear from Cambridge Energy on their analysis of the North American gas market—where is it today and where they think it is going to go, then you can form your own conclusions about what that means for commercializing this resource for Alaskans."

What becomes clear from the testimony is that Cambridge Energy provided revenue officials with a graspable shape of the natural gas industry. The scenario-based analysis transformed the gas market unknowingness into an image of a well-regulated and self-referential system. One revenue official states that "you have to keep in mind, until that winter of 2000 and 2001 we all

knew there was stranded gas in Arctic Alaska but we had not really immersed ourselves in terms of ‘how did it work in the continental US—supply and demand? Who were the suppliers and where was the demand and how did the fundamentals work and just everything.’ So, Cambridge Energy was very educational in explaining—to those of us who wanted to listen—how natural gas markets worked.”

By this time, North American gas prices had skyrocketed. With the coldest November and December in a hundred years, in combination with a decline in natural gas production and low storage, natural gas prices across the United States were four times higher than one year previously. In California, price spikes reaching ninefold in electric generation caused market downturn in a region that throughout the 1990s exemplified the nation’s economic strength.

For Alaska political leaders and energy executives, the energy crisis signaled the arrival of Cambridge Energy’s new gas paradigm. Both Phillips Petroleum and British Petroleum published ads saying they were committed to unlocking the potential of Alaska’s natural gas. It was their companies’ number one challenge and they expected to have gas flowing by 2007. In this period, that I call the age of discovery, the discovery of a new gas paradigm unleashed a whirlwind of activity in a variety of competing stranded natural gas supply regions, each with hopes of being the first to arrive at the US market.

Yet in no period or location across Alaska, or the globe, was enthusiasm over Alaska gas development accompanied by such a surplus of frenzied political activity than from January to May 2001, during the Twenty-Second Alaska State Legislature. Rumors of an Alaska natural gas pipeline project created frenzy akin to gold fever. Both of Alaska’s major political parties put construction of the pipeline on top of their legislative agendas and Governor Knowles called the project his top priority for his remaining two year term in office.

In February, the second month of the nation’s energy crisis, Cambridge Energy consultants Thomas Wrightly and Thomas Shalan appeared in Alaska to personally brief Governor

Knowles and lawmakers on North America’s market fundamentals. Thomas Wrightly and Thomas Shalan are senior experts for Cambridge Energy’s Natural Gas Advisory Service, a team of twelve consultants working out of offices located in Boston, Houston, Calgary, and Oakland. Thomas Wrightly is director of natural gas research in Houston. He holds an MBA in finance from the University of Texas and a BSc in economics from the University of Chicago. In promotional materials, Wrightly is forecaster, author, strategic planner, economist, and market analyst. Both Wrightly and Thomas Shalan have twenty years experience analyzing US natural gas price formation.

Many of the Cambridge Energy-led briefings took place in the inner sanctum of Governor Knowles’s office and were attended by inner-circle members. Several briefings also took place as legislative committee hearings and were attended by lawmakers, journalists, staffers, and other assorted pipeline proponents. Each presentation, which was led by Thomas Wrightly, lasted two hours and was followed with questions.

Many of the events associated with the frenzy of this period had only recently occurred. Some events, such as the energy crisis, were acknowledged in Alaska by everyone, though few could comment on their significance. Certain events, considered critical at the time, for example, a passing insult dropped on a Tokyo gas marketing executive by a Knowles official, were later found to be non-events, that is, forgotten by everyone. As it relates to Cambridge Energy, it so happened that events concerning the natural gas market, relatively well understood by all, when commented upon by the Two Thomases (as Wrightly and Shalan were referred to), who spoke with such clarity on every matter down to its smallest detail, were in the end, understood by no one. The linguistic competence of Thomas Wrightly and Thomas Shalan mesmerized Alaskans.

It was after their presentations that the services of Cambridge Energy increasingly became identified among members of Alaska’s political and press establishments as critical for commercializing Alaska natural gas. In government documents,

political party news releases, speeches, newspaper articles, and casual conversations, the activities of Cambridge Energy were deemed “in the State’s best interest,” “a significant asset to the State,” and “a critical component of the governor’s legislative effort” (Capitol Information Group 2001). Among state lawmakers, the work of Cambridge Energy was viewed as leading to “responsible development of Alaska’s resources” (ibid.). Their analysis would contribute to the “most important decisions the 22nd legislature will face” (ibid.). Accordingly, news articles widely circulated Cambridge Energy forecasts (e.g., *Alaska Journal of Commerce*, 11 March 2001).

In association with this new development—which is what Cambridge Energy forecasts were quickly becoming in Alaska (the forecasts themselves were pipeline development)—the terms employed to identify Cambridge Energy consultants mushroomed. In a variety of documents, news releases, newspaper articles, etc., the Two Thomases appeared in singular form as: contract consultant, consulting firm, leading consulting and research firm, contractor, expert, expert advisor, active participant, author, oil and gas expert, economic expert, expert with experience, consulting team, consulting firm with Alaskan experience, our consultant, our expert.

During this same time, in February, Knowles administration officials employed the discourse of Cambridge Energy as an explanatory tool in their outreach, helping to establish for the Alaska public a definite set of relations and linguistic terms through which to think and talk about forces of North American gas supply, demand, and price formation. Most importantly, the knowledge became the equipment through which to promote the governor’s pledge of spurring pipeline construction along the Alaska Highway route. State officials interpreting the pipeline project through Cambridge Energy natural gas talk promoted a new symbolic framework for addressing both pipeline construction and Alaska modernization. In administration press release after press release, Cambridge Energy’s discursive authority was added to the governor’s lexicon on a pipeline for all Alaskans.

Finally, it was also in February that I became aware for the first time of a RealPlayer video. As an aide in the Alaska legislature, I was alerted to Governor Knowles’s appearance on Cambridge Energy’s Internet multi-media program, CERA.com. At CERA.com, clients can “pro-actively manage and control the flow of research and analysis to their desktop computer, search for specific knowledge, and utilize supporting graphics, and data behind the analysis.”

During the second week of February, CERA.com broadcast a video clip of an interview with Governor Knowles, who had flown to Houston, Texas, to appear as guest speaker at Cambridge Energy’s twentieth annual CERAWEEK executive conference. The conference takes place at the upscale Westin Galleria in Houston, Texas. In 2002, the year I attended CERAWEEK, *The New York Times* called the event the location “where leaders of the world’s largest energy companies and those who aspire to replace them go to think big thoughts” (18 February 2002). Paper bag-size name tags hang from lanyards around the necks of several thousand investment bankers, accountants, energy executives, and government representatives, identifying bearers as people like Philip Watts, recent chairman of Royal Dutch/Shell and Mikhail Khodorkovsky, former CEO of Yukos, Russia’s largest oil company.

I can still recall my amazement, during that wintry February of 2001, watching the CERAWEEK interview with Governor Knowles on RealPlayer video. From the computer screen, my legislative office mates and I became linked to a world outside the self-enclosed understandings of Alaska politics. Cambridge Energy provided critical knowledge to Alaskans, but not simply about energy market fundamentals. The firm provided knowledge about a whole new energy market lifestyle and one that appeared somehow far more “resolutely modern” (Rabinow 1996: 163) than any of us had considered existed. We were struck by how polished the governor appeared during his interview at CERAWEEK, as if poised to run for higher office (the governor announced his candidacy for the US Senate not long after the end of his term).

Realignment of the paradigm

Significantly, by early 2001 Cambridge Energy's new gas paradigm was still unique but no longer a singular product of analysis. Forecasts made by other industry and government organizations differed in their exact expectations of future demand. Yet by the end of 2001, the US Energy Information Agency observed that one thing was common across forecasting studies: "[D]emand for natural gas would continue to increase sharply into the foreseeable future and the most striking aspect of the price pattern described was the fact that [natural gas] prices would be sustained at such high levels. It was precisely the duration of high prices [described by analysts] more than the level itself, that was extraordinary" (Energy Information Agency 2001: viii). Translated into common parlance, the agency's message would sound similar to the phrase energy analysts gone wild.

Toward mid 2001, Cambridge Energy seemed inclined to think the Alaska pipeline project would not be feasible after all or at least not within the governor's tenure (Cambridge Energy Research Associates 2001a). Beginning in July, for example, they downgraded their supply realignment scenario, stating in a letter to Wilson Condon that Alaska gas would likely reach the US market sometime shortly after 2008 (*ibid.*). By fall 2001, however, Cambridge Energy outlined an even more dramatic scenario pushing the Alaska pipeline project ever further back (Cambridge Energy Research Associates 2001b).

The reasons enlisted as affecting the newer forecasts were recession, high level of energy conservation by California consumers, cool summer, Enron scandal, and September 11th tragedy. Simultaneously, forecasts of lower gas demand circulated on the front pages of the national news, for example, "Oil and gas prices plunged" (*New York Times*, 25 September 2001). In Alaska, news of Cambridge Energy's realignment scenario literally became headline news. By December 2001, the trade weekly *Alaska Petroleum News* was providing Cambridge Energy predictions on the order of once a week (23, 30 December 2001;

Anchorage Daily News, 21 December 2001). The frequency with which these forecasts received statewide attention highlights the importance of Cambridge Energy's prognostications on Alaskan visions of future prosperity.

Schism in the inner circle

According to one inner-circle member, members of the Knowles administration also began learning from the feasibility work of Alaska energy producers "just what the pipeline project's enormous commercial challenges were and so people's fantasies started getting tempered with the realities that the pipeline was not going to happen real soon" (see also Koonce 2001; Marushack 2001). Despite this turn of events, the Knowles administration continued to promote construction of the Alaska Highway pipeline route (Alaska Department of Revenue 2002).

Within the inner circle, however, the combined message from Cambridge Energy and that of the Alaska's energy producers had the effect of a dividing practice. The ideas and actions of certain key officials, primarily Wilson Condon in the department of revenue, were becoming governed by scenario-based analyses. By contrast, Pat Pourchot remained obedient to carrying out the governor's political message. According to a senior official in the department of revenue, "[B]y the fall of 2001, as prices slipped, we lost two years worth of gas growth, and Cambridge Energy and Alaska's Department of Revenue were saying 'hey, you know this shows the risks of the Alaska project, this perfectly illustrates the problems you have in betting on today's prices twenty years from now, maybe we need to rethink this'.... Others in the administration, [however] kept saying, 'what's the problem, why aren't you guys on board? How come you guys aren't joining the cheer-ins?'" A different inner-circle member states, "[T]he governor got frustrated because Cambridge Energy would not do advocacy work ... [and both] Knowles and [Bill] Pourchot lost interest in them."

In conjunction with the diverging interest were also institutional and ethical concerns. By

fall of 2001, for example, Wilson Condon's institutional commitments began tarnishing his loyal image. No longer invited to participate in the inner-sanctum meetings, among members of the inner circle, Wilson Condon was Governor Knowles's mad scientist tinkering in a laboratory of future scenarios.

Evidence of realigned loyalties became publicly visible on industry Web sites and in newspapers, where photographs of Wilson Condon and Cambridge Energy's Thomas Wrightly appeared with frequency, identifying the two men as Department of Revenue Commissioner with Department of Revenue Consultant. The circulation of these photographs further distanced Condon from the governor's pipeline team.

One widely distributed photograph, taken on 7 November 2001, identifies the two men testifying before the Joint Committee on Natural Gas Pipelines, a legislative body formed to answer questions on the pipeline construction. The lawmakers sought the opinions of Wilson Condon and Thomas Wrightly on whether gas price forecasts could attract the estimated USD 20 billion needed to build the pipe. In the photograph, the image of the two men depicts an aesthetic alignment and shared intimacy of thought. Both slightly hunch forward and face the photographer at a three-quarter angle with their shoulders touching. The portrait suggests they share economic and ethical considerations, directed by certain specific market-oriented commitments.⁴

In their testimonies, Wilson Condon warns of "a weaker price outlook" while Thomas Wrightly warns against subscribing to an optimistic gas demand-favored scenario stating, "Cambridge Energy does not see any scenario, not even to 2015, where ... there is a window of opportunity for Alaska gas." Their pessimistic outlook achieved continuous newspaper coverage in local and to some extent regional markets. In the meantime, the governor moved beyond the complicated world of natural gas forecasting and instead, turned his attention to US Congress to advocate a tax break for supporting the Alaska Highway pipeline route.



In contrast to the previous image of Alaska politicians, the circulation of this image on Web sites and newspapers confirms the close proximity of Wilson Condon (right) to the economically oriented Cambridge Energy consultant Thomas Wrightly (left).

Conclusion

In this article, I have shown how Cambridge Energy is an institution whose efficacy of strategic-knowledge helped to create the conditions for bureaucratizing and popularizing knowledge about natural gas market formation in Alaska. I have demonstrated how the organization accomplishes this through six dimensions: firstly, in-depth scenario planning; secondly, prestige value of a capitalist intelligentsia image; thirdly, consultant linguistic competence; fourthly, networks and communities of interpretation comprised of senior-level decision makers from industry and government; fifthly, Internet-based service providing multi-media highlights and client access to original research and analysis; and sixthly, maintaining an independent stance from any particular sector of the energy industry.

The subsequent domestication of Cambridge Energy analysis in Alaska state and news media discourses suggests that the self-enclosed priorities of Knowles administration officials were penetrated, in a very short time, by their newly formed understandings of the US natural gas energy market. Working alongside Cambridge Energy analysts, state of Alaska officials developed a new set of distinctions to critically reflect back on to the political event of the pipeline project. In the process of identifying multiple

distinctions, a new recoding of the pipeline occurs transforming it from a political event into an economic event. This new reading, I argue, creates a split in the Knowles administration between those informed by Cambridge Energy consultants and those still believing in pipeline construction as a political project. The particular dividing practice used by Cambridge Energy which codes the pipeline in economic terms paradoxically also created a divide within the inner circle of the Knowles administration.

The particular ethical problem that emerges among these state officials suggests one meaning of the alignment might be understood in Weberian terms. That is, the alignment produced a particular kind of problematic threshold, one based on Alaska's entrance into natural gas industry's increasingly market-oriented rationalities. For Max Weber (1946), a threshold of modernity is drawn when the existence of the meaningfully and ethically ordained cosmos can no longer be trusted. For state officials embracing what Cambridge Energy calls the market fundamentals, the meaningfully oriented cosmos of Alaska political reason came into doubt raising questions of their loyalty to the governor.

Arthur Mason received his PhD in anthropology at the University of California, Berkeley (2004), and is a lecturer with UC Berkeley's Energy and Resources Group. His dissertation examines forms of knowledge that govern market certainty on Arctic natural gas development. His ethnography was conducted while serving as associate director (2003) and coordinator (2001) of energy in the Office of the Alaska Governor. E-mail: alm@berkeley.edu.

Notes

1. Phaedrus reminds Socrates that the citizens of greatest influence and dignity, the men who are the most free, feel ashamed at speechwriting. They "fear the judgment of posterity, which might consider them 'sophists' ... [men] of non-presence and of non-truth" (Plato in Derrida 1981: 68).
2. These articles were faxed to the office of the governor in June from lobbyists for Foothills Pipelines Ltd.
3. For a full review of the Cambridge Energy support documents and recommendation letters, see Alaska Department of Administration (2000).
4. For specific intellectuals, see Foucault (1984: 70–75) and Rabinow (1990: 251–76).

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