

PickensPlan

T. Boone Pickens Media Coverage 1.14.11

Total of 8 Placements

- Print: 3
- Blog/Online: 4
- Broadcast: 1

Coverage Summary:

The *Reuters Breakingviews* column on natural gas was picked up by a *Reuters* blog, making it available to non-subscribers.

On the *Financial Times' Energy Blog*, Jack Gerard, head of the API, was asked what he thought about Pickens' plan to better use natural gas as a transportation fuel. He answered that natural gas is an enormously versatile form of energy, and it has potential for increased use in transportation.

Highlighted Placements (Full Articles Below)

- **Washington Is Neglecting A Natural Choice In Gas** – *Reuters Blog* – 1/14/11
- **Jack Gerard Answers Your Questions** – *Financial Times Energy Blog* – 1/14/11

Print Placements (Full Articles Below)

- **Let's Work Together To Bring Down Price Of Oil** – *South Coast Today* – 1/14/11
- **A Green Tax To Earn More Green** – *Drexel University's The Triangle* – 1/14/11

- **EXCO Mulls Pickens-Backed CEO Buyout, Other Deals** – *Reuters* – 1/13/11

Blog/Online Placements (Full Articles Below)

- **Who, How and Why: \$140 Oil and \$5 Gas** – *OilPrice.com* – 1/13/11
- **Oklahoma's CNG Prices Drop Below \$1 Gasoline Equivalent** – *NACS Online* – 1/14/11

HIGHLIGHTED COVERAGE

Washington Is Neglecting A Natural Choice In Gas – *Reuters Blog* – 1/14/11

By Christopher Swann

The author is a Reuters Breakingviews columnist. The opinions expressed are his own.

NEW YORK — Natural gas may be Uncle Sam's most ignored blessing. With resources now equivalent to Iran's oil reserves, domestic shale gas offers a chance to meaningfully reduce the country's dependence on foreign oil, cut the deficit and even reduce greenhouse emissions.

Every modern president since Richard Nixon has paid lip service to the quest for energy independence. Similarly, the bloated trade deficit and climate change have become political obsessions over the past decade. Yet precious little has been done to deploy America's growing gas endowment to solve these problems.

To be fair, U.S. politicians have had little time to react. Just a few years ago it looked like falling domestic gas production would force the United States to rely increasingly on imports. Instead new drilling technologies — hydraulic fracturing and horizontal drilling — have enabled energy firms to tap massive quantities of gas trapped in rock.

Just last month, the Department of Energy more than doubled estimates of recoverable shale reserves to 827 trillion cubic feet — the energy equivalent of roughly 140 billion barrels of oil. That's slightly greater than the proven oil reserves of Iran, the world's third largest repository of crude.

As gas reserves have ballooned, so has the potential to help solve decades-old policy conundrums, starting with America's addiction to foreign oil. Last year the tab for the 12 million barrels of oil the nation imports daily came to around \$270 billion — accounting for roughly half the total trade deficit.

Gas can be used directly in vehicles and to generate electricity. So it offers the best hope of kicking the habit. By shifting America's gasoline-guzzling heavy vehicle fleet and buses to natural gas the United States could cancel orders for up to 3 million barrels of oil a day. This could shave \$100 billion off the annual trade deficit at current oil prices.

It would also represent a giant step toward energy independence, reducing U.S. reliance on unstable foreign powers. Three million barrels a day is equivalent to more than half of imports from OPEC — Saudi Arabia, Venezuela and Libya combined sell around 2 million barrels daily to America. Even greater import savings could accrue if such a move gives way to the next generation of U.S.-made electric cars.

Finally, gas offers one of the quickest and most cost effective ways of cutting greenhouse emissions. Switching electricity generation from coal to natural gas roughly halves the output of carbon dioxide. Simply raising the use of America's advanced gas plants to 60 percent capacity, from 40 percent at present, would eliminate a quarter of the increase in emissions seen over the past two decades, according to Navigant, a consultancy.

So why has the U.S. Congress so far looked this gift horse in the mouth? The speed of the shale revolution may ironically be partly to blame. Initially many policymakers were skeptical that gas reserves could have increased so suddenly. But the political heft of the coal lobby — and its close ally, the railroad sector — also helps explain inertia in Washington. By comparison, gas producers are political parvenus. Spiraling budget deficits meanwhile have made it harder to find even modest public funds to promote a switch to gas vehicles.

Still, given the benefits of gas, further delay would be a shame. The free market has already done much of the heavy lifting. With the abundance of gas pushing down prices, only minimal policy support is needed. First, new lawmakers should back Senate leader Harry Reid's long-standing plans to promote natural gas-powered heavy duty vehicles. For taxpayers, subsidizing these vehicles initially would soon pay off as rising sales drove down prices. And with gas less than a third the price of oil for the same energy content, freight firms would quickly recoup the cost of pricier trucks through lower fuel bills.

Second, lawmakers should cease coddling the coal industry. Putting a price on carbon may be politically difficult, but Congress should allow the president to use the Environmental Protection Agency to penalize coal for its emissions. With so much spare capacity, gas-fired plants could

immediately pick up the slack. Rock bottom gas prices and abundant supplies would make the impact on electricity prices virtually imperceptible.

America's natural gas bonanza is too good an opportunity to miss. The new Congress needs to embrace the bounty beneath its feet.

Jack Gerard Answers Your Questions – *Financial Times Energy Blog* – 1/14/11

By Kiran Stacey

In this week's readers' Q&A session, Jack Gerard, head of the API, the voice of the US oil industry, answers your questions.

In this second of two posts, he discusses peak oil, the potential of natural gas, and what the API's lobbying achieves.

Earlier, he answered questions on the importance of energy efficiency, why drilling curbs should be eased and where the world will find new sources of oil.

Next in the hotseat is Magued Eldaief, the head of GE's UK energy business. He will be answering your questions next Friday, January 21st. Send in your questions for consideration by the end of Sunday, January 16th to energysource@ft.com.

But for now, over to Jack:

Peak oil

In its 2010 Joint Operating Environment, the US Joint Forces Command warned: “By 2012, surplus oil production capacity could entirely disappear, and as early as 2015, the shortfall in output could reach nearly 10 million barrels per day”.

Do you agree with this? What is the position of the API on peak oil?

-Lionel Badal

We take warnings about “peak oil” and “running out of oil” with a pinch of salt. Nevertheless, the world does need to be making significant investments in new oil development to ensure that supplies keep pace with demand. Governments’ energy development policies should be aligned with this reality.

The world does need to be making significant investments in new oil development to ensure that supplies keep pace with demand

Natural gas

Do you agree with Boone Pickens that we should make better use of the vast amounts of domestic natural gas which is available for commercial recovery from shale deposits by using it as a transportation fuel? If not, why not?

-Jon Hand

Natural gas is an enormously versatile form of energy, and it has potential for increased use in transportation. But it is also a great way to heat homes and generate electricity, and it’s a critical feedstock for chemicals, pharmaceuticals, and many of the products that make our lives better, safer, and healthier.

Natural gas also produces very low greenhouse gas emissions.

Markets should decide which uses make most sense. The important thing is to make sure we develop large supplies of natural gas so that it can better satisfy demand for all uses.

Funding for regulation

What is the API doing to help ensure interior department gets the funding for increased inspections and training for overseeing offshore oil development? Are you lobbying for or against the president's budget request?

-Marilyn Heiman, Pew Environment Group

We agree the interior department needs more funding for its oversight work in offshore oil development and have said so. It's important they have the resources to do their work professionally and expeditiously so we can get on with our work of safely producing the energy we know our nation will need.

Spending on lobbying

How much did API spend on direct and indirect lobbying costs over the past two years at both the federal and state levels? Do you feel like you got your money's worth? How much did the oil industry receive in federal subsidies in return?

Bob Shultis

The API's mission is to represent the oil and natural gas industry before policymakers and the public. Thousands of other organisations representing a wide range of interests do the same work. We periodically report to the government how much we spend on our lobbying activities, and that information is made publicly available.

Oil and natural gas companies receive little or nothing in the way of direct subsidies from the federal government, as the government's own records clearly show. They are entitled to take business tax deductions similar to what other businesses take.

Our industry pays income taxes at an effective rate nearly 70 per cent higher than the other S&P Industrials

The fact is our industry pays income taxes at an effective rate nearly 70 per cent higher than the other S&P Industrials. US oil and natural gas companies paid \$300bn in income taxes between 2004 and 2008.

PRINT COVERAGE

Let's Work Together To Bring Down Price Of Oil – *South Coast Today* – 1/14/11

As oil prices rise, so many people are negatively affected — either with the cost of heating oil for their homes or the cost of gasoline, and as a result, some people are freezing in their homes, and some people are afraid to drive.

Oil prices shouldn't be so high. We have many other ways of obtaining natural energy — from the sun, wind, and so forth. We the people are the government, and if we contact our senators and elected officials, we can hopefully work towards getting the president involved with inviting oil companies together and questioning them about why they are being greedy and taking advantage of the American people.

The oil companies hold a monopoly in our country, which should not be allowed. I remember that one of our former presidents — either Franklin Roosevelt or Harry Truman — called steel companies together because they were taking advantage of citizens, and he asked why they were gouging Americans. The price of steel soon went down. This can also be true for oil.

These companies must stop being greedy! This is a democracy, and they are hurting us. If they could be honest, we could all work together on developing renewable energy, and we wouldn't have to spend billions overseas on foreign companies that want to harm us.

Oil executive T. Boone Pickens said Americans spend about \$700 billion a year on foreign oil. Imagine how many jobs and companies could be created if we were to spend that money in our own country!

You have the power to contact your elected officials and help stop this greed, which is driving the price of oil sky-high. We can become free from these oil companies if we use our knowledge to develop renewable energy that is affordable so that everyone can stay warm in their homes and not be afraid to drive.

Again, I say, contact your local officials and let's work together as a democracy to bring the price of oil down!

Irving Fradkin

Fall River

A Green Tax To Earn More Green – *Drexel University's The Triangle* – 1/14/11

By Maxwell Balbin

Everyone knows that rising gas prices are a result of the increase in the price of crude oil. Presently, the cheapest gas you can buy in Philadelphia is more than \$3.00 per gallon. However, the federal government needs to give serious consideration to levying a national "green" tax on the price of gas. That's right, it would be beneficial for us to be paying more for our gas. As argued by Thomas Friedman in a New York Times op-ed called "Real Men Tax Gas," a national gas tax could be used to pay down the debt and invest in green technology .

While it's true that no one wants to pay more for gas, there's no doubting the fact that higher gas prices force consumers to conserve gas. Another benefit of levying a national gas tax is that the money can be used to invest in alternative energy. In this country, nuclear energy has a stigma that has been hard to shake due the disasters at Three Mile Island in 1979 and Chernobyl, Ukraine in 1986, but we should not turn our back on a method of energy production that doesn't rely on burning hydrocarbons - releasing no greenhouse gases. Currently, nuclear energy supplies 20 percent of America's energy needs, and at the same time is responsible for over 70 percent of the U.S.'s total renewable energy production., The revenue generated from a national "green" tax could be used to develop other methods of renewable energy production - such as solar, wind and geothermal energy - to diversify America's energy portfolio.

A common kneejerk reaction to hearing about new taxes is to whine and grumble about the tyranny of an oversized government that is killing jobs and taking money away from the workingman. Here's why a "green" tax is necessary. First of all, America's addiction to oil is an issue of national security. T. Boone Pickens, who founded Mesa Oil but now invests in alternative forms of energy production, has declared that our addiction to oil "threatens our economy, our environment and our national security." If we don't curb our use of oil, our addiction will cost us \$10 trillion over the next decade. Rather than send astronomical amounts of money to countries that don't even like us, we need to invest in green energy now so that we can save money later.

Additionally, we have lost millions of jobs due to outsourcing, automation and the financial collapse that plunged us into a recession. For a country struggling with unemployment that currently wavers around 9.4 percent, investing in green energy would certainly create a lot of jobs here at home and revitalize our economy. Finally, we can use some of the money levied from a green tax to help pay down our national debt. The national debt is over \$14 trillion, so we need to start generating revenue. For the sake of our future, we need a "green" gas tax because success doesn't come without sacrifice.

Maxwell Balbin is a freshman majoring in chemistry. He can be reached at op-ed@thetriangle.org.

EXCO Mulls Pickens-Backed CEO Buyout, Other Deals – Reuters – 1/13/11

- * CEO Miller agrees to not buy additional stake
- * Adopts shareholder rights plan, sets trigger at 10 pct
- * Shares up 3 pct (Adds details, analyst comments, graphic, updates shares)

By Thyagaraju Adinarayan

BANGALORE, Jan 13 (Reuters) - Oil and gas company EXCO Resources Inc (XCO.N: Quote) said it is mulling the CEO-led \$4.36 billion buyout proposal backed by oilman T. Boone Pickens, and is also open to bids from oil majors looking to expand their shale assets.

The gas-focused explorer, which holds acreage in the Haynesville, Bossier and the Marcellus shales, said it would explore strategic alternatives.

EXCO's CEO Douglas Miller, who has a 3.1 percent stake in the company as of Oct. 29, had teamed up with other stakeholders to table a bid of \$20.50 a share for EXCO in a bet on natural gas prices rising. [ID:nSGE6A00GV]

Natural gas prices NGc1 have risen nearly 10 percent since Miller's bid. And, in anticipation of a further rise, energy majors are snapping up shale assets.

EXCO's shares were up about 3 percent at \$19.93 in afternoon trade on the New York Stock Exchange, but still short of Miller's bid. Since the bid the stock has gained 30 percent.

(Graphic on EXCO share price vs natural gas prices:

r.reuters.com/tyh36r)

Pritchard Capital Partners analyst Ray Deacon believes that Miller's offer undervalues EXCO's assets, which he says are worth about \$30 a share.

EXCO said on Thursday its proved reserves in 2010 jumped 56 percent, amid a rise in Haynesville shale production. [ID:nWNAB4375]

Analyst Deacon said Exxon Mobil Corp (XOM.N: Quote), Royal Dutch Shell (RDSa.L: Quote), Chevron (CVX.N: Quote) or India's Reliance Industries (RELI.BO: Quote) could line-up rival offers.

Also, companies like Total (TOTF.PA: Quote), BP Plc (BP.L: Quote) and Statoil (STL.OL: Quote) have been increasing their acreage and presence in unconventional shales.

RIGHTS PLAN

EXCO's decision to evaluate strategic alternatives is its first formal statement regarding a sale of the company since Miller first made his offer public in early November.

"After carefully reviewing Miller's unsolicited proposal ... we intend to conduct a thorough process in which all interested parties will have an opportunity to participate on a level playing field," director Vincent Cebula said in a statement.

The company signed an agreement with Miller, which prevents him from acquiring more shares, attempting to influence the board or seeking the support of other shareholders through proxies.

Miller was not immediately available for comment.

EXCO, with a market value of about \$4 billion, adopted a shareholder rights plan with a one-year term and a 10 percent trigger.

Oilman and natural gas proponent Pickens, who is also a director in EXCO, was in favor of the deal. Miller's bid also enjoys the backing of EXCO's largest stakeholder, Oaktree Capital Management LP, as well as Ares Management LLC.

None of the parties were available for comment.

Pickens has a 5 percent stake in the company. Oaktree Capital has a 16.4 percent stake, while Ares Management holds a 6.1 percent stake, according to Thomson Reuters data.

Barclays Capital and Evercore Partners are serving as the special committee's financial advisers, EXCO said.

BLOG/ONLINE COVERAGE

Who, How and Why: \$140 Oil and \$5 Gas – *OilPrice.com* – 1/13/11

By Llewellyn King

According to a loosely-organized apocalyptic Christian movement, May 21, 2011 will be the "end of days." On or about that same date, the price of oil in the United States will begin to climb to \$4 a gallon, according to two savants of the oil industry.

The former is highly unlikely but the latter is very probable.

The escalation in the price of oil is predicted by the legendary oil man T. Boone Pickens, known for his financial acuity as well as his oil expertise, and John Hofmeister, who retired as president of Shell Oil Company, to sound the alarm about the rate of U.S. consumption of oil.

In an interview with a trade publication, Hofmeister predicted that oil would rise to \$4 a gallon this year and to \$5 a gallon in the election year 2012. Separately, Pickens—who has been leaning on Congress to enact an energy policy that would switch large trucks and other commercial vehicles from imported oil to domestic natural gas—predicts that oil currently selling for just over \$90 a barrel will go to \$120 a barrel, with a concomitant price per gallon of \$4 or more.

The Obama administration appears to have been slow to grasp the political implications of an escalation in the price of oil. When asked about it, outgoing White House Press Secretary Robert Gibbs referred the questioner to the Department of Energy.

Not everyone is alarmed by the incipient rise in the oil price. Republicans, who are especially close to the oil industry and its Washington lobby, orchestrated by the American Petroleum Institute, think that a great deal of hay can be made while this particular sun shines. They plan to attack the administration for spending too many resources on alternative fuels, over-regulating the industry, and keeping too many federal lands away from oil prospecting. They also accuse the administration of being too frugal with its release of drilling areas in the Gulf of Mexico and on the two coasts, as well as Alaska.

The Republicans have unlikely bedfellows in their quest to politicize the price of oil. They are joined by environmentalists who have long believed that only high prices will break America's passion for the automobile.

Environmentalists have long advocated European-style taxation to drive motorists out of their cars and onto buses and trains.

A third interest group that will take some pleasure in rising oil prices are those who are invested in alternatives such as ethanol, oil from algae and electric vehicles.

Meanwhile, the International Monetary Fund is keeping an eye on the price of oil, according to Caroline Atkinson, director of external relations at the IMF. She told a Washington press briefing that the IMF is particularly concerned with food and other commodities that are directly affected by the price of oil.

Hofmeister, who now heads the non-profit Citizens for Affordable Energy that advocates energy development in all forms, believes that the United States could increase oil production from the current 7 million barrels per day to 10 million, half of its consumption. He told an interviewer from Platt's, an energy publisher and broadcaster, that we were "essentially frittering at the edges of renewable energy, stifling production in hydrocarbon energy," which he said could lead to blackouts, brownouts, gas lines and rationing.

There are already signs that the Republican-controlled House of Representatives is planning a big push for hydrocarbon energy. An indication of this comes from Rep. Fred Upton, R-Mich., a one-time global-warming believer who has dropped that issue from his agenda. He is the new chairman of the House Energy and Commerce Committee.

In periods of high gasoline prices in the past, presidents have found there is very little that they can do. Their options are to reduce the tax on gasoline, sell oil from the Strategic Petroleum Reserve or the Naval Petroleum Reserve. President George W. Bush went a step further: He went to Saudi Arabia twice to ask the Saudis to increase their rate of production. Twice he came back empty-handed.

All of this would be good news for the oil producers and especially those troublesome players, Russia and Venezuela.

Of course, if you believe the human endeavor ends on May 21, better fuel the SUV and hit the road.

Oklahoma's CNG Prices Drop Below \$1 Gasoline Equivalent – *NACS Online* – 1/14/11

Oklahoma Natural Gas stations are selling CNG for about 75 cents per gallon of gasoline equivalent this week, down from \$1.29 at the beginning of the year.

TULSA, Okla. – The price is right for motorists to be filling up with compressed natural gas, according to CNG experts. Tulsa World reports that fuel for CNG vehicles has fallen “well below \$1” the gasoline equivalent at many Oklahoma stations, which are hovering around and above \$3 per gallon.

The newspaper continues that the lower cost of CNG “stems from tumbling commodity prices, federal tax credits and other agreements.”

Oklahoma Natural Gas (ONG) stations are selling CNG for about 75 cents per gallon of gasoline equivalent this week, which is down from \$1.29 at the beginning of the year, spokesman Don Sherry told the newspaper. “It's a reflection of both low natural gas prices and a 50-cent per gallon federal tax credit,” he said. ONG sells CNG at five Tulsa-area stations and has sold more than 450,000 in total gallons of gasoline equivalent.

American consumers, meanwhile, have been slow to embrace CNG as a fueling option. Oklahoma energy leaders such as T. Boone Pickens and George Kaiser are pushing for

conversion of the nation's truck fleets to CNG as a means to help lower the nation's dependence on imported oil, the newspaper reports.

BROADCAST COVERAGE

1. The Street

Business News Network, National Canada | DMA: 950

01/13/2011, 08:00 AM - 09:00 AM

[CC] 00:10:19 Is it economically viable is a whole other question. And the reason that we have this huge disconnect and will continue to see this huge disconnect between **oil** prices and **natural gas** price because of their lack of substitute ability in one critical fashion. That is the demand for **oil** as a transit fuel. The **energy** density in **natural gas**. That's where dealing is because when of course it comes it home heating, when it comes it power generation, when it comes to being a feed stock for petro chemicals people are going to substitute cheap **natural gas** for **oil**. And you should be able to arbitrage that price spread away. But where you can't is as a transit **fuel**. What has pushed world **oil** demand up 2.5% last year was not the demand for **oil** as a home heating source but precisely as a transit **fuel**. So, **Boone Pickens** notwithstanding, the fact of the matter is that **natural gas** is not a substitute for **oil** in any of its transit applications.00:13:39

Audience: N/A Spot Cost: N/A