



## T. Boone Pickens Media Coverage 1.29.10

### Total of 12 Placements

- &#61623 Print: 5
- &#61623 Blog/Online: 3
- &#61623 Broadcast: 4

### Coverage Summary:

KNX-AM in Los Angeles interviewed a Sierra Club spokesperson to discuss the president's call for more nuclear power. The spokesperson said that nuclear power continues to be a costly distraction from true clean energy. He goes on to say that the Sierra Club believes that natural gas can play an important role as a transition fuel and Pickens' voice has been very important in bringing a new angle to the debate and has really helped mobilize people.

### Print Placements (Full Articles Below)

- &#61623 **For Auto Industry, All Roads Lead to Orlando** – *Orlando Sentinel* – 1/29/10
  - o *Sacramento Bee*
  - o *Belleview News Democrat*
  - o *Anchorage Daily News*
- &#61623 **EDITORIAL: Tradeoffs** – *Richmond Times-Dispatch* – 1/29/10

### Blog/Online Placements (Full Articles Below)

- &#61623 **Cramer React to SOTU: Notes Nat Gas Ignored by Obama; Defends Geithner** – *NewsBusters* – 1/28/10
  - o *Business Media Institute*
- &#61623 **Russia's Gazprom Angel or Demon?** – *The Market Oracle* – 1/29/10

## PRINT COVERAGE

### **For Auto Industry, All Roads Lead to Orlando** – *Orlando Sentinel* – 1/29/10

By Steven Cole Smith

ORLANDO, Fla. -- For a couple of weeks, Central Florida will become the center of the automotive universe - for two very different reasons.

Speed Weeks at Daytona International Speedway, starting with the Rolex 24 Hours endurance race through the Daytona 500 on Feb. 14, will draw top executives from the automotive world. Yes, the NASCAR part includes only Ford, Chevrolet, Toyota and Dodge, but the 24 Hour endurance race and its preliminaries will bring representatives from all over the world, as that series has competitors from almost every manufacturer, from Ferrari to BMW to Subaru to Porsche.

The other draw occurs Feb. 13-15 in Orlando for the National Automobile Dealers Association annual convention. And it should be a fascinating event, given the turmoil in the automotive industry.

Example: General Motors recently announced that it will severely curtail its participation. Why? Depends on whom you believe. GM says it's because of budgetary reasons, and that only a handful of its

executives will attend. Really? The AirTran flights I booked to go to the North American International Auto Show earlier this month were \$35 each way.

Others suggest it is because GM is miffed at the NADA's role in spearheading federal legislation that requires binding arbitration before the company can dump the 1,300 or so dealers that got their walking papers last year.

Automotive News reports that 168 dealers have already filed for arbitration, with more expected. GM denies any hard feelings against the NADA, but the fact that the company will not have a display, or attend most of the dealer meetings, seems severe and ill-advised. Granted, these are not happy times for GM between this show and last year's convention in New Orleans, it has effectively killed off Pontiac, Saturn, Saab and likely Hummer, so it isn't as though they wouldn't face some hostile dealers.

Still, at the NADA the show must go on, and it appears it will be as much of a huge support group for surviving dealers as it will be a chance to for liaisons with manufacturers. The organization is going to extreme lengths to attract dealers, by extending the registration deadline to next Wednesday, and providing an "NADA Stimulus Package," which will give each dealer and manager that attends \$200 vouchers that can be redeemed for goods and services from any convention exhibitor.

"We're really excited about coming to Orlando," said Stephen Pitt, NADA's executive in charge of the convention. "Registration is ahead of last year, and we may see 15,000 attendees."

Pitt said the scheduling of the convention on the same weekend as the Daytona 500 is causing no problems with housing - "There are plenty of rooms available in Orlando," he said - and he thinks that the race may actually be a draw for some motorsports-minded dealers.

"It's been a tough year for everyone," said John McEleney, chairman of the NADA. "Now it's time to focus on the future. We've got a strong lineup of expert speakers and outstanding workshops. We already have 440 exhibitors and more are signing up every day."

The more than 100 workshops range from "Advance Online Thinking" to "Update on Federal Regulatory Developments Impacting Automobile Dealerships." Speakers include energy magnate T. Boone Pickens, and Mike Jackson, chairman of the Fort Lauderdale-based AutoNation, the country's largest new-car dealer network, with 266 stores. Jackson has taken a controversial stand in favor of a tax that would maintain gasoline at \$4 a gallon, making it easier for manufacturers to plan products and dealers to plan inventories. Expect that idea to get a solid airing at the convention.

"This is easily the most important event of the year for dealers and manufacturers," Pitt said. "especially in these economic times. This is really unprecedented we've never been through a period like this and this is the sort of event where problems can be solved."

Let's hope.

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#### **EDITORIAL: Tradeoffs – *Richmond Times-Dispatch* – 1/29/10**

Jan. 29--Natural gas is a carbon-based energy source, but it's got a nicer reputation than its dirty and disreputable older brother, oil. T. Boone Pickens, among others, waxes rhapsodic about America's "abundance of clean, cheap, domestic natural gas . . . .Natural gas is 130-octane fuel, and it is 25 percent cleaner than diesel."

Yes, but: Getting it out of the ground is proving problematic. A principal technique, known as hydraulic fracturing, involves forcing millions of gallons of water into bedrock to crack it open. The problem isn't the water per se, but the small amounts of chemicals that are mixed with it to reduce friction and prevent mineral buildup. Skeptics fear the process could taint groundwater supplies.

Chalk it up as another proof that both energy and environment are subject to economics. There's always a tradeoff -- always. Wind energy makes mountaintops into Cuisinarts for birds. Solar power despoils the desert ecosystem (and requires lots of water to rinse off collectors and mirrors). Nuclear -- well, you know.

We're all for renewable energy. And nukes, and coal-fired power plants, and natural-gas-powered cars. Just remember, though: The next time you hear someone tout a "zero-emission" vehicle or claim that this energy source or that is all upside and no downside: They're lying.

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## **BLOG/ONLINE COVERAGE**

**Cramer React to SOTU: Notes Nat Gas Ignored by Obama; Defends Geithner** – *NewsBusters* – 1/28/10

By Jeff Poor

President Barack Obama encouraged some business interests by mentioning nuclear energy and offshore drilling during his Jan. 27 State of the Union speech. Those less popular energy solutions joined the usual alternative rhetoric of wind, solar and bio-fuels.

But on CNBC's Jan. 28 "Street Signs," Jim Cramer, host of CNBC's "Mad Money" noted something was missing - an important onshore energy source, natural gas. And as for the nuclear energy signals - he wasn't convinced Obama was serious.

"I mean, I want to point out I thought the nuke thing was just the boilerplate nuke," Cramer said. "[Energy Secretary Steven] Chu is a research director, the Energy Secretary, really is more of a professor. Offshore oil and gas, the issue is onshore. Natural gas wasn't mentioned, got to be really careful about that."

And according to T. Boone Pickens' PickensPlan.com Web site, natural gas could be a "bridge" to better energy policy that the President advocated, but was lacking from Obama's SOTU speech.

"Natural gas is not a permanent or complete solution to imported oil," PickensPlan.com site explains. "It is a bridge fuel to slash our oil dependence while buying us time to develop new technologies that will ultimately replace fossil transportation fuels. Natural gas is the critical puzzle piece that will help us to keep more of the \$350 to \$450 billion we spend on imported oil every year at home, where it can power our economy and pay for our investments in wind energy, a smart grid and energy efficiency."

The other key thing coming from the SOTU speech according to Cramer that had a big impact on the United States economy was Obama's vote of confidence for Treasury Secretary Timothy Geithner.

"The most momentous thing that happened he embraced Geithner," Cramer said. "Now why is this important? Because Geithner, while viewed now as a tool of Wall Street is in reality a guy who saved the banking system by making them raise a lot of equity with serious stress tests that everybody now realizes weren't a joke. So we want Geithner in because there's no Geithner rule to break up the banks. It's just the Volcker rule. Had he come in and snubbed Geithner and somehow do a bear hug around [head of the President's Economic Recovery Advisory Board Paul] Volcker, the bank group, the only group that's up today, would be in shreds."

Geithner had been grilled earlier in the day by the House Oversight and Government Reform Committee on the AIG bailout and took some punches from lawmakers. However, Cramer explained Geithner's impact on saving the banks shouldn't have been taken lightly.

"Kangaroo court and show trial with a guy who is substance," Cramer said. "It's so much easier to not be substantive and take those questions. I felt it was one of those things was very like point of order with

[Former U.S. Sen.] Stu Symington stalking out and [former head counsel for the U.S. Army Joseph] Welch asking, 'Gentlemen, do you have no decency.' This was really a travesty - those hearings. I don't know how these guys can live with themselves. Do people really think that Geithner's just a big joker who like goes to a lot of Washington Redskins and Nationals games, which in itself would really mean that he has lost his mind?"

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### **Russia's Gazprom Angel or Demon? – *The Market Oracle* – 1/29/10**

Gazprom faces regular opprobrium for its bullying ways of using energy as a pressure and political tool. Seen by some, mostly Russians, as the symbol of a successful and strong Russia, others see it as a dominating juggernaut, economic right arm of the Kremlin implementing, or should we say, imposing its policies by using energy as a weapon.

Just like Louis XIV used to say "L'Etat c'est moi" (I am the State), Gazprom could say the same in light of its commercial power and the unconditional governmental backing it enjoys. However, just like Monsanto generates passionate debates with its genetically engineered seeds, Gazprom's activities cannot be simply labeled as right or wrong and subject to final judgments.

Though far from being an angel, Gazprom is not necessarily a demon either. It is easy to point fingers and to forget that oil & gas is a merciless sector where every major is trying to position itself for the next 20 to 30 years and secure predictable supply and demand at home and abroad. After all, large Western energy companies were not born nice and proper. It took decades for codes of conduct, tacit or written, to be adopted and enforced. It is also easy to forget that all energy companies have in mind the interests of the country they come from.

Why would it be any different for Gazprom? And why should Gazprom take upon itself to act differently if it can get away with what it does and not be sanctioned by its own government?

The main issue with Gazprom could be summarized by using the famous quote of U.S. Secretary of Defense Donald Rumsfeld who said about Iraq "there are known unknowns. That is to say, there are things that we now know we don't know. But there are also unknown unknowns. These are things we do not know we don't know." Because of all the things we do not know about Gazprom, sensitivity to what Gazprom does is greater because ultimately what it decides to do today and how it does it will impact energy supplies for years to come and how the game is played.

The lack of information on the personal relationships between the business and political world, on its exact ownership structure, on the exact identity and role of business intermediaries, on the flow of money through a labyrinthine network of offshore and shell companies, and on the overall exact modus operandi of Gazprom is what leads Gazprom to be subject to greater scrutiny and interrogations. Its efforts to maintain an export monopoly for gas flowing to Europe and Asia at a huge cost, possibly over-committing dwindling resources at a time of lower energy prices and lower needs from consumers is another concern as would happen if Gazprom was to fail?

### **Gazprom: The Lord of the Rings**

Gazprom is a behemoth: it is Russia's largest company, state-controlled and the world's largest gas producer. Engaged in gas exploration, processing, and transportation, it operates an extensive pipeline network stretching thousands of kilometers across Central Asia and Europe. Gazprom ranks #22 in the 2009 annual ranking of the world largest corporations published by Fortune magazine and has 456,000 employees. With close ties to the Kremlin - President Dmitry Medvedev used to be chairman of Gazprom's board of directors - and accounting for about 25% of Russia's federal tax revenues according to pre-crisis data, Gazprom has a unique leverage and has no qualm about flexing its muscles.

Gazprom has an uncanny ability to do things that are morally reprehensible by Western standards and to be oblivious to the critics that ensue. Image building and public relations are concepts that have not sunk in, even more so as Russians have the deep belief to be justified in their actions, be it with its dealings with Chechnya or Georgia, or when cutting gas to Europe in January 2009. Russians also like to push situations to the limits, just like driving without seatbelts and passing cars with incoming traffic on an icy road.

Gazprom and Ukraine: who's bad?

Russians are full of contradictions, and so is Gazprom. One can only be amused to read its mission statement extracted from its Gazprom in Figures 2004 -2008 and 2008 Annual Report that state: "OAO Gazprom mission is to ensure an efficient and balanced gas supply to consumers in the Russian Federation and fulfill its long-term contracts on gas export at a high level of reliability." That did not prevent Gazprom from bluntly cutting the gas supply to Ukraine in January 2009 over non-payment issues and quantities to be supplied, impacting 18 European countries in the mix in the midst of a cold winter.

The image of Russia as a reliable partner has been severely damaged, even more so as this was not the first time gas supply to Ukraine was cut like in January 2006. Even the Soviet Union did not tamper with gas supply, knowing how important the energy cash machine was to its economy and survival. Those cuts prompted (i) end-user countries to find alternative suppliers and (ii) producing countries that rely on the Gazprom pipeline network, to find alternative export routes for their existing clients, in addition to finding new clients.

In this context, the Nabucco Pipeline that bypasses Russia gains momentum while Turkmenistan can sigh with relief with the new Central Asia – China Gas Pipeline inaugurated in December 2009 that takes gas from the Caspian Sea via Uzbekistan and Kazakhstan to China.

Russia makes no efforts to work on its international public image but Russia and Gazprom would have benefited from elaborating over the payment mechanisms in place with Ukraine. For many years, Ukraine has enjoyed discounted prices, significantly below world market prices. It also has resisted price adjustments sought by Russia. Those sweet deals have been detrimental to Ukraine and to the competitiveness of its industry. According to the European Bank for Reconstruction and Development (EBRD) "Ukraine is one of the most energy-intensive countries in the world and is only one-third as energy efficient as the average European country."

The following facts would have been good to communicate to show that Russia and Gazprom were sensitive to the challenges that gas price increases represent for Ukraine, both economically and socially. At the end of 2008, Ukraine was enjoying heavily discounted prices and resisted Gazprom's price adjustment efforts, despite a very preferential rate being offered. Gazprom went as far as to lower its price offer from \$418 to \$250 for 1,000 cubic meters. When the Ukrainians made a counteroffer of \$235, Gazprom reverted to its initial offer of \$418. The lack of agreement over pricing by December 31, 2008 led to the January crisis. After the crisis, Ukraine still paid 20% less than European prices. Starting in January 1, 2010, a 10-year contract stipulates that Ukraine will switch to market prices.

Needless to say that the door was swung right back at Gazprom by the countries through which Gazprom's gas transit. For instance, Ukraine raised transit fees by almost 60% from \$1.70 per 1,000 cubic meters per 100 kilometers of transit to \$2.70 in 2010. On top of this, Gazprom accuses countries like Belarus and Ukraine to "siphon" gas out of its pipelines, in other words to take gas out of the pipelines without having agreed to pay higher prices.

Russia would also have benefited from addressing the issue of the intermediaries involved in gas transactions such as RosUkrEnergO which according to its website "plays the role of a mediator of interests between Russia and Ukraine with regard to collaboration in natural gas issues. On the one hand, it acts as guarantor for natural gas deliveries to Ukraine at prices that are tolerable for the economy of that country and, on the other hand, RosUkrEnergO is financial guarantor for Gazprom, to which it

makes the appropriate payments for natural gas supplied to Ukraine.” That mediation role, notably in paying Gazprom for gas going to Ukraine is where sand got into the mechanism as the money transfer seems to not have proceeded properly and in a timely manner, resulting in the January 2009 conflict. Middlemen need to be cut out of energy transactions and interestingly this was already agreed between Prime Minister Yulia Tymoshenko of Ukraine and Vladimir Putin in 2008.

Living dangerously but too big to fail?

In 2008 the company reportedly ended 2008 with about \$50 billion in debt and its net profits fell by almost 50% in the first two quarters of 2009. With aging fields and equipment, ambitious development plans, numerous procurement contracts signed, 2010 will be the year of many challenges for Gazprom and anyone dealing with Gazprom, countries or companies.

Multiple issues should be kept on the radar screen:

- What is the financial situation of Gazprom? One may think that since an international auditing firm, namely PricewaterhouseCoopers (PwC), is the auditor of Gazprom, the books should be in order. That's possible but one should not forget that PwC has recently been involved in multiple high profile scandals with over \$1bn involved in each case. The question is then: how much credit can we give to PwC's audits? These scandals involve the Satyam case in India, where a large IT outsourcing company cooked the books saying it had \$1 billion when in fact it was less than \$78 million, and the Bernard Madoff Ponzi scheme as PwC was the auditor of Fairfield Sentry, one of the feeder funds that channeled \$7.2 billion to Mr. Madoff which disappeared in the debacle.

- Economically sound deals? Gazprom agreed in December 2009 to buy up to 30 billion cubic meters (bcm) of gas a year from Turkmenistan. At a time where many wonder if there will be enough gas to fill the Western-endorsed Nabucco pipeline, such a large deal can be seen as an attempt to short circuit and challenge the viability of the Nabucco pipeline. Nabucco, a project supported by the United States and many European countries, is in direct competition with the Russian-endorsed South Stream pipeline and there are concerns that there may not be enough gas to supply both pipelines. Nabucco would ultimately have a capacity of 31 bcm per year and South Stream of 63 bcm/y. The South Stream website though uses sibylline statements saying that “If both South Stream and Nabucco are to be implemented, the South Stream consortium will closely cooperate with Nabucco in order to optimize gas flows and guarantee reliable supplies.”

The underlying question is what will Gazprom do with all this Turkmen gas at a time of diminishing demand from Europe, including Ukraine where a large proportion of Turkmen gas transited or ended. Payment issues are an additional headache and Alexey Miller, Chairman of the Management Committee of Gazprom even assessed in December 2009, “the situation with [Ukraine's] payment for Russian gas supplies in December as very alarming.”

- An evolving world: Gazprom and Russia may see the table turned on them. Despite repeated statements of its desire to be a reliable partner, the 2006 and 2009 events with Ukraine have forced dependent countries to find alternative gas providers and transit routes. For a while Gazprom may have thought its use of Liquefied Natural Gas (LNG) would have enabled it to regain the upper hand by opening up new export markets and routes but many countries have significant experience in that technology such as Qatar, Algeria and Libya, while more countries are coming to the market such as Australia and Egypt. Furthermore, in 2009 the United States overtook Russia as the world's largest producer of natural gas. This is concerning for Gazprom as it confirms a growing trend pushing for energy independence, vocally defended in the United States by U.S. billionaire T. Boone Pickens in his “Pickens Plan” that advocates for the use of renewable energy and American natural gas in addition to energy savings.

What is in the pipeline for 2010?

According to the U.S. Energy Information Agency, Gazprom was planning in 2008 to invest around \$45 billion in 2010 just to maintain production at its top four gas producing fields has been declining. With a GDP contraction in Russia of nearly 9% in 2009, tumbling energy prices, lower international demand, and stricter borrowing requirements, 2010 will not necessarily be as ambitious as originally planned. This said, the year started well with the resumption of the gas flow from Turkmenistan after an eight-month hiatus.

For Alexey Miller, and as stated in his column “the beginning of 2010 was marked with a very important event – Gazprom has started up natural gas procurement from Azerbaijan for the first time ever. (...) Objectively, Gazprom offered the most competitive conditions of gas purchase from Azerbaijan since we had everything needed for that purpose: the common borders and the gas transmission infrastructure under operation.” All this comes as a result of intense efforts from Gazprom’s top executives that travelled the world in 2009, oftentimes with high-level Russian governmental delegations, to meet with world leaders to negotiate lucrative agreements.

Russia is often referred as the “Wild East” in a reference similar to the U.S. “Wild West” when people and companies operated in a semi-lawless environment. Russia has laws but its judiciary remains weak and corruption is deeply ingrained. The lack of accountability in Russia that permeates through the society enabling anyone to do as they please goes on par with the dismissive attitude towards the rule of law, which President Dmitry Medvedev calls “legal nihilism,” namely Russians’ tendency to disregard the law. That is unfortunate. In this context, it is not surprising to see Gazprom take advantage of the system, even more so as it enjoys the status of national champion.

For an analysis of the dark side of Gazprom, readers can read the well-documented work of Roman Kupchinsky “Gazprom’s European Web.” Those interested in Gazprom’s perspective and strategy can go directly to Gazprom’s website at: [www.gazprom.com](http://www.gazprom.com). As to finding an answer to the question: “Angel or Demon?,” it is a very subjective matter as it really depends on what is at stake for whom and on the criteria used to judge...

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## BROADCAST COVERAGE

### 1. Tom Haule/Linda Nunez

KNX-AM, Los Angeles | DMA: 2  
01/28/2010, 11:00 AM - 12:00 PM

00:56:00 In his state of the union address Pres. Obama called for more emphasis on developing clean energy sources including nuclear power. Environmentalists have gone back and forth on this .Some say nuclear and coal aren't clean sources . But a new energy development would generate jobs ..KNX spoke to Sierra Club spokesman Josh Dorner and we asked him how the nation's largest environmental group feels about the president's call for more nuclear power ."We think that nuclear power continues to be a costly distraction from the things that we do support like energy efficiency and truly clean energy.... What exactly is clean energy ?We're talking massive investment in energy efficiency, solar power, wind power, geo thermal power, hydro power, truly clean technologies and in the meantime the Sierra Club also believes that natural gas can play an important role as a transition fuel while we wait for the scale of clean energy to ramp up". That kind of puts the Sierra Club in the company of T Boone Pickens, the former oilman now calling for the nation to break its addiction to imported oil .."Yes we think Boone Pickens' voice has been very important in bringing a new angle to this debate and has really helped mobilize people..."... .. 00:57:59

Audience: 49,000 Spot Cost: \$470

### 2. Tom Haule/Linda Nunez

KNX-AM, Los Angeles | DMA: 2  
01/28/2010, 09:00 AM - 10:00 AM

00:56:00 In his state of the union address Pres. Obama called for more emphasis on developing clean energy sources including nuclear power. Environmentalists have gone back and forth on this .Some saying nuclear and coal just aren't clean sources but those sources would generate jobs and jobs is what the country needs. Sierra Club's Josh Dorner joins us... Mr, Dorner, what is the Sierra Club's position on the president's support for nuclear power? ."We think that nuclear power continues to be a costly distraction from the things that we do support like energy efficiency and truly clean energy....Just what is clean energy ? We're talking massive investment in energy efficiency, solar power, wind power, geo thermal power, hydro power, truly clean technologies and in the meantime the Sierra Club also believes that natural gas can play an important role as a transition fuel while we wait for the scale of clean energy to ramp up". That kind of puts you aligned with T BoonePickens, doesn't it?"Yes we think BoonePickens' voice has been very important in bringing a new angle to this debate and has really helped mobilize people..."... .. 00:57:59

Audience: 57,000 Spot Cost: \$664

### 3. TBTL With Luke Burbank

KIRO-FM, Seattle/Tacoma | DMA: 13  
01/28/2010, 08:00 PM - 09:00 PM

00:10:00 CBS changed its policy more recently and they have accepted issue ads both in primetime and now in sports like health care reform . ... They've also run the issue commercials from who? Al Gore and TBoonePickens talking about wind farms. So they've done their advocacy ads. This is a new policy but not a brand new policy . So what happens is that James Dobson'ss group Focus on the family decides they want to air a pro-life ad during the Super Bowl . 00:11:59

Audience: 3,900 Spot Cost: \$15

### 4. NBC 33 TV News At 5

WVLA-TV, Baton Rouge | DMA: 95  
01/28/2010, 05:00 PM - 05:30 PM

[CC] 00:20:45 Meanwhile, expect prices at the pump to head back up this year. Energy analysts claim it's simply a matter of supply and demand. The economic recovery in developing countries means more fuel

consumption in places like a like Asia and China. A man whose made billions in energy, T. Boone  
Pickens says gas will be more than three dollars a gallon this year00:21:52  
Audience: 4,390 Spot Cost: \$45