T. Boone Pickens Media Coverage 02.08.12 – 02.15.12

Total of 6 Placements

Blog/On-line Placements (Full Articles Below):

• **Oklahoma State 2012-2013 Football announced – okstate.com – 02/13/12**
http://www.okstate.com/sports/m-footbl/sched/okst-m-footbl-sched.html

• **Top Holdings from T Boone Pickens – gurufocus.com – 02/13/12**
http://www.gurufocus.com/news/161332/top-holdings-from-t-boone-pickens

• **Natural gas bill, energy independence or market manipulation? – VOXXI News – 02/13/12**
http://voxxi.com/2012/02/13/energy-independence-or-market-manipulation-politics-environment-energy/

• **Fill 'er Up – Freebeacon.com - 02/08/12** http://freebeacon.com/fill-er-up/

• **Track the NAT GAS Act – HaynesvillePlay.com – 02/08/12**
http://www.haynesvilleplay.com/2012/02/track-nat-gas-act.html

• **Geoscientists call for honest dialogue on fracking – AP – 02/07/12**
http://www.lancastereaglegazette.com/usatoday/article/38520889?odyssey=mod%7Cnewswell%7Ctext%7CFrontpage%7Cs

Oklahoma State 2012-2013 Football announced

Big 12 Conference Announces 2012 Football Schedule

Iowa State To Visit Stillwater For Homecoming

STILLWATER – Seven home games, including visits from Big 12 newcomers West Virginia and TCU, highlight the 2012 Oklahoma State University football schedule.

The Cowboys open the season Sept. 1 when the defending Big 12 champions face Savannah State in the initial meeting between the schools. The following week the Cowboys hit the road for the first time when they travel to Tucson to face Arizona. The Cowboys and Wildcats will be meeting for the third straight year. They will face each other in Arizona for the first time since 1942.

On Sept. 15 Louisiana visits OSU. The Ragin Cajuns, who will be in Stillwater for a second straight season, are coming off a win in the New Orleans Bowl.

Following an open week, Oklahoma State opens Big 12 play against Texas. The Longhorns will be in Stillwater for the first time since 2009. Another open week follows the Texas game before OSU travels to Kansas on Oct. 13.

Homecoming in 2012 will take place on Oct. 20 with Iowa State in town to face the Cowboys. The following week, OSU and TCU will clash in Stillwater in the first ever meeting between the schools as Big 12 foes. The Cowboys and Horned Frogs haven't faced each other since 1993.

Oklahoma State visits Kansas State on Nov. 3 before returning home to face new Big 12 foe West Virginia. The Cowboys and Mountaineers have not played each other since the 1987 a thrilling Cowboy victory in the 1987 Sun Bowl. West Virginia last visited Stillwater in 1929.

A visit by Texas Tech on Nov. 17 closes OSU's home schedule. The Cowboys are then on the road at Oklahoma for Bedlam on Nov. 24 before closing the season Dec. 1 at Baylor.

The television schedule will be announced as available and dates are subject to change.

2012 OSU Football Schedule

Date	Opponent	Worth Noting
Sept. 1	Savannah State	First series meeting
Sept. 8	at Arizona	Teams meeting for third straight year
Sept. 15	Louisiana	UL coming off bowl victory
Sept. 29	Texas	Longhorns play at OSU for first time since 2009
Oct. 13	at Kansas	OSU looks for fifth straight win in Lawrence
Oct. 20	Iowa State*	OSU leads series, 25-18-3
Oct. 27	TCU	Schools have played just four times since 1971
Nov. 3	at Kansas State	OSU won a thriller in 2011
Nov. 10	West Virginia	First regular season meeting since 1929
Nov. 17	Texas Tech	Cowboys have won last three meetings

Nov. 24	at Oklahoma	OSU in Norman after two straight Stillwater meetings
Dec. 1	at Baylor	OSU has won 15 of last 16 meetings
*Homecoming		

Top Holdings from T Boone Pickens

Feb. 13, 2012

Mara Kohn

GuruFocus.com

“Entrepreneurs search for — and create — value.” This is Thomas Boone Pickens, Jr, an American businessman. He is Chairman of the private equity firm BP Capital Management. His company’s main area of business is investments in energy futures and stocks of public companies in several energy sectors and industries.

He became an independent oilman after creating the largest oil company in the U. S. and after generating millions of dollars by mainly focusing on acquisitions rather than just exploitation.

When Pickens graduated from the Oklahoma State University he started to work for Phillips Petroleum and started what would then turn out to be the Mesa Petroleum with $2,500. During that time his face regularly appeared on every significant business publication in America. In the spotlight he talked about the rights of the true owners of American businesses, shareholders. He also demanded that American investors have the same access to Japan and other foreign markets as foreign investors have in the U.S.

With his company he has made millions of dollars for himself as well as for others. . "I like making money. I like giving it away," he has often said. His philanthropy includes medical, research, athletics and academic projects.

With an estimated current net worth of around $2.5 billion, he is ranked by Forbes as the 131-richest person in America.

Here are his top holdings:

Chesapeake Energy Corp (CHK): Chesapeake Energy's main activities are the exploration, production and marketing of natural gas in the U.S. It concentrates on unconventional plays and leaseholds in several liquids-rich basins. Its net acres amount to 14.9 million across properties. 90% of its total reserves come from natural gas.

What is fostering CHK's reserve growth are its large acreage positions in almost all U.S. resource plays and also the firm's joint ventures and partnerships that reduce costs considerably.

When investors are searching for opportunities, CHK seems to be a good investment candidate. Here are some ingredients of its advantageous profile: After two major collapses, 1990s and 2008, the firm managed very well to survive by creating interesting fundraising plans. In addition, the company has changed its portfolio by transforming it in a more liquids-rich one and has fostered the monetization of assets. All this contributes to improve its economic profile and balance sheet. Chesapeake has launched an initiative to deploy more funds toward liquids. In 2010, 30% of its drilling and completion capital expenditures were allocated to liquids-rich plays. With the increase in oil prices, the company expects to deploy 50% of its capex to drill liquids-rich plays in 2011. For next year it is expecting to apportion 75%.

Most importantly, the company is expecting to reduce its long-term debt by 25% while increasing its natural gas and oil production by that same percentage. The Niobrara Shale cooperation deal and the sale of its Fayetteville Shale properties mark significant progress in this regard.

The company projects full-year production growth in the range of 6% to 11% (17% to 22% excluding asset sale) for 2011. For 2012, Chesapeake expects volume growth in the range of 13 to 20%. Excluding asset sales, it is estimated in the 17-24% range. Liquids production is expected to range between 32,000 and 36,000 thousand barrels (MBbls) for 2011 and from 51,000 to 57,000 MBbls for 2012. Natural gas output is expected to stay between 900 and 930 billion cubic feet for 2011 and between 960 and 1,000 bcf for 2012.

Last but not least, the monetization of assets has improved its balance sheet. Debt balance stood at $9,915 million at the end of the first quarter, representing a debt-to-capitalization ratio of 39.8%

BP PLC (BP): BP is an integrated oil and gas firm with operations across six continents. It has upstream and downstream operations. The former are expected to produce 3.4 million barrels of oil equivalent per day during 2011 while the latter 14 refineries with 2.4 million barrels per day of capacity, petrochemical plants, and retail operations.

Oil is one of BP’s main products. It constitutes 63% of the firm’s production which positions BP as one of the largest oil company in the world. BP can face any issue and at the same time maintain its investments and payment of dividends since its cash flow profile remains strong.

BP has launched a $30 billion asset divestiture program to overcome liquidity problems. It is believed that the company will have sufficient funds to pay all its spill-related liabilities. Furthermore, by the first quarter of 2012, the company expects to complete its assets sales and it is planning an additional $15 billion in divestments for 2014. Most importantly, the company is offloading its non-core upstream properties to create a stronger portfolio. BP is also divesting the Carson, California and Texas City, Texas refineries, which hold half of its U.S. capacity.

BP is carefully focusing on upstream activities: higher exploration activity with additional precautionary actions, refining and marketing repositioning. This is believed to be a wise strategy so as to create value for shareholders and increase its active portfolio.

In terms of future expectations, the company expects to increase production. The Reliance deal will surely improve volume expansion. In 2011, BP had an aggressive turnaround schedule. Most of the turnarounds were underway or completed.

National Oilwell Varco, Inc. (NOV): National Oilwell Varco’s main area of business is the creation of systems and products used in oil exploration and drilling. It is the biggest maker of oilfield equipment in the US. Some of its products and services are well servicing rigs, tubular inspection and internal tubular coatings, drill string equipment, extensive lifting and handling equipment, and a broad offering of downhole drilling motors, bits and tools, among others. It is considered the fourth largest drill bit supplier in the globe.

Recently, NOV reported results that were better than analysts expected: Earnings per share (excluding transaction charges) came in at $1.26, comfortably above estimates of $1.17 and the year-ago adjusted profit of 97 cents. Quarterly revenue rose 24.2% year-over-year – from $3,011.0 million to $3,740.0 million – and was 2.4% above our projection.

In relation to competitors, NOV has the lowest P/E ratio trading at 15.42 times its earnings. BHI is a little higher at 17.33 P/E ratio, while CAM is a little above that with a P/E ratio of 19.92. FTI has the highest P/E ratio at 26.58. NOV also has the lowest EV/FCF of the group. FTI and BHI are much higher, coming in at 52.53 and 69.84 respectively. CAM was the highest at 114.82. As regards earnings, NOV’s free cash flow yield has ranged from 3.42% to 18.78%, averaging 8.01% in the last five years. BHI current free cash flow yield is just -3.76% as of November 1, it lowest in five years. BHI averaged a 0.01% loss in FCF yield after reaching a high of 3.15% in December 2008. CAM´s free cash yield went from a five-year low of -2.70% in September 2011 to a high of 15.98% in December 2008. CAM had an average 3.89% FCF yield over the last five years. FTI ranged from -0.58% to 7.29% for an average free cash flow yield of 3.34%.

As regards earnings, NOV´s earning grew 27.9% surpassing the industry´s 0.8% growth. NOV is expected to continue in this trend.

Financially speaking, NOV is in a solid position. It is currently trading at $69.07 and is expected to rise to $89.75. It has a low P/E ratio and it is fully priced.

Devon Energy Corp (DVN): Devon Energy's main field of operation includes conventional and unconventional oil and natural gas properties and an important network of midstream assets. It is considered one of the largest independent E&P companies in North America.

Natural gas, reserves and midstream and marketing operations constitute DVN's main sources of production. The operations accounted for 68%, 60% and 19% of revenue in 2010, respectively. At year-end 2010, Devon's proven reserves totaled 17.2 Tcfe, with net production of 3.7 Bcfe/d. As of September 30, 2011, the company had $6.8 billion of cash and short-term investments.

The firm's portfolio is diversified into a mix of oil and gas assets, unconventional resources and near-term and longer-dated projects which makes it very attractive for investors and, at the same time, supports considerable future growth.

Devon has been able to retain financial flexibility and liquidity by prudently managing its balance sheet. This, together with good performance and the decision of offloading international assets have helped the firm focus on its highest-return opportunities minimizing risks and promising high revenues.

In general, Devon has shown capital discipline. It has allocated resources rationally to improve growth and maintain cash flows. As the market for natural gas has become challenging, the company is focused on oil and liquids-rich opportunities. That is why most of its 2011 drilling program is focused on this type of properties.

Financially speaking, the company had, at the end of 2011, $6.8 billion of cash and short-term investments and its net debt adjusted to capitalization ratio decreased 10%. Devon´s operating cash flow before balance sheet changes in the second quarter increased 6% year over year to reach $1.9 billion.

EOG Resources (EOG): EOR explores, develops, manufactures and trades natural gas and crude oil mainly in important producing basins in the United States. It also operates in Canada and the Republic of Trinidad and Tobago and in other areas at a lower scale. The firm's main operations correspond to exploration and production of natural gas and crude oil.

Several advantages make EOG an interesting investment target: Its portfolio comprises sizable positions in several plays allowing production and reserves. They also include "throttles" used to speed up production of oil and gas. The company also counts on unconventional drilling plays know-how, which would be translated into more profitable margins.

As of December 31, 2010, its total estimated net proved reserves were 1,950 million barrels of oil equivalent (MMBoe), of which 386 million barrels (MMBbl) were crude oil and condensate reserves, and 152 MMBbl were natural gas liquids reserves; and 8,470 billion cubic feet (Bcf) or 1,412 MMBoe were natural gas reserves. The company held approximately 520,000 net acres in the mature oil window of the Eagle Ford Shale Play near San Antonio, Texas.

Natural gas bill, energy independence or market manipulation?

By Kim Piston

VOXXI News

Monday, February 13, 2012

Obama's recent pitch for a plan to boost natural gas production in the U.S. is drawing considerable debate in Washington and around the country. During a recent speech at a UPS facility in Las Vegas the president characterized the U.S. as **"the Saudi Arabia of natural gas."** The president stressed that development of natural gas resources within our borders will create jobs, provide clean energy and reduce the nation's dependence upon foreign oil.

The bi-partisan support for **HR 1380**, "The New Alternative Transportation to Give Americans Solutions Act" or **NAT GAS Act**, intended to facilitate the development and production of natural gas operated vehicles, is understandable. The plan would provide financial incentives to an industry with an almost undisputed potential to change the economic landscape, shore up some national security issues and build an organic U.S. energy plan while providing Americans with a cleaner, cheaper and more efficient energy source. But there are questions being raised about the real meaning behind this legislation and who stands to gain from its progress. Innuendo about big business pork, crony capitalism and market manipulation threaten to muddy the waters surrounding what some think should be a no-brainer for the country.

Rich players

Thomas Boone Pickens Jr. is a Texas oil tycoon with an estimated current net worth of about $1.4 billion and ranked by Forbes as the 328th-richest person in America and 879th in the world. Alleged to have practically authored the **NAT GAS Act**, also known as the "**Pickens Plan**," he is intent on radical reduction of the nation's dependency on oil provided by nations in the OPEC cartel. He describes this dependency as "importing oil from the enemy." "This is a security issue," Pickens has said. "We're paying for both sides of wars" in the Middle East.

However, The Dallas News reported in March of 2011 that "Pickens is the largest shareholder in **Clean Energy Fuels (CEF)**, which owns and operates 200 natural gas stations across the country. CEF owns BAF Technologies, a Dallas-based company that just happens to convert vehicles to run on natural gas." Pickens is chairman of the hedge fund **BP Capital Management** and has also made over 500 million dollars in political contributions since 1980. He once said "I like making money. I like giving it away…. not as much as I like making it, but it's a close second."

George Soros is even richer with a net worth estimated at $8.4 billion and owns approximately 122 million dollars' worth of stock in Westport Innovations, a company that makes natural gas engines for big trucks. Soros identifies himself as an environmentalist, among other things, and has hurled criticism at industries that trample over the planet's eco systems in hot pursuit of the almighty dollar. But that didn't stop his involvement in the Argentinean beef industry where he became one of the largest landowners in a country where environmentalists claim that his operations in the country are **responsible for massive water pollution and deforestation**. In 2004 Soros donated over $23 million to efforts to defeat **George W. Bush**. He described defeating Bush as the "central focus of my life" and "a matter of life and death." In that same year he held a **Barack Obama fundraiser** for his campaign in the U.S. Senate. In December of 2006 Obama visited Soros at his office in New York and a month later, announced his campaign for the presidency. Soros has often been referred to as a **"puppeteer"** in regards to his relationship to Obama and also seems to be able to "predict the future" in his investment strategies. Westport Innovations isn't a money maker right now, but George Soros doesn't appear to be worried.

And then there is Nancy Pelosi

House Minority Leader Nancy Pelosi of Calif., speaks during the California Democrats State Convention Saturday, Feb. 11, 2012, in San Diego. (AP Photo/Gregory Bull)

House Minority Leader Nancy Pelosi, (D-CA), has an initiative called "Make it in America." The legislative initiative from House Democrats is intended to revitalize manufacturing inside U.S. borders. HR 1380 encompasses the essence of the initiative and is strongly supported by Pelosi. **Clean Energy Fuels** also has her support, to the tune of around $100 thousand. Like Pickens, the San Francisco Democrat insists that she's not in it for the money, but then again, even with the substantially smaller investment, she still stands to profit handsomely if the bill is passed. Clean Energy Fuels is a company that needs government support and has publicly stated that the success of its business plan depends in part on federal tax credits.

Clean Energy stock jumped by 15 percent in November when the Senate version of the bill was introduced and there is little doubt that its value will skyrocket if and when the New Alternative Transportation to Give Americans Solutions Act of 2011 comes to fruition. Pelosi wouldn't be the first legislator to indulge in the financial perks of her job, but many are hoping that she'll be the last. There was a hearing in November called by Sen. Scott Brown, (R-MA), in response to several news reports and a book by **Peter Schweitzer** that exposed the issue of lawmakers who use their inside knowledge of legislative affairs to line their pockets. This week, the House of Representatives is expected to take up the **STOCK Act, (Stop Trading on Congressional Knowledge)** a piece of legislation that dates back to 2006, but is gaining new traction in light of this latest scrutiny.

Fill 'er Up

Soros, T. Boone pull up to the subsidy pump

By CJ Ciaramella

February 8,

The Obama administration and Congress have renewed a push for increased natural gas production in the U.S., but behind their claims of reduced oil consumption and pollution are a network of financial interests, cozy relationships, and wealthy investors.

In his State of the Union address and in a Jan. 26 speech, President Obama touted natural gas as the next big thing in American energy. Obama called the U.S. the “Saudi Arabia of natural gas” and said expanding natural gas production could create up to 600,000 jobs over the next decade.

Congress is working on legislation that would turn Obama’s plan into a reality. The New Alternative Transportation to Give Americans Solutions Act of 2011, or NAT GAS Act, would provide tax breaks and financial perks for the natural gas industry, as well as companies and municipalities that convert trucks and buses to natural gas.

The bill includes infrastructure credits for installing fueling stations, along with tax credits good for up to $7,500 for passenger trucks and $64,000 for commercial trucks that run on natural gas fuels.

All told, the NAT GAS Act amounts to about $5 billion in new handouts to the natural gas industry while not expanding natural gas exploration.

The company that stands to benefit the most from the NAT GAS Act is Clean Energy Fuels, a company founded by oil tycoon T. Boone Pickens.

Pickens has aggressively lobbied the legislative and executive branch to expand natural gas production in the U.S. since 2008, when he introduced his Pickens Plan. Pickens claims to have spent $100 million educating “the public and Washington policymakers on the need to address the OPEC oil threat.”

The billionaire claims that increased natural gas production will reduce pollution and dependence on foreign oil. His motives aren’t entirely altruistic, however: Pickens is also protecting his investments. He is the single biggest shareholder in Clean Energy Fuels. He owned options to buy 15 million more shares of Clean Energy at $10 a share. Those options expired on Dec. 28, but not before Pickens bought one million shares of Clean Energy stock.

By conservative estimates, the passage of the NAT GAS Act or similar executive policy could be worth tens of millions of dollars to Pickens. But if the legislation fails, it will be a hard blow to the company.

In a filing with the Securities and Exchange Commission, Clean Energy Fuels admits its success is subsidy-dependent: “Our business plan and the ability of our business to successfully grow depends in part on the extension of the federal fuel excise tax credit for natural gas vehicle fuel, the reinstatement and extension of the federal income tax credit for the purchase of natural gas vehicles and the passage of legislation providing for additional incentives for the sale and use of natural gas vehicles.”

The market is aware of this: When the NAT GAS Act was introduced in the Senate on Nov. 15, stock prices in Clean Energy Fuels jumped from $11.73 a share to close the day at $13.50.

The bill was expected to reach the floor of both chambers sometime in December, but Congress ground to a halt in a fight over the payroll tax extension. Clean Energy Fuels share-prices dipped in mid-December back down to around $11. Since Congress has come back in session, stock prices have risen to $16 a share.

Another company that stands to profit handsomely from the passage of the NAT GAS Act is Westport Innovations, a provider of technology that allows engines to operate on clean-burning fuels. According to his latest SEC filings, billionaire investor and liberal philanthropist George Soros owns more than 3 million shares of Westport, making it one of his largest holdings.

Pickens was also a shareholder in Westport until late 2008 or early 2009, and then sold his entire stake—just under 800,000 shares—in early 2009, when the NAT GAS Act was first introduced.

Pickens and the natural gas industry have curried the support of House Minority Leader Nancy Pelosi (D-Calif.) and Senate Majority Leader Harry Reid (D-Nev.), as well as other influential Democrats like Oklahoma's Rep. Dan Boren.

In the last election Pickens' wife gave Reid the maximum contribution, according to the Center for Responsive Politics. Reid invited Pickens to his 2009 National Clean Energy Summit in Las Vegas. Pelosi has a more concrete stake in the bill. In 2007, Pelosi snatched up to $100,000 worth of shares of Clean Energy stock in the company's initial public offering. Since then, she has been a cheerleader for natural gas. For example, she included the NAT GAS Act in her "Make it in America" initiative.

Then there's Boren, the co-chair of the House Natural Gas Caucus and a member of the House Natural Resources Committee.

The New York Times reported that Pickens and Clean Energy executives have given at least $24,000 to Boren's campaigns, and the American Gas Association sponsored an "Energy Industry Breakfast" for Boren in 2010 at its Washington headquarters. Boren co-sponsored legislation drafted with Pickens three times in the past three years.

Both Boren's father and stepfather are in the gas industry. Boren partially owns two businesses that have made lucrative deals with Chesapeake Energy.

Chesapeake Energy is the second-largest natural gas producer in the U.S. and a top donor to Boren's campaigns.

“There’s zero conflict,” Boren told the New York Times. “It’s like if you are living in a timber community and your parents are working for the local mill. You should go and advocate for your local mill, even if you derive some benefit from it.”

Pickens has been busy on the executive side, too. According to visitor logs, Pickens has visited the White House seven times since Obama took office, twice to meet with former White House chief of staff Rahm Emanuel and once to meet with former senior advisor David Axelrod.

The NAT GAS Act is also supported by a number of Republicans, including House Speaker John Boehner.

Supporters, like the Senate Democratic Policy Committee, cite natural gas industry projections that the “program will create more than 100,000 direct manufacturing and labor jobs and more than 450,000 indirect jobs.”

The Center for American Progress produced an analysis arguing that a transition to natural gas trucks and buses could reduce oil use by at least 1.2 million barrels per day by 2035 or sooner if the NAT GAS Act were adopted and implemented. That analysis is suspect, however, as Soros—who stands to profit handsomely if the bill is passed—is one of CAP’s major funders.

Unlike the NAT GAS Act, Obama’s proposal would also make approximately 38 million acres of land available in a lease sale that could result in production of 1 billion barrels of oil and 4 trillion cubic feet of natural gas.

Opposition to the bill and the president’s plans has come from the oil industry and free-market groups, who argue that the bill would distort markets by giving special handouts to the natural gas industry.

Americans For Prosperity, along with other groups such as the Heritage Action for America, Club for Growth, and the National Taxpayers Union, sent a letter to Congress urging members to oppose the NAT GAS Act

“We believe that evenly applying low taxation across the board allows market participants to make choices that are not manipulated by Washington policymakers,” the letter reads. “By targeting tax preferences toward one type of transportation fuel—natural gas—the NAT GAS Act does the exact opposite. America’s tax code is already overburdened with too many carve outs for special interests that raise compliance costs, distort decision making, and advantage the politically well connected. The last thing Congress should be doing is making the tax code more complex."

Track the NAT GAS Act

Wednesday, February 8, 2012

HaynesvillePlay.com

It might be a futile activity, but you can track the progress of the NAT GAS Act, as reintroduced for the 2011-12 Congressional session by following these links for House Resolution 1380 and Senate bill 1863. As you may remember, the NAT GAS act is a bipartisan bill pushed by T. Boone Pickens to provide incentives to convert trucks to natural gas and help build natural gas fueling infrastructure.

While the idea has much support, it also has some very powerful enemies. Chief among them are the infamous Koch brothers, who control Koch Industries. When they aren't pumping hundreds of millions of dollars into political campaigns, they are using their money and influence to fight the NAT GAS Act, mainly through lobbying efforts and donations from the Koch Industries Political Action Committee targeted at removing bill co-sponsors.

While often pitched as a battle between billionaires over free market principles, I think the Koch brothers' real motivation is to maintain cheap gas prices for its Koch Industries' industrial businesses like chemical and fertilizer businesses and not to disturb the flow of oil tanked to its refining businesses.

However you define the kerfuffle, looking at the big picture, it is unlikely that Congress will take any action on the NAT GAS Act other than shuffling it between committees to kill it for another session.

Geoscientists call for honest dialogue on fracking

Feb. 7, 2012

By Justin Juozapavicius

Associated Press

TULSA, Okla. (WTW) — Better industry oversight, an honest dialogue with the public about controversial drilling methods and a clearer explanation from companies about how clean, natural gas can be extracted from wells drilled hundreds of feet underground is desperately needed from energy companies, two geoscientists said Tuesday.

The two spoke as part of a panel on hydraulic fracturing, or "fracking," a controversial process that uses water, sand and other additives to free natural gas underground.

Critics worry about water and other environmental contamination and point to hundreds of earthquakes that have hit Oklahoma since fracking was introduced. But supporters say those fears are overblown.

One prominent proponent, billionaire energy magnate T. Boone Pickens, recently boasted that out of the 800,000 wells that have been fracked in the Southwest, he didn't know of a single lawsuit or complaint that arose from the process — even offering that he had fracked "over 3,000 wells" himself.

Tuesday's moderated discussion at the University of Tulsa featured scientists David Hughes and Terry Engelder. Hughes is president of Global Sustainability Research, Inc. and has studied energy resources for nearly 40 years. Engelder is a professor of geosciences at Penn State University and has previously served on the staffs of the U.S. Geological Survey, Texaco and Columbia University.

The two were expected to debate as part of the fourth-annual Chesapeake Energy Lecture presented by the TU College of Law and the National Energy Policy Institute. But they ended up agreeing on most points.

Engelder, who has been named to Foreign Policy magazine's 2011 list of "Top Global Thinkers," said energy companies have gone on the offensive, forming America's Natural Gas Alliance, to take their message directly to the public.

"They came out with a new ad ... and the first sentence had the word 'risk' in it," he told The Associated Press following this speech. "And it starts out something to the effect that everything we do is risk, and this includes the gas industry.

"That's a step in the right direction in terms of how the industry interacts with the public, and I think it is a very important step in terms of industry behavior that they are no longer shying away from that term 'risk,'" he said.

Engelder's counterpart, David Hughes, who has researched, published and lectured over the past 10 years on global energy and sustainability issues across the world, said there's no question about the risk to the environment but fracking makes economic sense and is "the right thing to do."

"It has to be done right," he said. "There is a risk, and we have to understand the risks. I will say the industry is capable of finding the leaks and fixing them."

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