PickensPlan

T. Boone Pickens Media Coverage 3.27.09

Total of 19 Placements

- Print: 8
- Blog/Online: 11

Coverage Summary:

The San Francisco Chronicle mentioned Pickens in a brief describing comments he made about President Obama at the Commonwealth Club gathering. The piece says that Pickens sees parts of his plan in the administration's $50 billion budget directed toward alternative energy projects.

The San Francisco Bay Guardian also ran a piece regarding Pickens' San Francisco appearance that describes the Pickens Plan and the support he has received so far.

CNET reported on Pickens' appearance at the Global Technology Symposium at Stanford. The article discusses failures in Washington over the past 40 years to enact an energy plan.

Print Placements (Full Articles Below)

- **Hard Times for Some Hedge-Fund Managers** – *Dow Jones* – 3/26/09
  - *WSJ.com*
- **The Bottom Line** – *San Francisco Chronicle* – 3/27/09
- **Pickens Plan is Hot Air that May Burn America** – *San Francisco Examiner* – 3/26/09
- **Program Could Test Well on East Coast** - *The Sun News* – 3/27/09
- **She's Racing Hard, While Living Green** – *The Charlotte Observer* – 3/26/09
  - *The State*
  - *ThatsRacin*
- **Tuesday** – *Corpus Christi Caller Times* – 3/27/09
- **Dine in Darkness for a Cure** – *Dallas Morning News* – 3/26/09

Blog/Online Placements (Full Articles Below)

- **Does D.C. Get Energy Independence? Pickens is of Two Minds –** *CNET* – 3/26/09
- **Banking on Green –** *Baltimore Renewable Energy Examiner* – 3/26/09
- **CNET News Daily Podcast: Pickens Project Rides the Winds –** *CNET* – 3/26/09
- **Michael Hall: Natural Gas - A Victim of Its Own Success** – *IBT Commodities & Futures* – 3/26/09
  - *Commodity Online*
  - *Seeking Alpha*
- **T. Boone Pickens visits S.F. –** *San Francisco Bay Guardian Blog* – 3/26/09
- **Pickens Faces Headwinds on Clean-Tech Plans –** *CNET* – 3/26/09
- **Oil Price Spike Coming! Oil Price Spike Coming!** – *The Business Insider* – 3/27/09

PRINT COVERAGE

Hard Times for Some Hedge-Fund Managers – *Dow Jones* – 3/26/09

By Kerry E. Grace

Some hedge-fund managers made huge personal gains last year despite the market turmoil. But there were eight -- including some well-known names -- who lost a combined $6.2 billion in personal wealth last year, according to Alpha magazine.

That comes after the eight men made a combined $3 billion in 2007.

The investors include billionaire oilman T. Boone Pickens, who lost $450 million as his fund, BP Capital MGMT, dropped 60% and investors pulled about two-thirds of their assets; and billionaire investor Carl Icahn, who lost $400 million as his firm, Icahn Enterprises LP, lost 35%, mostly from its holdings of Yahoo Inc. and Motorola Inc.

Mr. Pickens moved BP Capital's assets out of the stock market and into cash in October and allowed major redemptions from investors.

The list was topped by Kenneth Griffin from Citadel Investment Group, who lost $2 billion, Edward Lampert of ESL Partners, who lost $1 billion; and Steven Cohen from SAC Capital Advisors, who lost $750 million.

The other big money losers as disclosed by Alpha were Jeffrey Gendell, who lost $625 million; Stephen Mandell Jr. of Lone Pine Capital, who lost $550 million; and David Tepper of Appaloosa Management, who shed $425 million.

Hedge funds are coming off their worst year on record last year, as the financial crisis spurred investors to convert their holdings to cash and many funds faced disruptions in their trading strategies, including temporary bans on short-selling stock.

The 25 highest-earnings hedge-fund managers took home a combined $11.6 billion last year, Alpha reported Wednesday. Despite the stock market losing roughly a third of its value last year and the hedge-fund industry posting its worst-ever performance, those 25 fund managers took home, on average, $464 million apiece.

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The Bottom Line – *San Francisco Chronicle* – 3/27/09

Bay Area agencies vie for slice of federal pie
The Bay Area Council Economic Institute just got handed a plum assignment. It will be riding herd on the blizzard of proposals from local governments, public agencies and businesses in the nine-county Bay Area, all seeking a piece of the $50 billion federal stimulus pie heading for California. That includes vetting all the proposals and coming up with a list of the highest-priority projects to be presented to the state's Business, Transportation and Housing Agency. All in the next 66 days, after which the agency hands out the money.

Having the Rolaids close by might be a good idea, given the rivalries that can occur when billions of dollars are at stake. "If we all work together in the next 66 days and get a great plan, we win," said John Grubb, spokesman for the Bay Area Council, the San Francisco business and public policy organization. "If cities and agencies fight in the process and we get a mediocre proposal, we lose." Read more about it at www.bayareacouncil.org/blog.php.

"A ray of California sunshine": That was how the Wall Street Journal greeted California's raking in of $6.64 billion in bond money this week, $2.5 million more than expected. Soon the warmth will spread over all those new and stalled state infrastructure projects awaiting the bond money. Next week, I'm told, the state Department of Finance will release a list of priority disbursements. Agency officials wouldn't name specific Bay Area projects until then, but one, we know, is definitely on the list - $29 million for initial engineering of San Francisco's high-speed rail link to Los Angeles.

Sunburn: Were it not for last week's downgrade of the state's credit rating, say furious state treasury officials, they would not have had to offer higher than normal yields to buyers in its otherwise successful bond sale. That means as much as $200 million in extra interest payments California taxpayers are on the hook for.

"We're taking it in the shorts from the same ratings agencies who helped wrecked the economy," said Tom Dresslar, spokesman for the state treasurer's office. He was referring to the indiscriminate, Triple-A thumbs-up Standard & Poor's, Moody's and Fitch Ratings gave to AIG, Lehman Bros. and all manner of subprime and funny-money securities that almost broke the world.

Man bites dog? San Francisco businesses that have recently downsized can ask the city for a tax cut. Under a program announced Thursday, businesses that coughed up payroll taxes on workers who were later laid off can apply for a reassessment of their tax prepayments to the city. For more information, go to links.sfgate.com/ZGON.

Obama's new best friend: Count T. Boone Pickens as one Republican who thinks President Obama is doing pretty well. The oil gazillion-aire told a Commonwealth Club gathering in San Francisco Wednesday night that he even sees echoes of his own push for more wind farms and natural gas in the administration's $50 billion directed to wind power, the electric grid and other alternative energy projects.

As for gasoline prices, don't expect them to stay low for much longer. By summer, crude oil will be up to $60 a barrel, he predicted. "And by the end of the year, it'll probably be $75."

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Pickens Plan is Hot Air that May Burn America – *San Francisco Examiner* – 3/26/09

By Deneed Borelli, OpEd Contributor
- | 3/26/09 10:10 PM

Gas prices have fallen precipitously since last summer, but winter was cold and expensive.

According to the Energy Information Administration, expenditures on heating oil and propane fell, but the average household will still spend $987 on heat by spring.

Specifically, projected costs are $870 for those heating with natural gas (up 1.4 percent over last year); $1606 for heating oil (down 17.8 percent); $1,586 for propane (down 5.6 percent) and $932 for electric heating systems (an 8.3 percent increase).

Radical environmentalists with the ear of Washington's new one-party political leadership oppose new domestic oil, natural gas and coal exploration and constructing new nuclear power plants.

Nothing but "alternative" energy seems acceptable. One of the most prominent alternatives is the "Pickens Plan," trumpeted by Texas billionaire T. Boone Pickens. Pickens is once again plastering the airwaves with commercials, claiming his plan will reduce American dependence on foreign oil by harnessing the wind.

There's nothing wrong with developing alternative energy, but keep in mind the old saying: "If it sounds too good to be true, it probably is."

While backing off on switching personal vehicles to natural gas, Pickens still wants trucks and other fleet vehicles reconfigured. The Pickens Plan could also cost Americans dearly while compromising property rights in a potential repeat of a bitter and violent chapter of the civil rights era.

In the end, Pickens may be the only one happy.

Converting vehicles to natural gas taps a resource now used by power plants to generate electricity. To compensate, the Pickens Plan suggests massive wind turbines. According to the U.S. Department of Energy, 100,000 such turbines — many the size of 40-story buildings — are necessary to handle just 20 percent of the nation's electricity needs.

To deliver that power, the Energy Department further estimates 12,650 miles of new transmission lines are needed by 2030 at a cost of between $64 and $128 billion.

Some people may wind farms on their land to reap energy–production royalties. Not Pickens. He told Fast Company magazine wind turbines are "ugly." Non-billionaires may have no choice, as the government may use its eminent domain authority to force landowners to accept them.

Pickens compares the proposed new power grid to the construction of the 46,000-mile interstate highway system decades ago. Sadly, back then it was often the poorest neighborhoods selected for eminent domain evictions to make way for new roads.

So-called "negro removal" in Detroit's Paradise Valley and Newark's Central Ward helped spark the July 1967 riots that collectively led to 66 deaths. Highway construction destroyed hundreds of thousands of homes in a process the San Francisco Chronicle in 1959 called "a crime that cannot be prettied up."

Pickens has not assured the public his plan would not repeat this exploitation of minorities and the politically-disadvantaged.

Pickens would also likely profit from his plan, thanks to taxpayer support. He testified before Congress that his plan might succeed only with the wind energy Production Tax Credit (PTC), which was recently extended by the $787 billion bailout bill.

Mesa Power, a Pickens' company, wants to build a 2,700-turbine wind farm in Texas. According to a report by the National Center for Public Policy Research, "Pickens' firm stands to receive between $1.66 billion and about $3 billion in PTC payments alone over 10 years, a significant portion of its original investment."

At the moment, Mesa's plan is stagnant largely due to lower gas prices. But President Barack Obama is embracing a "cap-and-trade" energy policy that eschews fossil fuels. So, there may be life in the Pickens Plan yet.

Obama's leadership will soon be tested. Will he side with the little guy, protecting their homes and guarding their access to affordable energy? Or will he deliver for special interests like T. Boone Pickens and anti-energy environmental organizations?

If he chooses the latter, it won't be the change so many people thought they voted for last November.

Deneen Borelli is a fellow with the Project 21 black leadership network of the National Center for Public Policy Research.

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Program Could Test Well on East Coast - *The Sun News* – 3/27/09

By Patrick Boulter

@-Re "Wind has potential for state," March 11 news story:

Santee Cooper, being a state-owned utility company, is the perfect entity to bring this concept to fruition. I have told the T. Boone Pickens people that our coast is the perfect [wind-power] test area for the East Coast. Testing will show that the 6-mile buoy will be the best, and I would go farther out [into the ocean to find optimal offshore winds], maybe to 10 miles. This way, you would get the northeast wind, the prevailing wind in the winter months.

Being in the boat propeller business for 20 years and an avid fisherman prompts me to have some great suggestions for this concept. One is to have a collapsible blade system for hurricanes. Another thing: By going to 10 miles offshore, the towers wouldn't be visible from shore. I personally don't think this concept would hurt tourism, but I am sure that some will say it will. The fisherman will love this, because every base will form an artificial reef. The jobs that will be created is another plus.

I did see on the Discovery Channel where we now have the ability to transfer electricity wirelessly. This would be a great way to get the power back onshore. With the Obama administration offering large grants for green power, this is the perfect time to get large sums of free money to help.

This concept has so many pros, and I don't know of any cons, so I ask the people of Horry and Georgetown counties to get on board and contact your local and state politicians in favor of this program.

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She's Racing Hard, While Living Green – *The Charlotte Observer* – 3/26/09

By Jim Morrill

Leilani Munter is ready for a pit stop. If only she had the time.

First there was the big inaugural ball in Washington, where she danced with her friends in the Grateful Dead. Then it was on to Daytona for talks with potential sponsors. Next up: a pair of speaking gigs in southern California and a pre-Oscar party in L.A. co-hosted by Leonardo DiCaprio.

Two days later she was climbing the core of a 252-foot wind turbine in Abilene Texas, no easy feat for an acrophobic, especially when her harness gets snagged and she looks down and tries not to panic.

Then in March, it was back to D.C. for a panel discussion on the environment alongside actress Darryl Hannah and speeches in Malaysia and Hawaii. Oh, and then there was her St. Patrick's Day wedding on a beach on New Zealand's Coromandel Peninsula.

And she still hopes to zip a stock car around the track at Talladega Superspeedway this month.

Munter, 33, is a driven driver, a girl on a mission.

In a sport of barbecue-loving good 'ol boys, she's a self-described “vegetarian hippie-chick race car driver.” A resident of Cornelius, she’s an eco-activist and computer geek who maintains her two Web sites, including one called carbonfreegirl.com. For every race, she buys an acre of rain forest through the National Wildlife Federation to offset her carbon emissions.

“I’m just as passionate about the environment as I am about racing,” she says.

A slender 5-foot-3, Munter looks like a model. And she is. Her ads for Lucky Jeans have landed her in the pages of Vogue and Vanity Fair. One men’s magazine called her the hottest woman in stock car racing. She looks enough like actress Catherine Zeta-Jones that she played her photo double in the Oscar-winning “Traffic.”

With her petite build and long dark hair, she also resembles Indy driver Danica Patrick, racing’s most recognized female driver. Once, the two found themselves together at Texas Motor Speedway. Fans walked up to Munter and asked if she would pose for a picture with them.

“Oh thanks, Danica!” they said.

“Actually," Munter replied, “I’m not Danica. I’m running in a stock car race.”

Patrick, who won her first race last year, has enjoyed a level of success that has so far eluded Munter, who has labored in the minor leagues of both Indy and stock car racing. But Munter’s goal isn’t just to win races - it's also to win fans for the environment. For her, the two go hand-in-hand.

“If I were another biology graduate from California, a composting, recycling, tree-hugging, very hippie chick trying to change their light bulb, they wouldn’t give me the time of day,” she says. “The only way I have their attention is because I have a racing suit on and race car underneath me.”

From hippie to sportswoman

A native of Rochester, Minn., Munter went off to the West Coast for college. At the University of California at San Diego, she majored in biology, specializing in Ecology, Behavior and Evolution. She dreamed of being a marine biologist. “I wanted to get paid to be on boats,” she says.

Her sister married Bob Weir of the Grateful Dead, and Munter fancied the easy-going lifestyle the band represented.

“I was definitely raised not to be a race car driver,” she says. “The hippie stuff, the ecology stuff, fit me much more as a person."

In college Munter worked as a wildlife rescue volunteer and Hollywood stunt and photo double. On a whim, she went to a nearby racing school and climbed into a stock car. A NASCAR team owner who happened to be there went up to her.

“What are you doing here?” he asked.

“I’m a starving biology student that saved up the extra money I had to come to this racing school,” she replied.

The team owner encouraged her to find a sports marketing agent. Munter did, and began racing in 2001.

She ran tracks in California and in 2004 finished seventh in a Super Late Model Series stock car race at Texas Motor Speedway. Two years later, she came in fourth, the highest finish for a female driver at the track. In December 2006, she ran an ARCA car at Daytona International Speedway. In 2007 she was invited to join an IndyCar team and became the fourth woman in history to race in the Indy Pro Series, a developmental league.

With its screeching tires and gulping fuel tanks, auto racing hasn't exactly been a best friend to the environment. But it's getting greener.

NASCAR recently hired the first director for its new "Green Initiative." And energy-saving features will make Charlotte's new Hall of Fame a certified "green building." Sponsors of Bobby Labonte's No. 96 car just announced plans to offset his carbon emissions by investments in solar energy and wind farms. IndyCar last year switched all its racers to ethanol-based fuel. And even four-time Cup-level driver Jeff Gordon sometimes drives a hybrid Chevy Tahoe off the track.

Of course, NASCAR hasn't always been so eco-friendly.

Munter once saw this posted about her on a NASCAR Web site: "I'm going to burn all the oil in my yard to make up for the acre of forest she is buying," it said.

When Al Gore's documentary "An Inconvenient Truth" debuted in 2006, she found that a mention of it on her Web site brought a flurry of comments, pro and con.

"I saw that I had created a dialogue," she says, "and that's how you create change. I sat back and said, 'That's exactly why I'm here.' "

Working her way up

A big hurdle for Munter – and all drivers – is money.

Sprint Cup rides cost up to $5 million a season. ARCA cars, the kind Munter has driven, cost about $25,000 a race, says H.A. "Humpy" Wheeler, former president of Lowe's Motor Speedway. There's a reason drivers have ads plastered all over their uniforms.

Munter has given herself another hurdle – she's picky about sponsors. Hers must be eco-friendly. Her ideal car would have sponsors' names on the sides and an environmental message – maybe, "Use Canvas Bags" – on the hood.

"There's been a couple sponsors that I've not worked with because of their environmental practices," she says. "And it's hard because I'm a race car driver too. There's a drive inside of me that I really want to win races and I want to become the first female driver to win a major stock car race. Sometimes … I'm walking away from an opportunity to further my career as a driver.

"So that was a hard choice for me to make. Maybe I did hurt my career. Maybe that sponsor I walked away from was the last time I was going to get offered a decent sponsor that could take me to the next level. But I would have felt like a real sell-out."

With no standing sponsors, Munter can never be entirely sure of her race schedule. She hopes to race in at least eight ARCA or a half-dozen Indy Light races – or both – this year. She's got teams in both divisions ready to field cars for her.

Women have a short history in racing. Since Janet Guthrie became the first woman to compete in a Winston Cup superspeedway race when she finished 15th in the 1976 World 600 Race at Lowe's, only a handful of women have raced professionally.

Wheeler says Munter, like other women drivers, just needs a few breaks. “It’s just the normal process of trying to go up the ladder,” he says. “That’s (Munter’s) biggest foe.”

Munter knows the odds. She also knows why she straps on a helmet and hops behind the wheel. It’s not unlike oilman T. Boone Pickens promoting wind energy.

“It drives home the point that much more,” she says, “that here’s a race car driver, somebody whose livelihood is based around an internal combustion engine. And even she can see that we have to get over our addiction to fossil fuels.”

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Tuesday – *Corpus Christi Caller Times* – 3/27/09

T. BOONE PICKENS: T. Boone Pickens, philanthropist and advocate for alternative energy, will speak at the Christus Spohn Lyceum meeting at 6 p.m Tuesday at the American Bank Center. Evan Smith, president and editor in chief of Texas Monthly, will interview Pickens on stage. Cost: $300. Information/reservations: 361-881-3505 or www.christusspohnfoundation.org.

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Dine in Darkness for a Cure – *Dallas Morning News* – 3/26/09

By Robert Miller

The Foundation Fighting Blindness will host its second Dallas Dining in the Dark event next Thursday at the Fairmont Dallas.

The Foundation Fighting Blindness provides funding for worldwide research on retinal degenerative diseases, events director Aaron Rager said.

The gala will honor Margot and Ross Perot for their commitment to research to fight diseases that cause blindness.

After a cocktail reception, guests will be ushered into the main ballroom, where the honorees will be recognized with the foundation's Visionary Award. Then the lights will be lowered, blanketing the room in total darkness.

Blind servers dedicated to each table will help guests navigate through the nearly hourlong dinner as they enjoy entrées using only their senses of smell, hearing and touch.

After the lights are back on, Dining in the Dark chairs Ebby Halliday Acers and U.S. Rep. Pete Sessions will comment on the experience. Acers, Dr. Kern Wildenthal and T. Boone Pickens were honorees last year.

Dining in the Dark originated in 1999 at the Blindekuh (Blind Cow) Restaurant in Zurich, Switzerland. It was brought to the States by Opaque, a restaurant in Los Angeles.

The Foundation Fighting Blindness and Opaque have been staging Dining in the Dark events in the U.S. since 2005. To learn more about Dallas Dining in the Dark, visit www.fightblindness.org or call 866-782-7330.

The Foundation Fighting Blindness concentrates on research to prevent, treat and cure retinitis pigmentosa, macular degeneration, Usher syndrome and other retinal degenerative diseases.

The foundation funded a recent clinical trial at the Children's Hospital of Philadelphia that restored sight to three participants, indicating that medical research may be close to a cure, Rager said.

Tickets are $350, and dress is business attire. Call 1-972-540-0190 or visit www.fightblindness.org.

Major underwriters include:

$50,000: T. Boone Pickens Foundation and Ebby Halliday Realtors.

$25,000: Margo and Ross Perot.

Kurdistan lecture

The Clements Department of History at Southern Methodist University will present a Stanton Sharp Lecture on "Iraqi Kurdistan: Between Statelessness and State-Building" at 6 p.m. Monday in McCord Auditorium, Dallas Hall Room 306.

The presentation by Dr. Janet Klein, assistant professor of history at the University of Akron, is free and open to the public.

Parking is available in the garages at Ownby Drive and Binkley Avenue for $1 an hour. For more information, call 214-768-2967 or e-mail hist@smu.edu.

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BLOG/ONLINE COVERAGE

Does D.C. Get Energy Independence? Pickens is of Two Minds – *CNET* – 3/26/09

By Charles Cooper

PALO ALTO, Calif.--T. Boone Pickens offered qualified support Thursday for the Obama administration's plans to reduce the nation's reliance on imported energy but said Washington's track record doesn't fill him with a lot of confidence about the will of the political class to get the job done.

"We have to get a plan going," said Pickens, who made his comments at the Global Technology Symposium at Stanford. He is the founder and chairman of BP Capital and has been promoting his own plan for energy independence since last year. The so-called Pickens Plan would exploit the country's "wind corridor" from the Canadian border to West Texas to produce 20 percent of the country's electricity.

The Texas oil man said dealing with the political class the last 40 years has left him skeptical about Washington's ability to plan in the absence of an immediate crisis. But just to drive home the point, Pickens said that his supporters planned a "virtual march" for April 1 with the roughly 2 million people who have signed up on his Web site ready to send e-mails and faxes to their elected officials.

"I do have an army now," he said. "We are going to have an energy plan and it's going to come from the grassroots. What it's going to say very clearly is that we want an energy plan...It has got to be done."

He was blunt about what he described as repeated failures of leadership dating back to the Nixon administration, when he said the government first promised to curtail the United States' reliance on imported oil.

"We spent $700 billion last year (on foreign energy imports) and we'll spend about $450 billion this year," he said.

"It's been a lack of leadership for the last 40 years," he said, describing the status quo as "a war without guns."

Call it serendipity but Pickens' comments come just as a new study predicts a sharp drop in oil supply production because of falling investment, a development that could be a harbinger of higher prices when the global economy picks up again.

Speaking about the new administration, Pickens said President Obama had shown interest in what the Texas oil man has had to say about developing alternative sources of energy. At the same time, however, he said the country's leadership needs to expand its horizons to include greater development of available natural resources--including gas and oil--in this country to augment the development of new technologies.

"It is America and there's nothing wrong with drilling," he said.

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Banking on Green – *Baltimore Renewable Energy Examiner* – 3/26/09

By Jeff Siegel

As if there wasn't already a massive amount of money flowing into renewables (not that we're complaining), U.S. Representative Chris Van Hollen has recently introduced legislation that would establish a "Green Bank" to provide financing to clean energy and energy efficiency projects.

The proposal has picked up some decent support in Washington, and even T. Boone Pickens has chimed in. Here's what Pickens had to say about the plan...

"An alternative energy bank is a creative and needed way to jump start the private sector's involvement in renewable and other alternative energy projects. This money will be paid back and, at the same time, be a major down payment on our efforts to reduce our costly and dangerous dependence on foreign oil."
The proposed Green Bank would have an initial capitalization of $10 billion through the issuance of green bonds by the Treasury Department, with a maximum authorized limit of $50 billion in green bonds outstanding at any one time.

Meanwhile, in the world of fossil fuels, the EPA has recently warned the U.S. Army Corps of Engineers about possible water damage in two new surface coal mining operations in Kentucky and West Virginia.

According to EPA administrator, Lisa Jackson, the EPA has considerable concern regarding the environmental impact these projects would have on fragile habitats and streams. As a result, the agency is meeting with mining companies seeking permits and the corps to discuss ways in which they can better protect streams, wetlands and rivers. Jackson has also directed the EPA to review other mining permit requests, and stated that the EPA will use the best science and follow the letter of the law in ensuring they are protecting our environment.

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CNET News Daily Podcast: Pickens Project Rides the Winds – *CNET* – 3/26/09

By Leslie Katz

Texas oil billionaire and alternative-energy promoter T. Boone Pickens stopped by San Francisco last night during a tour to promote his plan for U.S. energy independence. The plan gets political support in the stimulus package, but Pickens' own wind project has hit some snags when it comes to transmission lines from his wind park to the Texas grid.

That and other headlines of the day on Thursday's CNET News Daily Podcast.

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Michael Hall: Natural Gas - A Victim of Its Own Success – *IBT Commodities & Futures* – 3/26/09

Where's the price of oil and gas going? The volatility in the today's market is unprecedented for commodities, which Michael Hall, lead publishing analyst at Stifel Nicolaus Research Team, believes will elicit a big spike in price. In this exclusive interview with the Energy Report, Michael sifts through theories and trends in the hyper-cyclical oil and gas business and discusses future implications of declining rig counts and what that means to domestic energy.

The Energy Report: What's your view on the oil and gas price near term and intermediate term? Something that really got our attention recently was T. Boone Pickens saying that he thought we'd see $60 or $80 oil before we'd see $40 again. We were darn close to $40 at the time.

Michael Hall: Near term, it's extremely hard to say whether we'll see $75, which is what I think T. Boone threw out there, or $40 first. The volatility in the market today is unprecedented for a

number of asset classes, and commodities are no exception. I think we're setting up for a big spike, a big run up in price. I'm not sure it happens overnight, though.

Our view is to continue to try and stay somewhat cautious throughout 2009. On the supply side, U.S. producers are laying off rigs by the dozen every week. The supply side of things is going to fix itself. Unfortunately, I think we're going to really have to wait to see a turnaround in demand until we see a good sustained snap back in price. Then the big question for us becomes when, obviously, and that's a tough one. I don't think it's overnight.

TER: Michael, you say "the supply side is going to fix itself," which sounds to me like we currently have too much inventory. We're shutting down rigs and production, and eventually we're going to hit that crossover in demand. Do you have any projection on when that supply is going to finally meet demand?

MH: Yes. It's a good question. I spend most of my time with the natural gas markets, and we've done a lot of work trying to assess when all these rig count reductions will make their way into the market. Some of the work we've done suggests that we're probably already starting to see - though we don't get real-time data - "some production decline as a result of rigs being laid down.

To give you a little background info, the rig count, which is provided on a weekly basis by a firm called Baker Hughes Inc. (NYSE:BHI), peaked out in September 2008 with the gas rig count at 1,606 rigs. As of the end of last week, it had fallen 640 rigs, give or take, so you've seen a pretty massive decline, 40% decline, from the peak. We think that's already starting to have an impact on supply.

As far as demand, I've got some indications on some leading indicators that it's starting to at least slow the rate of decline, which is encouraging, but not quite a turnaround yet. When it all crosses is a really difficult thing to determine, but I certainly don't think it's this first half of '09. We tend to think maybe we'll see the snap back in the fourth quarter of 2009 for the gas market, keeping in mind all summer, every summer, we're always injecting gas into storage and all winter we're always pulling gas out of storage. It's really once we hit the winter this year, this next winter, I think that's when you could a sustained rally.

TER: So it's hard to tell. If we have a big mild winter, then we could still be in an oversupply situation.

MH: Next year? Yes, it's certainly possible. The way we see inventories shaking out by the end of the summer, call it November 2009, is right around 3.7 trillion cubic feet of gas in storage at that time, which would be well above five-year average and pushing up against full. (Full is thought to be around 4 trillion cubic feet of gas.) If we come into the winter with that sort of storage environment and it's a warm winter, yes, you might not get the big run up. That said, our math suggests supply will be on a steep decline by that point, which could help to aggravate any weather impacts.

TER: But if we're pretty much at almost full, to me it's sort of like the water levels in California. You have to have a fair amount of consumption to get it down to what would be a point where the massive run up of natural gas would occur.

MH: Yes, agreed. I think what's important to keep in mind, though, is if underlying that storage is a supply and demand environment where supply is shrinking rapidly, which is what we think could be happening by, call it November 2009 - and by rapidly, I mean declining around 9% year on year, which is a pretty steep decline - and if, all of a sudden, your supply and demand balance is that far out of balance, even if it's somewhat warm, you're going to draw down from storage very quickly. It may not happen in November, in terms of the price run up, but I think it's still probably likely at some point during winter of 2010, assuming demand is coming back, from a macro standpoint, by that point.

TER: How quickly can these rigs come back on line?

MH: That's a good question and hard to assess precisely, but there are some issues in the system in terms of logistically getting rigs back up and running. So it's not overnight. I tend to think you can probably drop rigs faster than you can bring them back on. So, historically, if you look at rig counts, they tend to fall off really hard when things get oversupplied, and then they take a lot longer to add back to the recount. So it's more of a slow, gradual build up. The reason being you've got to go hire all the crews that were laid off; you've got to find the people; you've got to mobilize the rigs to where you want them.

Then what I think could be an issue this cycle is capital. All these companies have pretty much gone into hunker-down mode, where they're spending within their cash flow and acting very conservatively, as they should be. But, if all of a sudden you get a snap back in price and let's say they want to go spend 150% of cash flow to answer that snap back, we may be still in an environment where capital is still quite risk averse, and that could just be another kink in the system in terms of getting rigs back up and running quickly.

TER: What non-geopolitical situation could possibly cause oil to go up in price? Obviously, if we have a geopolitical situation, that could have a big impact on the price of oil.

MH: Two things really. It's supply and demand, right? And on the supply side, it's continued cuts from OPEC and/or greater adherence by OPEC to their existing cuts. There was a bit of a consensus in the market that we'd see more cuts out of OPEC in March. We were not convinced that that would happen, and indeed it didn't. But if you see another cut out of OPEC this year, you could get a bit of a snap back or a rally. But the sustainability of that rally, I think, is underpinned by demand. Until we see an improved demand environment - and by that, just global GDP resuming its upward trend - until you get that, I really think it's going to be pretty difficult to have a sustained increase in price. It needs to be both supply and demand.

TER: So then, you're saying the recession needs to be resolved and bottomed, and then it will start to build.

MH: I believe so, yes. At the end of the day, I've always kind of thought that for crude markets, and really most commodity markets, marginal demand is what sets the price. As long as demand is falling, in theory, marginal demand is a lower price than the current price. Until we get the snap back in demand - and I don't think it has to be dramatic to firm things or at least get things moving up on a sustainable basis - but until you get that return of demand, I think it's going to be pretty tough to maintain an upward slope in crude prices.

I think we could still have a decline in demand worldwide in 2009; but by 2010, I think it'll be back. Long term, I certainly see a very robust environment for crude demand growth.

A stat I like to throw out: if you look at the average consumption per capita in China and India and average those two countries, it currently runs around 8% of the average per-capita consumption in South Korea and Japan. If you increase that to just 30% of the South Korean and Japanese average by 2020, that increase alone from China and India is enough to provide 2% annual growth in global demand through 2020 in the crude markets, holding everyone else flat. There's just an immense amount of potential in those markets. But if everyone else is failing from a GDP standpoint, I don't think emerging markets have much hope. I think the myth of uncorrelated global growth was kind of busted in the last year - after we had busted it in the past - so we learned our lesson again. It's there and the BRIC countries (Brazil, Russia, India, and China) are huge. They're very important, but I don't think they're going to be able to do it if we're still struggling in the U.S.

TER: When I think of low gasoline prices, that's like a tax give-back to consumers, which they're enjoying. How do you measure the offset of that to a higher oil price and how many benefits do you get for that vs. the lower one where individuals have a little more money to spend? Is there a correlation there?

MH: There has been work done on that. You can almost think of it as a stimulus package of its own into the economy. Some teams in our Research Department have done the math on that. It's an extremely significant stimulus on the economy.

And there are actually signs that people are driving again. If you look at vehicle miles traveled in the U.S., they had been on decline starting last year on a year-on-year basis - the first decline we'd seen since I believe the '80s, but perhaps the early '90s. Those are starting to turn back over, and the trend is starting to look a little more friendly on that stat. So there's evidence that people are taking note of cheap gasoline right now.

TER: Sure, especially those who do it for a living and do the cost comparison.

MH: That's a good pitch for natural gas. High oil prices, assuming they come back, will result, I think, eventually in higher gasoline prices. But there's a big call, a big lobby anyhow, trying to push for additional use of natural gas as a vehicle fuel. Long term, I think it's an interesting market from a demand standpoint for natural gas. I don't think it fixes or snaps anything in the near term, but it's something to watch.

TER: What are some companies that you're currently giving a buy rating to that would obviously benefit from that?

MH: Well, they'd all probably benefit ultimately. One that's been active in pushing and lobbying for natural gas being used as a vehicle fuel - for domestic security and clean air reasons and just energy diversity - is Chesapeake Energy (NYSE:CHK). I've got a buy rating on that and that's one that, like many in the oil and gas patch, has seen a dramatic decline from its highs of last summer. It's currently trading just under $20 a share after peaking out over $60 a share last June-July timeframe.

They've got the largest inventory of leasehold in the country and I think provide more optionality to gas, probably, than any other stock out there - particularly on a large cap front. At this point, you're getting a lot of that optionality for free. I think the market's trying to test what you would call a "proved value," so just what their proved reserves are worth in the ground. And, you know, you could end up lingering here until we get that snap back in price. But if you can have any sort of long view, I think you have dramatic potential upside with Chesapeake shares at this point.

TER: What's your price target?

MH: Our targets are based on a number of different price scenarios and just to give the base case of what we assume is $7 gas and $70 oil by 2012 and beyond. Between now and then, we start with $4.60 in 2009 and then ramp it up to $7.50. We also run a number of different cases. But our current target on it is $27, which provides meaningful upside and, like I said, is well below the 52-week high of well over $60.

TER: Can you give our readers some of the ideas and ways you think they can position themselves in your sector with stocks that you like?

MH: Sure. Chesapeake's one I've always liked a lot. Unfortunately, I've ridden it all the way up and down, but I do see a lot of potential, particularly long-term, with Chesapeake. Another on the large-cap side is XTO Energy Inc. (NYSE:XTO). XTO is what we call the highest quality of all the large cap gas names that we look at. They've done a tremendous job of hedging over the last year. They ended up monetizing over $2 billion in hedge gains over the last couple of months,

paying down debt, and fixing up a balance sheet that had some leveraging on it after roughly $11 billion in acquisitions during 2008. The push back is, let's say, people say they bought at the top. My rebuttal and theirs would be, well, they hedged very well and they locked in their returns when they did those acquisitions. What it really did was just recharge the inventory position at the company. They think they have a good solid five-year inventory to continue growing the company at a peer-busting clip. I think probably over 15% a year in terms of production growth on their current inventory. So in theory you could have significant appreciated growth over the next five years. Our target on XTO is $39. Both of these companies are extremely well hedged looking out this year and next.

TER: What about a smaller cap company?

MH: One down the cap structure that I have been highlighting a lot is Petrohawk Energy Corp. (NYSE:HK). This is more of a mid-cap producer that's had extreme volatility in last 12 months and the big reason being is that they, along with Chesapeake, really, helped expose what's now thought of as one of the industry's leading shale plays, which is the Haynesville Shale. The Haynesville Shale is in Northern Louisiana and East Texas, although the Northern Louisiana part is kind of leading the economics at this point. Petrohawk's put up, frankly, the best wells, as their legacy acreage happened to be right smack in the heart of this Haynesville Shale in their Elm Grove field. So they've put up wells that have initial production rates in excess of 20 million cubic feet a day.

These wells come off hard, come off fast, 80% in the first year or more, so you're setting up a steep treadmill as soon as you stop drilling because it's going to be hard to get back on for all these companies, and for the industry as a whole, with all these shale plays. But I think Petrohawk, for a mid cap, has one of the brightest outlooks out there. They did just do a follow-on stock offering to help shore up the balance sheet for some acquisition opportunities they see in the core of the Haynesville Shale, and then they also did a significant amount of high yield back earlier this year in the January timeframe. So they're well capitalized at this point and they're actually still planning to grow their production 40% in 2009 despite the current environment. My most recent target is $25 per share.

The 52-week high on it is well over $40, so you're well within that range and still have meaningful upside potential from here. Frankly, long term, and while I have no knowledge of any M&A activity, I believe it could be a take out. I think eventually it'll get acquired just given the quality of the asset they have in the Haynesville. It'll probably end up in the hands of a larger company with greater capitalization.

A small cap favorite I've been pushing is Bill Barrett Corp. (NYSE:BBG). Bill Barrett's predecessor company, Barrett Resources, was the Rockies gas explorer that was sold to Williams several years ago and Bill Barrett Corp. is the follow-on company. Fred Barrett is the CEO, the son of Bill Barrett. Bill Barrett's still on the board. The company remains an active explorer and developer in the Rockies region. Historically, the Rockies have kind of been thought of as a long supply/short demand environment, so you end up with export constraints and issues getting the gas to market. So, you've had big price discounts on Rockies gas for the last few years. You had a big pipeline come around in 2008, the Rockies Express pipeline, which opened up a lot of opportunities for Rockies producers. Again, in 2008, we've already almost filled it up. But here we are, as everyone is laying off rigs, the Rockies has laid off rigs at a faster clip.

There are indications that Rockies production as a whole, industry-wide, is actually starting to decline. I think that could help the pricing issue, particularly from a relative standpoint. The company currently trades at almost $24 a share. I've got a $36 target on it. It trades at significant discounts to everyone I cover. It's at 2.9 times cash flow, 3.7 times EV/EBITDA. You're paying just $1.48 for proved reserves in the ground. My peer averages on all those are 4.9 times cash flow, 6.1 times EV/EBITDA, and $2.14 for proved reserved.

It's a small company; it's somewhat under-loved, under-appreciated in my opinion. I think as prices eventually recover, the Rockies could well lead that recovery because of this additional capacity that was brought on line in 2008 that we'll have to fill back up again. They've done a good job of delivering with the drill bit on the exploration front. In 2008, they discovered a play called the Gothic Shale. It's in the Paradox Basin in Colorado and it's a shale gas play like any of the others. It's just in the Rockies and it looks like they've got a significant multi-year development project on their hands that they'll be continuing to prove up in 2009.

TER: Are they going to need funding? How do they get their capital?

MH: They are currently drilling and spending within cash flow, which is the mantra of the industry at this point. Historically, they've been conservative with the balance sheet, and they tend to keep things that way. They've done a really good job of hedging as well, so they've locked in their significant cash flows for this year and next. I don't show them in an immediate need of any funds. And, if things get back off to the races, then if they want to try to accelerate development in this Gothic Shale or some other play, it's an option out there.

TER: What about in the limited partnerships?

MH: The one I would probably choose to highlight would be Atlas Energy Resources (NYSE:ATN). A big part of what they do is offer what are called "drilling program partnerships" to the public. So you can be a general partner in their drilling program and they'll flow through tax write offs, basically, so you can shelter a lot of income.

The new budget being proposed by the Obama administration is proposing a repeal of what are called "intangible drilling costs" and the expensing of intangible drilling costs (IDCs). That could affect that part of their business. I don't know if it would eliminate it. From my talks with the company and after thinking things through, I think there are some opportunities to restructure how the partnerships would be offered. There still would be some deductions it seems like from the IDC standpoint. It just wouldn't be overnight; you wouldn't get to expense it all up front. But, that said, even if that part of the business goes, there still is a stream of cash flow that would basically deplete over time like a well that is still flowing to Atlas. If I just take what I'd call a normalized cash flow assumption for 2009 and back off the part that's at risk because of the proposals in the new budget, I still get a $2.68 per unit normalized cash flow. If I slap a five times multiple on that, which is a pretty normalized mid-cycle multiple for an E&P company, you still get about $13.40 per unit.

I've got a $34 target out there on the company. I think there's a significant opportunity here, frankly. You've got around a 20% yield. But even taking the much more conservative approach as just a walk-through with that somewhat normalized cash flow, you still get over $13 per unit in potential here. I think it's a very interesting entry point, as I think the market's somewhat overreacted to some proposed legislation. There's still headline risk out there, maybe you wait to see what actually ends up happening with the budget. But I believe for those that can take a bit of a longer view, it could be a big opportunity.

TER: You say if they lose this part of the business, they still have almost a royalty, in a sense, operation. What would be the value? Let's say that business totally goes away, now we're left with what we have. Is your $52 target still intact?

MH: That's where the other interesting part of the story lies - they're sitting on over 240,000 net acres in the heart of what's called the Marcellus Shale. The Marcellus Shale is in Pennsylvania, all throughout, really, New York, West Virginia, thought to be potentially the largest gas find in the world at this point. They've got a big core position right in the heart of what's going on in southwest Pennsylvania.

At this point, I don't think you're paying anything for that in the stock and that's where the majority of what's called the "upside" in my target price comes from; over time, I think they're going to prove this asset up. They've already drilled several wells, proven it up. They're one of the leading producers out of the Marcellus Shale and they're kicking off a horizontal drilling campaign in 2009 that's going to, I think, prove this asset to be worth multiple billion dollars to unit holders. So it's almost, I call it, a special situation because I think you probably end up having a restructuring of the company. It's currently an LLC; they pay out a significant distribution, currently 61 cents a quarter. I see that distribution as safe so long as they continue to have the structure they're in. But, again, if you think about the asset they're holding in the Marcellus, it's basically a growth asset, or it should be; so I believe you ought to be plowing 100%-plus of the cash flow that that asset generates back into the asset to continue growing it.

If you're paying out significant distributions, you can't grow that asset as quickly as you should, in theory. So from my talks with them and from my own personal view, I think a restructuring of the company is possible and some sort of carve-out or another sale of the asset. It'll be complicated if it happens, but I think ultimately a lot of value will be unlocked here and I think it's an extremely compelling opportunity.

TER: Is this an industry wherein the price of gas falls victim to what the storage is at any given point? Now we're taking rigs off, so the storage is eventually going to go down. Gas will go up; but once it goes up, you fill up the storage. So is it always this never-ending fluctuation?

MH: It's a hyper-cyclical business and it's extremely volatile. It's very seasonal on top of very cyclical. Natural gas, stepping way back from a macro perspective, it's really a heating fuel in the winter, and it's a power-generating or cooling (air conditioning) fuel in the summer. You add not only cyclical pressures from industrial demand, but then also seasonality to it. Yes, it's very, very volatile; it's very, very seasonal and those who are faint of heart should be wary.

It's a risky sector; it's very, very volatile, but there's more to it than just storage. There are some long-term secular themes that are important. The industry is kind of a victim of its own success. When storage runs out, it'll do its best to fill it back up - but it kills its own cycle every time. That's what's happened over the last five to seven years. The industry had been thought of by consumer, and maybe by regulatory, groups as an industry that couldn't grow. What's really been proven over the last few years is that it can grow if it gets the right pricing to do it. The resource is out there.

From a long-term perspective, from a consumer standpoint, you don't want to rely on an industry that can't grow, right? But if it can grow, then it's a much more viable fuel for power generation, and possibly transportation, and it becomes that much more interesting from a regulatory, as well as a consumer standpoint. It's a changing industry; it's an interesting industry in that sense, but I think it's highly investable still because of what's being exposed this year.

TER: How long are these business cycles? You say it's hyper-cyclical. You mentioned we've been building up for seven years and this is a seven to ten-year cycle. Can it really change within two years?

MH: That's a good question. By the cyclical side of things, I mean the broad economy. Industrial demand is 18 billion cubic feet a day of demand on 64 billion cubic feet a day. So it's nearly a third of total demand. So if industry is shrinking, you're going to have demand headwinds, and that's more what I mean on the cyclical side of things. So that's more dependent on how long it's going to take the U.S. and world economies to start back up again. In terms of a six, seven, or ten-year cycle - it's hard to say. I think it's different every cycle.

From a macro perspective, you've got a lot of ultimately inflationary actions coming out of the government, and it could take some time for the multiplier to kick back into effect and dollars start

changing hands again. But, when they do, I think a lot of these commodities plays will have real businesses, will throw off real cash flows and are worth a lot more than what they're trading for today. If you can take a longer view on things, it's a sector that's worthy of looking at, I think, but it's also high risk. I would emphasize that.

TER: Michael, thanks so much for your time.

Michael A. Hall, CFA, joined the Stifel Nicolaus Research Team in August 2007. He has been covering the energy sector for roughly six years. Most recently, Michael worked as a Senior Associate covering domestic Exploration & Production at Wachovia Capital Markets. Prior to that, Mr. Hall was a lead associate on the same team at Jefferies & Company and initially at First Albany Capital. He previously worked at Stifel Nicolaus from 2003 - 2004 and started his coverage of the Energy sector following the Oilfield Services industry. Mr. Hall's return to Stifel Nicolaus marks his initial effort as a lead publishing analyst and he intends to continue to focus his coverage on the domestic Oil & Gas Exploration & Production industry.

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Disclosure: Additional disclosures are available upon request. View here. Additional disclosures include our risks to target prices, which are:

Chesapeake Energy (CHK): In our view, there are a number of risks to our target price on CHK shares. Those risks include, but are not limited to, the failure of management to adhere to its financial plan, the inability to bring F&D costs more in line with industry peers, the failure of emerging resource plays to materialize or at least the potential of those plays to emerge as much less economic than the company's current set of projects, the inability to lock up leases through production, and a sustained downturn in commodity prices in general.

XTO Energy (XTO): In our view, there are a number of risks to our target price on XTO shares. Those risks include, but are not limited to, the failure of management to integrate recent acquisitions, the inability to execute on substantial growth plans, the failure of emerging resource plays to materialize or at least the potential of those plays to emerge as much less economic than the company's current set of projects, and a sustained downturn in commodity prices in general.

Petrohawk Energy (HK): In our view, there are a number of risks to our target price on shares of Petrohawk Energy. Those risks include, but are not limited to, an overly aggressive assessment of resource potential in the company's various plays - particularly the Haynesville Shale, a blowout of the basis differential at the Henry/Perryville/Carthage Hub, a dramatic tightening in the supply of rigs, completion services, and pipeline capacity, as well as a sustained downturn in commodity prices in general.

Bill Barrett Corp. (BBG): In our view, there are a number of risks to our target price on shares of Bill Barrett Corp. Those risks include, but are not limited to: a sustained downturn in commodity prices in general, expansion of the discount of Rockies gas prices to NYMEX due to a tightening of pipeline takeaway capacity (specifically as it pertains to capacity on the Rockies Express pipeline), a negative record of decision from the BLM on the West Tavaputs EIS, as well as a failure of the market to recognize the company's vast resource potential and to price shares as such.

Atlas Energy Resources (ATN): In our view, there are a number of risks to our target price and distribution estimates for Atlas Energy Resources. Those risks include, but are not limited to, a rising corporate decline curve, the suitability of the prospective Marcellus Shale for the MLP structure, and a tightening of the service market in the Appalachian Basin. In addition, given the

importance of the tax treatment on MLPs to their consideration as an investment opportunity, any negative changes in tax treatment could likely result in significant underperformance in ATN units.

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T. Boone Pickens visits S.F. – *San Francisco Bay Guardian Blog* – 3/26/09

By Rebecca Bowe

T. Boone Pickens, 80, is a Republican billionaire living in Dallas whose spot-on predictions about the petroleum industry have earned him the nickname the “Oracle of Oil.” More recently, the founder and chairman of BP Capital Management has garnered media attention for reinventing himself as a proponent of clean energy. On March 25, hundreds of San Franciscans came out to the Intercontinental Mark Hopkins Hotel to listen to the former oilman discuss the Pickens Plan: a blueprint for curing America’s addiction to foreign oil.

Pickens launched his campaign last July with a slick Web site designed by one of the top brains behind Obama’s online presidential campaign. So far, some 2 million supporters have signed on, Pickens said. “I found out this,” he told a team of reporters shortly before his talk. “When I was a rich guy going to Washington trying to get something done, I got in to see everybody and they were all nice, but not much happened. Today, with 2 million people with me, I’m a hell of a lot more important when I go to Washington.”

A main component of his plan is the installation of thousands of wind turbines through the central corridor of the United States, harnessing what has been called the “Saudi Arabia of wind” to provide what Pickens estimates to be 20 percent of the nation’s electricity supply. To make it work, transmission lines must be constructed to move that power east and west. And according to his vision, domestic natural gas currently used to fire power plants can be utilized as a transportation fuel instead.

Pickens is a strong advocate for wind and solar, but he also trumpeted natural gas as being critical to ending the country’s reliance on foreign oil. “I feel like I have 52 cards and I have been allowed to pick out the winning hand," he said. "The trump card is a resource in America, and that is natural gas.”

Natural gas burns cleaner than gasoline, but it is neither renewable nor carbon neutral. When asked by a member of the audience if the switch to natural gas was a false solution, because it would merely transfer dependence from one finite fossil fuel to another, he acknowledged that it was a very good question. “It is a finite resource,” he said. “But it’s only a bridge fuel, until we get to the next transportation fuel, which I believe will be the battery.” Mesa Petroleum, the company he founded in 1956, produced more than 3 trillion cubic feet of gas from 1964 to 1996, according to his bio. He told the audience that has since moved on from that business.

Pickens said his effort has nothing to do with politics or personal financial gain, and that his main goal is to steer America toward a new age of energy independence. He opened his speech by saying, "The security of this country is at risk," and linked that risk to the country's reliance on foreign oil.

Pickens is in the process of constructing what will become the world’s largest wind farm in the Texas Panhandle, which began with a $2 billion purchase of 670 GE wind turbines that have the capacity to generate 1,000 megawatts of power. But since the problem of building the

transmission lines hasn't been worked out yet, the ambitious project is still a work in progress. “We have bought the turbines from GE, and we have leased the land, so we're good to go,” he said. Except, “We need to have some way to move that power either east or west. And if we can't, we've got to put the turbines someplace else.”

When pressed on where, Pickens replied, “I'm not going to end up with 687 turbines in my garage. They're going to be sticking up spinning someplace.”

Pickens is a capitalist through and through, and there's little surprise that he stands to make more green from the big idea he's putting forth. When some one from the audience asked whether his spiel was perhaps more for personal gain than the greater good, he responded, “Look, I'm 80 years old, I can make it to the finish line. We're talking about America, not Boone Pickens' pocketbook.”

Pickens' status as the nation's largest private holder of groundwater rights has also generated controversy. He owns much of the groundwater rights to an enormous aquifer that stretches from Texas to the southern tip of South Dakota, and hopes to pump and sell billions of gallons a year to Dallas and other metropolitan areas in Texas.

Here are a few more quotes from yesterday's event, which was hosted by the Commonwealth Club and Climate One.

On his meetings with Obama and McCain during the presidential race:

“They would've both failed an energy test, but I didn't give ‘em one.”

On the idea of taxing carbon emissions:

“I'm not big on taxing.”

On the nation's energy future:

“Can you imagine – a guy, 80 years old, shows up with the only energy plan America's seen? That's a little scary.”

On his own carbon footprint:

“The only carbon footprint I've got is my airplane. I planted 20,000 trees, so that gave me some help.”

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Pickens Faces Headwinds on Clean-Tech Plans – *CNET* – 3/26/09

By Erik Palm

For oilman turned wind-power enthusiast T. Boone Pickens, the future is a bit up in the air.

The "Pickens Plan" for energy independence, launched in July 2008, now has 2 million supporters signed up online. It aims to make the U.S. less dependent on foreign oil by--among other measures--replacing imported oil with wind power and natural gas (two areas in which he has business interests).

His own wind project, however, has problems finding a grid to deliver power from his newly bought wind turbines. If it comes to fruition, the project, Mesa Power, would be the world's largest wind farm, potentially able to produce 4,000 megawatts--enough to power 1.3 million homes .

His company purchased 687 wind turbines from General Electric for $2 billion that can produce 1,000 MW and will be delivered in 2011. But there aren't yet any transmission lines from his wind park to the Texas grid to deliver the electricity to the Texans.

Initially he was going to build the transmission lines himself, but now that's "questionable," he said during a stop in San Francisco Wednesday, part of a tour to promote his alternative-energy plan. A transmission line to the west or east from the Texas Panhandle, he told members of the press, is "a little bit big for us."

Beyond that, Boone has interests in the water rights on his own land and the land he currently leases for his wind project, Mesa Power. With a Texas drought, and water increasingly being seen as the "oil of the 21st century" with peaking supplies, according to some observers, he's not sure whether wind or water will be his most profitable investment. "Where I'll make the most money, I don't know. I haven't made any money yet."

Pickens' wind plans call for spending $150 billion over the next 10 years to install turbines in the "wind corridor" of the Midwest, from Texas to Canada. A transmission line there would cost an estimated $70 billion, according to a 2007 Department of Energy study. The federal government must provide corridors for the transmission lines before private companies can build them, Pickens says. He hopes he can lobby to get government support, with the help of his Pickens Plan supporters.

That plan attracted a lot of attention when oil went to almost $150 a barrel and gasoline prices roared upward in 2008 with pump prices of more than $4 per gallon. Speaking to members of the press Wednesday, he said his plan "stays intact," though the oil prices are down to about $50 a barrel and gasoline is hovering nearer $2 per gallon.

Most of his ideas are now on their way in the Obama stimulus bill, he said. But that doesn't mean he's always thrilled with the way things get done--or don't get done--in the nation's capital.

"When I was a rich guy going to Washington to try to get something done, I got in to see everybody and they were all nice, " Pickens told members of the press before giving a public presentation at the Intercontinental Mark Hopkins hotel. "But not much happened. With 2 million people behind me, I am a hell of a lot more important when I go to Washington, than I was with money."

If he doesn't get transmission lines, Pickens is considering moving the turbines outside Texas where there is access to the grid.

"I'm not going to end up having 687 wind turbines in my garage," he asserted. "They are going to be spinning somewhere."

Erik Palm, a business reporter for Swedish national television, is joining CNET News as a spring 2009 fellow with Stanford University's Innovation Journalism program. When he's not working, he enjoys kayaking and exploring California's hiking trails.

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Oil Price Spike Coming! Oil Price Spike Coming! – *The Business Insider* – 3/27/09

By Jay Yarow

Another group is warning that we are on a crash course towards oil shortages in the near future.

Today, it's a report by Cambridge Energy Research Associates (via NYT), that said the drop in oil investment and production will cause a "powerful and long-lasting aftershock following the oil price collapse."

When demand picks up again, there won't be oil in place to support the expansion of the economy and we'll probably see another spike in oil prices.

It's just another alarm bell ringing on oil. The IEA warned in February that a lack of oil exploration would lead to a big spike in price once the economy gets going again. We said it again in March. Then Barclay's using a technical trend analysis said oil would definitely hit $57 soon, and would probably go to $60. And, of course, T. Boone Pickens clangs the bell every opportunity he gets.

Earlier this week McKinsey released 150 page PDF detailing why oil would run right back to $150 unless we changed a few things. Mckinsey suggested that we implement government policies so we can reduce the demand for oil, as it will be more difficult to control supply than demand.

Some of their suggestions:

- In light vehicles we can apply more stringent efficiency standards which would cut oil demand by 2 million barrels a day.
- Increase building and industrial efficiency could save 6 million barrels a day.
- Remove trade barriers to sugar-cane ethanol, could abate oil-demand. Along with that require all autos to be fuel-flexible so they can take advantage of biofuels.
- Reverse the shift to diesel passenger vehicles will save .5 million barrels per day of diesel.
- Substituting boiler fuels, could abate 8 million barrels a day.

We are skeptical of any plan that calls for an increased reliance on biofuels. Maybe the government should consider subsidising oil production? We'd like to see the public reaction to that idea. As of right now, crude oil for May delivery is at $53.33 a barrel on the NYMEX.

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