

# PickensPlan

## T. Boone Pickens Media Coverage 8.22.09-8.24.09

### Total of 12 Placements

- Print: 2
- Blog/Online: 9
- Broadcast: 1

### Coverage Summary:

Pickens latest blog on the *Huffington Post* discusses the July oil import numbers and the need to keep that money here in the U.S. Pickens also highlights the benefits of converting heavy-duty municipal fleets to run on natural gas. Pickens ends the blog discussing the NAT GAS Act and the push that will take place to get this legislation passed once the August recess ends.

WANE-TV posted a press release announcing Pickens' upcoming visit to Indiana University on September 18<sup>th</sup> where he will discuss America's dependence on foreign oil.

NGI's *Daily Gas Price Index* looks at the falling price of natural gas, with a DC-based broker weighing in on how far the price could drop – he says possibly \$1.600 or \$1.700. The broker says that while natural gas is a solution to energy security, healthcare and straightening out the financial system are higher on Obama's priority list right now.

### Highlighted Placements (Full Articles Below)

- **Bipartisan Support for a National Energy Plan** – *Huffington Post* – 8/21/09
  - *AlterNet*
- **T. Boone Pickens to Visit IU** – *WANE* – 8/24/09
- **Seven Year Lows Not Low Enough, Market Watchers Say** – *NGI's Daily Gas Price Index* – 8/24/09

### Print Placements (Full Articles Below)

- **Developed Countries Eyeing Green Economy as Route Out of Crisis** – *Xinhua* – 8/24/09
  - *Bernama*

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

- **Why Natural Gas Makes Economic Sense** – *NewMajority.com* – 8/21/09
- **Test Drive: Tesla Roadster** – *Discover Magazine Blog* – 8/21/09
- **T. Boone Pickens' Hedge Fund Concentrates on Energy, Drops Basic Materials** – *Seeking Alpha* – 8/23/09
  - *HedgeCo.net*

## HIGHLIGHTED COVERAGE

### **Bipartisan Support for a National Energy Plan – *Huffington Post* – 8/21/09**

By T. Boone Pickens

Some people are of the opinion that I jump-started my plan to end our country's addiction to foreign oil on a whim. I may have launched the Pickens Plan in July 2008, but the truth is our lack of a national energy plan has been worrying me for most of my professional career. Beginning in the 1970s, I noticed America's oil import numbers were trending in the wrong direction. Forty years ago, when Richard Nixon was in office, we were importing 25 percent of our oil. Given the amount we were importing and the price of oil -- about \$3 a barrel -- the economic impact was minimal. Today, two out of every three barrels of crude we use in the U.S. comes from overseas. And the cost? How about \$24 billion, and that was just July's tab.

Want to know why I launched my plan? Because this country cannot afford to spend hundreds of billions of dollars on foreign oil. We should be directing expenditures of that magnitude in ways that create jobs here at home, build more profitable companies, and generate more tax revenues.

I'm not the only one who thinks our current course is madness. A broad range of leaders from both sides of the aisle have recognized that we are heading in the wrong direction, and they did so long before I launched the Pickens Plan. A prime example would be former New York Governor George Pataki. During his three terms in Albany, Gov. Pataki showed leadership in many areas, including his support for converting heavy-duty municipal fleets from running on imported diesel to using domestic natural gas.

I bet you didn't know that a trash truck running on diesel fuel emits the same amount of pollutants as 325 automobiles. Not only do garbage trucks carry huge loads, but they run at all hours of the day. On top of that there are 200,000 trash trucks in the U.S. No wonder more and more elected officials are following Gov. Pataki's lead by supporting programs to convert state and city fleets to run on natural gas and propane.

It helps that New York State sits a top substantial portions of the Marcellus Shale, one of the largest potential sources of natural gas nationwide. In 1995, when Gov. Pataki was sworn in for his first term, the Marcellus was a geological footnote, a formation whose energy potential was limited at best. By the time he stepped down as governor of the Empire State, American ingenuity had figured out how to tap into the enormous reserves trapped in the Marcellus, the Barnett, the Haynesville, and more than a dozen other shales in the Lower 48. We now have more natural gas than Saudi Arabia has oil!

Once the August recess ends and Congress returns, we must pass the NAT GAS Act in the House (H.R. 1835) and the Senate (S. 1408). This is an unprecedented opportunity to put an energy plan in place for this country. After Labor Day, I'll be urging all 1.6 million members of the Pickens Plan Army to join me in making this happen. Until then, enjoy the rest of your summer and let's get ready to take our message to Washington. We've got work to do!

Follow T. Boone Pickens on Twitter: [www.twitter.com/pickensplan](http://www.twitter.com/pickensplan)

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### **T. Boone Pickens to Visit IU – *WANE* – 8/24/09**

#### *Discussion on oil dependency*

BLOOMINGTON, Ind. (WANE) - T. Boone Pickens, one of America's most successful businessmen and the founder of an ambitious, self-funded grassroots campaign aimed at reducing the nation's dependence on imported oil, will speak at Indiana University Bloomington Sept. 18.

Pickens will be a guest of IU's Kelley School of Business and will speak to university students, faculty and guests at IU Auditorium, 1211 E. Seventh St. He also will meet with reporters beforehand. IU President Michael A. McRobbie will introduce Pickens. The title of his speech will be "America's Foreign Oil Dependency Crisis."

"At the Kelley School, we want our students to engage with the most compelling leaders in the world. T. Boone Pickens is certainly such a figure," said Dan Smith, dean of the Kelley School of Business. "We are grateful to Gary Anderson, a member of the Kelley Dean's Council, for his help in bringing Mr. Pickens to IU."

"Mr. Pickens has accumulated an interesting set of facts related to sustainability and our nation's dependence on petroleum as well as feasible alternatives to fossil fuels as an energy source. I have read a number of essays by Mr. Pickens on this topic and am certain that this will be an extremely interesting and thought-provoking event," Smith said.

Bill Brown, IU's director of sustainability, added, "T. Boone Pickens brings a unique and valuable perspective to the campaign for wind energy and energy security as a former Texas oilman. This is a great opportunity for IU Bloomington students, faculty and staff to learn about the business case for clean energy from a businessman who has earned his fortune in the energy industry."

For four decades, Pickens led Mesa Petroleum, an independent oil company that he founded in 1956, which went on to become one of the nation's largest and most well known independent oil exploration and production companies.

He subsequently became one of the most successful investment fund operators with BP Capital Management, which is valued at more than \$4 billion and is principally responsible for the formulation of the energy futures investment strategy of the BP Capital Commodity Fund and the BP Capital Equity Fund.

The Holdenville, Okla., native also aggressively pursues a wide range of other business interests, from water marketing and ranch development initiatives to Clean Energy, a company he founded (he is also the company's largest shareholder). Through Mesa Water, Pickens is the largest private holder of permitted groundwater rights in the United States. Clean Energy is advancing the use of natural gas as a cleaner-burning and more cost-effective transportation fuel alternative to gasoline and diesel.

In 2008, Pickens launched a \$58 million national advertising campaign to promote his energy plan, which also promotes building new wind generation facilities to produce 20 percent of America's electricity and using its domestic natural gas supply as transportation and power generation fuels. More information about the Pickens Plan is available at <http://www.pickensplan.com/>.

Coined by CNBC as the "Oracle of Oil," Pickens also is the author of several books, including a 2008 New York Times bestseller, *The First Billion is the Hardest*, in which he details what America must do to win back its energy independence. The book will be released as a paperback on Sept. 9.

His many professional honors include membership in the Horatio Alger Association of Distinguished Americans, the Texas Business Hall of Fame and the Oklahoma Hall of Fame. In 1998, Oil & Gas Investor listed him as one of the "100 Most Influential People of the Petroleum Century." He was named one of world's 100 most influential people in 2009 by Time magazine.

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### **Seven Year Lows Not Low Enough, Market Watchers Say – NGI's Daily Gas Price Index – 8/24/09**

Not content with the prior session's punch below the psychological \$3 price level to a seven-year low, the bearish natural gas futures movement found follow-through on Friday to notch a new low for the move at

\$2.776 before closing out the day at \$2.804, down 14.1 cents from Thursday and 43.4 cents lower than the previous week's finish.

The week's streak of weakness has surprised a number of market participants, especially when taking into account Thursday's bullish 52 Bcf natural gas storage build for the week ending Aug. 14, the fact that crude futures values hit a record high for 2009 during the week, or the reality that a number of large eastern gas usage markets are finally baking under some real summer heat.

"It's pretty hot in the East but you wouldn't know by looking at natural gas prices," said a Washington, DC-based broker. "I was definitely surprised that we broke lower on a moderately bullish storage injection number. We rallied for 35 seconds on the number, but the true bearish sentiment revealed itself and we pushed lower. We certainly followed through on Friday, despite the fact that crude futures continue to head skyward." October crude futures added 98 cents on Friday to close at \$73.89/bbl.

The broker was quick to point out that this is "not your grandad's energy futures market," adding that, "The dynamics of the last 30 years in the gas market have changed. Hurricanes have lost some of their luster because so much of our production plays are now onshore," he said. "We could get a Category Five hurricane heading through the Gulf, but it is not going to effect western Pennsylvania. There is an awful lot of slack built into the natural gas system now. We also have slack from LNG capacity. We don't live or die by Gulf of Mexico supply anymore. You can not fall prey to saying the market will be like it always has been, because things change."

While it would not appear that there could be much more room left open to the downside, the broker said he believes it could drop by more than a dollar. "An Elliott Wave calculation of a fifth wave lower gets us down into around \$1.700 as a possible termination point for the move," he said. "That possibility was opened up when we broke the old low of \$3.155. Some old support points from more than seven years ago also come around in the \$1.600 area, so the \$1.600 to \$1.700 range is our next major support area.

"I didn't think we'd get this low. I personally thought the \$3.20s would hold. At the end of the day, I'm still a bull in all this because I think this move lower sets the stage for a gargantuan rally. Natural gas is the scalable green solution and it is the scalable energy security solution, but right now T. Boone Pickens and his gas crusade aren't getting any traction while we're still having shouting matches on health care. We also have to take care of straightening out the financial system. As I see it energy is at best third on the block and we'll see if Obama has any bullets left at that point."

Others agree that the downside remains open for business. "The daily, weekly and monthly candlesticks show no evidence of bottoming action," said Brian LaRose, an analyst at United Energy. According to his calculations the natgas minus coal spread (BTU adjusted) has been targeting a further reduction in the price of gas. "Now our \$3 key support has been broken. Based on our various wave count models \$2.282-1.964 is our nearest cluster of potential support," he said in a note to clients.

Traders look like they will be able to take their eyes off the storm front for at least a few days. Hurricane Bill looks like it is on a collision course with Cape Cod and Nova Scotia and two tropical waves are currently showing no growth, according to AccuWeather.com.

The natural gas market by way of the general U.S. economy received a bit of bullish news on Friday from the National Association of Realtors (NAR) report on existing home sales for the month of July. The report showed that the sale of previously owned single family homes was up 7.2%, which is the largest gain ever recorded, according to NAR. July was the fourth consecutive month of gains.

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## PRINT COVERAGE

### Developed Countries Eyeing Green Economy as Route Out of Crisis – *Xinhua* – 8/24/09

BEIJING, Aug. 24 (Xinhua) -- Under the pressure of a double crisis, financial and climate, some developed countries are striving to add more green color to their economies, as a way out of recession and to create more jobs.

Investment in green economy is a good way to combine economic stimulus with the urgent task of addressing climate change, said World Bank Chief Economist and Senior Vice President Justin Yifu Lin in an recent interview with Xinhua. "It will also yield great benefit in the long run," he added.

However, doubts and worries remain despite the promising future government officials described in advocating the green economy.

## GOING GREEN

Britain has taken the lead in promoting a green economy and has become the first country in the world to set itself legally binding "carbon budgets."

The British government in July issued the Low Carbon Transition Plan that plots out how the country will meet its emissions targets by cutting 34 percent by 2020, from 1990 levels.

Under the plan, by 2020, more than 1.2 million people will be in green jobs, while 40 percent of electricity will be generated from low carbon sources -- from renewables, nuclear and clean coal.

In the United States, the treasury and energy departments said on Aug. 13 that they will provide 2.3 billion U.S. dollars in tax credits to manufacturers of clean energy equipment as part of President Barack Obama's 787-billion-dollar stimulus package.

In June, the House of Representatives passed the American Clean Energy and Security Act, a bill that aims to reduce the U.S. greenhouse gas emissions by 17 percent from 2005 levels by 2020, create millions of new jobs and reduce the country's dependence on foreign oil.

Obama hailed the passage of the bill in a weekly radio address, saying clean energy and the jobs it creates would build a new foundation for economic growth so that "we do not return to the endless cycle of bubble to bust that led us to this recession."

Other developed countries that are grappling with economic recession are also taking similar green measures.

Last year, France's environment ministry announced a package of measures to foster development of renewable energy sources, which includes 50 items covering the fields of biology energy, wind power, terrestrial heat, solar power and hydroelectric power.

According to the measures, renewable energy will account for at least 23 percent of the whole energy consumption in France by 2020, which means about 20 million tons of oil would be saved every year.

In Germany, the government is investing in clean technology and promoting the use of renewable energy in efforts to overcome the impact of the crisis and maintain sustainable economic growth.

## DOUBTS AND WORRIES

Obama said "The nation that leads in the creation of a clean energy economy will be the nation that leads the 21st century global economy."

But the road to go green is not smooth, for various reasons.

The development of wind energy in Britain, for example, is not without snags. Local residents are worried that wind turbines will damage natural scenery and cause noise, while some other opponents say wind energy is unstable and expensive.

In the United States, oil tycoon Thomas Boone Pickens decided last month to postpone his plan to build the world's largest wind farm, which analysts see as a sign of the difficulties facing the development of wind energy.

Pickens, an advocate of alternative energy, cited several factors that prompted him to shelve the 10-billion-dollar plan -- lack of transmission lines, a drop in the price of natural gas, and the impact of the economic recession.

Besides, the climate and energy bill the House of Representatives approved would force companies to pay for pollutants that are blamed for climate change, a move that will threaten their vested interests and draw opposition from the energy sector.

In fact, the bill was narrowly passed by a 219-212 vote, as many lawmakers feared it would harm local industries and raise energy costs.

In addition, the bill contains tough provisions to levy the so-called carbon tariff on imports from countries that have no statutory restrictions on greenhouse gas emissions, in a bid to ensure that U.S. companies would not lose their competitive edge.

This has drawn criticism from many countries, who said that it was a new kind of trade protectionism under the guise of fighting climate change.

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## **BLOG/ONLINE COVERAGE**

### **Why Natural Gas Makes Economic Sense – *NewMajority.com* – 8/21/09**

All of sudden, everybody seems to love natural gas. At the National Clean Energy Summit in Vegas recently, everybody fell all over themselves praising it - Al Gore, former Democratic Sen. Tim Wirth, former Obama transition team chief John Podesta. T. Boone Pickens and Ted Turner wrote an op-ed in the Wall Street Journal pointing out its advantages as a "bridge fuel" to a lower carbon future.

What gives? Well, in the last 18 months, two things have happened. First, there have been massive natural gas strikes in Louisiana, Texas, Arkansas, Michigan, Pennsylvania and elsewhere. The United States is now estimated to have more than 100 years supply at current rates of consumption. (And it may be much more than that.) Second, tapping that gas is now much easier, thanks to a new process known as hydro-fracking, which pumps high pressure water (and other chemicals) into the rock, freeing the gas. It also doesn't hurt that natural gas is far and away the cleanest burning fossil fuel, more than 50 percent cleaner than coal.

But natural gas has never been a leading player in the world energy story, only a supporting cast member. The reasons historically have been tied to limited availability. (Aside from the recent US discoveries, most of the world's proven natural gas reserves are in Russia and Iran. Hardly trustworthy sources.) Because the supply has historically been uncertain, prices have tended to fluctuate wildly, spiking in the late 1990s (with help from Enron) to a seven-year low just the other day (thanks to the recession). Coal is dirty, but its supply is domestic, reliable and its price is very, very cheap. No wonder utility companies have preferred it to natural gas.

But now that's changing. With plentiful domestic gas supplies now at hand, the advantages of natural gas become obvious. Pipelines already criss-cross the country to get the gas where it's needed. Natural gas generators can be added quickly and easily to existing power plants with minimal NIMBY issues, unlike coal. With all those pluses, the Waxman-Markey bill's proposal to spend tens of billions of dollars perfecting clean coal (and hardly anything on increasing the use of natural gas) is nonsensical.

So the recent popularity of natural gas makes sense, but when did sense have anything to do with the making of energy policy? It certainly doesn't explain the sudden interest on the part of so many players on the political left. Here's a guess: it's safe to say that the likes of John Podesta don't do anything without the sign-off of the White House. I think the Obama White House sees cap and tax going down - hard. Healthcare is inhaling so much political oxygen, cap and tax is likely to be smothered. (So to speak.) I sense they are developing a fall-back position for when their energy policy crashes and burns. If that is indeed the case, then maybe the Obamaites are more sensible than I give them credit for.

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### **Test Drive: Tesla Roadster – *Discover Magazine Blog* – 8/21/09**

Here at Discover Media LLC, we are dedicated to bringing you news of the cutting-edge technology that will change your life. So we dispatched our Cosmic Variance automotive editor (me) to test-drive the car of the future: the all-electric Tesla Roadster. (No real secret actually; I have a friend who owns the car.) Thus, yesterday's picture.

Fancy titles notwithstanding, I'm by no means a true car nut, so I can't offer the insider perspective of a real expert. My take is that of an ordinary person who just had a chance to drive an exotic car through the hills north of San Francisco. After considering the experience carefully, my considered judgment could be expressed as follows: pretty frikkin' awesome.

Let's get some basics out of the way: the Tesla, with a body based on the Lotus Elise, is a tiny car — a two-seater with a trunk that can at best be described as decorative. And it's low to the ground; climbing inside is a bit of a process for the uninitiated. Inside, the electronics are all state-of-the-art (as one might expect), but the Roadster is not a cushy luxury car. It's not uncomfortable, but you're not being coddled by piles of plush leather. Removing the convertible soft top is a matter of unsnapping and stowing by hand; takes just a few seconds, but we're not talking about a top-of-the-line Mercedes where there are separate buttons to stow the top, clean your sunglasses, and freshen your martini. The Tesla experience is about the driving; fripperies are for future incarnations.

So you sit down, turn the key to start the engine, and: nothing. That's to be expected, and should be familiar to anyone who has driven a Prius or other hybrid. The electric motor doesn't need to be turning when the car isn't moving, so turning the vehicle on just means some lights come on. Spooky at first, but you get used to it.

Actually pulling out into the road and driving is a different story. There are basically three things that distinguish the Tesla driving experience from that of your typical Ford Taurus or what have you. First, as you may have heard, the Tesla doesn't believe in a little thing called a "transmission." Technically, there is a transmission, but really it's just a reduction mechanism that translates a certain number of motor revolutions to a certain fixed number of tire revolutions — there are no gears, so there is no shifting, manual or otherwise. The original plans called for a two-speed transmission, but it proved unreliable, so they said screw it, let's just have one gear. As a result, the rate at which the motor is turning is directly proportional to the rate at which your car is moving. That includes reverse; when you're backing up, the motor is spinning in the opposite sense from when you're moving forward. In a conventional car with an automatic transmission, there can be a bit of a delay between when you push down on the accelerator and when you actually accelerate, as the car tries to decide what gear it should be in. No such hesitation in the Tesla.

The second thing, which you may not have heard, is that there is no power steering. I don't know whether that was a matter of cutting down on weight, or whether it was just thought that power steering wouldn't be keeping it real. But despite its diminutive profile, the Tesla is not a light car, coming in at about 2,700 pounds — a third of that in the form of batteries. (The Elise, in comparison, is only about 2,000 pounds; but a Mazda Miata comes in at 2,500 pounds and a BMW Z4 at 3,200 pounds, so the Tesla isn't unreasonable.) To those of us who have gotten used to having the car practically steer for us, the Tesla is a bit of an adjustment. But the adjustment happens quickly, and it's very much in keeping with the sporty nature of the car — you're here for performance, not coddling.

The single gear and the lack of power steering combine to create an effect I hadn't really anticipated before the drive: a visceral connection between the driver and the ground. It's hard to imagine a driving experience that is on the one hand that fast, and on the other hand features so little mediation between what you do at the controls and how the car responds. The engine turns, and the car zips along, at precisely the speed you tell it to, no more, no less; and the wheels turn at an angle precisely proportional to the attitude of the steering wheel in your hands. You are in control.

And — to come to the third crucial distinguishing feature — you're in control of a lot. This puppy is fast. By which I do not mean, as physics training might lead you to suspect, that it travels at a high velocity. In fact the car is electronically regulated so that its maximum speed is 125 miles per hour (and I didn't approach the limit, don't worry). That's fine, because despite the emphasis on sportiness, this is a car that is meant to be driven on actual roads with actual traffic laws. But because state legislatures aren't required to pass any calculus exams, our rules of the road feature speed limits, but not acceleration limits. And it's really acceleration that gives a car a feeling of being "fast"; when you push down on the accelerator, how quickly do you speed up?

In the Tesla, the answer is: as quickly as you could possibly want to accelerate outside a racetrack. The technical numbers tell us that the Roadster goes from 0 to 60 in 3.9 seconds. (A Porsche Boxter does 0-60 in about 5 seconds.) All I can say is, it's incredibly, breathtakingly fast. Punch it, it's gone. Only after driving this car did it occur to me that maybe there should be acceleration limits written into the traffic laws; being able to accelerate faster than this strikes me as very plausibly dangerous. Once you adjust to the parameters of the vehicle, the combination of the incredible power and the unmediated response to your actions yields a driving experience that is pretty darn breathtaking.

There are a couple of other idiosyncrasies to remind you that this is not your father's Oldsmobile. Although the Tesla is utterly silent while standing still, it definitely does make noise while moving. Not very much noise, but what comes to mind is less a Ferrari and more a muffled jet engine. I presume this is because the engine is turning notably faster (perhaps 7,000 RPM at highway speeds, I didn't check carefully) than in an ordinary car. The other thing is the regenerative powertrain. When you take your foot off the accelerator, the car slows down perceptibly — it's taking some of your kinetic energy and using it to recharge the batteries. So you don't need to put on the brakes while going downhill. (Sadi Carnot would have something to say about this, but don't worry — you're still creating some entropy, just achieving something closer to theoretically maximal efficiency.)

In other words: the Tesla Roadster is an extremely fun car. But is it practical?

Well, it's not practical for most of us to actually buy — the sticker price is on the order of \$120,000. And you're not going to take four kids and a dog to the soccer game. Nor are you going to take a road trip across the country; under ordinary driving conditions, the Tesla gets about 200 miles between charges.

But all that is okay. The vast majority of driving is not done on long hauls or with a car packed full of people; it's done by a single person on relatively short jaunts. For those purposes — commuting to work, running errands, going to meet friends — something like the Roadster is just about perfect. There's no reason to lug around two tons of car with room for six when there's only a driver inside. Very few people would want a Tesla as their only car, but if they had two cars, it would be the one they were driving most of the time. And if you can afford to buy the thing in the first place, you can afford another car.

More importantly, in its current incarnation the Tesla is not about practicality; it's a proof of concept. Electric cars have long suffered under the image of being under-powered and super-short range, needing to return home every 50 miles for a lengthy recharge. The Tesla blows those stereotypes out of the water, and that was the idea. Here is a car that is environmentally conscious, but is no sacrifice once you're behind the wheel. It proves that an electric car can have a decent range and be easily recharged. And let's face it — it's hot.

Not that it is quite plug-and-play. The Tesla is powered by an array of about 7,000 lithium-ion batteries, not too different from what you have in your laptop computer (but with special care taken to ensure long life, no overheating, and no explosions). You could, in principle, plug the recharger into an ordinary 110 volt outlet already in your home; problem is, a complete recharge would take about 30 hours. (If you're only driving about 30 miles a day, you wouldn't need anywhere near a complete recharge.) If you've gone this far, however, you probably want to install a 220-volt receptacle; most homes are already wired for the increased voltage, but you have to spend a hundred bucks to install the appropriate unit. Now the car can be fully recharged in about 3 1/2 hours. In other words: come home, plug it in overnight, drive away the next morning.

Of course, even if we all were driving Teslas, the world would not suddenly transform into a green utopia. That electricity has to come from somewhere, and right now it mostly comes from burning dirty fossil fuels like coal. I've read that, under the current setup, driving a mile in a Tesla is just a little bit better in terms of total carbon emissions than driving in an ordinary car; you're using less energy, but it's coming from a dirtier source.

The system is going to have to change. We can't keep burning petroleum in our individual cars, nor can we keep burning coal to get our electricity. The point is that it's fairly easy to see how to get electricity from sources other than coal — we'll need a portfolio of nuclear, solar, wind, etc. But the cars are going to have to go electric, there's little question about that. (Believe Steve Chu if you don't believe me.) A major challenge is going to be upgrading the electrical-power transmission grid; T. Boone Pickens recently had to abandon an ambitious plan to build a giant wind farm in Texas, after he realized that he didn't have the resources to carry the power to the people who actually wanted to use it. But doing that upgrade is not optional, and it's a matter of willpower rather than technological breakthrough.

Tesla obviously isn't the only company that's caught on to the promise of electric cars, although the Roadster currently blows away the competition in terms of speed, acceleration, and range. The much-hyped Chevy Volt from GM is actually a plug-in hybrid, which includes an internal combustion engine to help the electric motor along when you want to go fast or far. That may be the wave of the near future, but I suspect that 100% electric is the medium-term solution. (Until we all have personal jetpacks, or the Singularity arrives.)

Still, it would be nice to have a car more people could afford, and which could hold a couple of friends and/or offspring as well as the driver and a single lucky passenger. Behold: the Tesla Model S. Scheduled for first delivery in late 2011, this will be a true four-door sedan, with a range of up to 300 miles. Still not cheap; estimated cost is around \$60,000. But that's completely competitive with executive-class sedans from Mercedes, BMW, or Audi. The Model S won't put an electric car in everyone's garage, but it will help "normalize" the idea of owning one — you'll start seeing them on the streets in increasing numbers. And after that, there are hopes to offer another model for less than \$30,000. Still not cheap, but getting there.

The future belongs to electricity. The good news is, it's a pretty sexy future.

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**T. Boone Pickens' Hedge Fund Concentrates on Energy, Drops Basic Materials – Seeking Alpha – 8/23/09**

By Todd Walker

BP Capital Management's second quarter SEC filing shows that the hedge fund manager is focusing solely on energy companies these days. While the firm's founder and Chief Investment Officer T. Boone Pickens has been publically supporting clean energy technologies, his stock portfolio suggests that he is still a strong believer in dirty energy. After selling-out of its basic materials sector holdings, the fund now holds 100% of its portfolio in the energy sector, specifically oil and natural gas companies.

BP Capital's top holding, offshore oil drilling and exploration company Transocean Inc (RIG), was trimmed over the quarter by 125,000 shares / \$9.2mm. Even after the share sales, the company still accounts for 22.6% of the hedge fund's portfolio, representing \$26.7mm or 360,000 shares. The firm's other top 5 positions included:

- Suncor Energy Inc (USA) (SU) - \$18.81mm; 620,000 Shares, 15.9% of Portfolio
- Occidental Petroleum Corp (OXY) - \$17.11mm; 260,000 Shares, 14.5% of Portfolio
- Devon Energy Corp (DVN) - \$15.28mm; 280,400 Shares, 12.9% of Portfolio (Purchased 30,400 shares)
- Cabot Oil & Gas Corp (COG) - \$8.43mm; 275,000 Shares, 7.1% of Portfolio (Purchased 75,000 shares)

Independent oil and gas companies account for 51% of BP Capital's portfolio. These companies should be the first to rebound (in the form of higher prices) when demand picks up, including the aforementioned Occidental, Devon, and Cabot, as well as:

- Chesapeake Energy Corp (CHK) - \$6.64mm ; 335,000 Shares, 5.6% of Portfolio
- Forest Oil Corp (FST) - \$3.88mm ; 260,000 Shares, 3.3% of Portfolio
- XTO Energy Inc (XTO) - \$3.62mm ; 95,000 Shares, 3.1% of Portfolio
- Denbury Resources Inc (DNR) - \$3.17mm ; 215,000 Shares, 2.7% of Portfolio
- Anadarko Petroleum Corp (APC) - \$2.27mm ; 50,000 Shares, 1.9% of Portfolio

#### Selling Activity

Besides Transocean, BP Capital also trimmed its exposure to oil and gas equipment services provider Schlumberger Ltd (SLB) by selling 75,000 shares, bringing down its holdings to 100,000 shares or \$5.4mm. Of the eight positions BP Capital exited, five were basic materials stocks. The remaining three exited positions included oil and gas equipment manufacturer Halliburton Co (HAL), industrial equipment manufacturer Shaw Group (SGR), and independent oil and gas company McMoran Exploration Co (MMR). Although an obvious departure from the fund's general sentiment towards independent oil and gas companies over the quarter, BP's divestment of MMR does not come unwarranted. Over the past year, the stock has fallen from a peak of \$34 in August 2008 to a recent low of \$8, which has been fueled by unsustainable operating margins within the company.

BP Capital exited the following positions over the second quarter:

- Alpha Natural Resources Inc (ANR) - Change -230,000 Shares / \$-4.08mm
- Consol Energy Inc (CNX) - Change -150,000 Shares / \$-3.79mm
- Fluor Corp (FLR) - Change -219,000 Shares / \$-7.57mm
- Foster Wheeler Ltd (FWLT) - Change -222,000 Shares / \$-3.88mm
- Halliburton Co (HAL) - Change -200,000 Shares / \$-3.09mm
- Massey Energy Co (MEE) - Change -325,000 Shares / \$-3.29mm
- McMoran Exploration Co (MMR) - Change -200,000 Shares / \$-0.94mm
- Shaw Group Inc (SGR) - Change -80,000 Shares / \$-2.19mm

As reported in July, T. Boone's BP Capital Energy Fund II and Energy Equity Fund II posted 79% and 14% returns, respectively, through the first half of 2009.

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## BROADCAST COVERAGE

### 1. The Clark Howard Show

DMA: N/A

Syndicated Radio (---) National

08/21/2009

02:00 PM - 03:00 PM

00:40:00 ....industrial demand for natural gas is way down ...per thermal price at wholesale --29 cents. and I can't remember when it was last at that kind of price and that is an extremely low price especially when you compare it to the post Hurricane Katrina era where it was a dollar fifty .all I can tell you it is a deal .. and by the way it would be a good deal to run the car on natural gas .. I've tried to do that ... I used to own a **natural gas** car, a Honda Civic GX ...because **T Boone Pickens** running all those ads last summer, people got into a frenzy when regular **gasoline** for car was over four dollars a gallon. They all wanted the **natural gas** cars so I sold mine at a big profit and I had a gentleman who was just really giving me a hard time. How could I sell it?...If I believe in the technology,why did I sell it?...When they get to be cheap again I will buy another one 00:41:59