



## T. Boone Pickens Media Coverage 01.14.12 – 01.17.12

### Total of 8 Placements

#### Highlighted Placements (Full Articles Below)

- **Electricity Declines 50% as Shale Spurs Natural Gas Glut: Energy (Bloomberg) - 01/17/12**  
<http://www.bloomberg.com/news/2012-01-17/electricity-declines-50-in-u-s-as-shale-brings-natural-gas-glut-energy.html>

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

- **Natural Gas Promoted As Cheaper Fuel For Trucks In NW – 01/14/12**  
[http://news.opb.org/article/natural\\_gas\\_promoted\\_as\\_cheaper\\_fuel\\_for\\_trucks\\_in\\_nw/](http://news.opb.org/article/natural_gas_promoted_as_cheaper_fuel_for_trucks_in_nw/)
- **Campaign 2012: Why Bain Capital shouldn't matter – 01/14/12** <http://www.examiner.com/political-buzz-in-national/campaign-2012-why-bain-capital-shouldn-t-matter>
- **What does it take to build a stadium? – 01/14/12**  
<http://www.coloradoan.com/article/20120115/NEWS01/201150359/What-does-take-build-stadium-?odyssey=nav%7Chead>
- **Election year won't end agenda - 01/16/12** <http://www.plasticsnews.com/headlines2.html?id=24220>
- **Natural gas highway dispensers planned – 01/16/12**  
<http://blogs.desmoinesregister.com/dmr/index.php/2012/01/17/natural-gas-highway-dispensers-planned/>
- **Texas House Speaker Straus Swears in John Dickson of Denim Group as San Antonio Texas Lyceum President - 01/16/12** <http://security.itbusinessnet.com/article/Texas-House-Speaker-Straus-Swears-in-John-Dickson-of-Denim-Group-as-San-Antonio-Texas-Lyceum-President-1837185>
- **Natural Gas Goes Down in Flames – 01/18/12**  
<http://www.resourceinvestor.com/News/2012/1/Pages/Natural-Gas-Goes-Down-in-Flames.aspx>

## **Electricity Declines 50% as Shale Spurs Natural Gas Glut: Energy**

January 17, 2012, 4:48 PM EST

By Julie Johnsson and Mark Chediak

Jan. 17 (Bloomberg) -- A shale-driven glut of natural gas has cut electricity prices for the U.S. power industry by 50 percent and reduced investment in costlier sources of energy.

With abundant new supplies of gas making it the cheapest option for new power generation, the largest U.S. wind-energy producer, NextEra Energy Inc., has shelved plans for new U.S. wind projects next year and Exelon Corp. called off plans to expand two nuclear plants. Michigan utility CMS Energy Corp. canceled a \$2 billion coal plant after deciding it wasn't financially viable in a time of "low natural-gas prices linked to expanded shale-gas supplies," according to a company statement.

Mirroring the gas market, wholesale electricity prices have dropped more than 50 percent on average since 2008, and about 10 percent during the fourth quarter of 2011, according to a Jan. 11 research report by Aneesh Prabhu, a New York-based credit analyst with Standard & Poor's Financial Services LLC. Prices in the west hub of PJM Interconnection LLC, the largest wholesale market in the U.S., declined to about \$39 per megawatt hour by December 2011 from \$87 in the first quarter of 2008.

Power producers' profits are deflated by cheap gas because electricity pricing historically has been linked to the gas market. As profit margins shrink from falling prices, more generators are expected to postpone or abandon coal, nuclear and wind projects, decisions that may slow the shift to cleaner forms of energy and shape the industry for decades to come, Mark Pruitt, a Chicago-based independent industry consultant, said in a telephone interview.

### **Power Earnings Impact**

Natural gas fell today on investor concerns that mild winter weather in the U.S. will damp demand. Natural gas for February delivery fell 18.2 cents, or 6.8 percent, to \$2.488 per million British thermal units on the New York Mercantile Exchange, the lowest settlement price since March 2002.

"You're lowering the earnings ceiling every time natural-gas prices drop," said Pruitt, former director of

the Illinois Power Agency, which negotiates power-purchase agreements for the state's utilities.

Price declines are expected to hurt fourth-quarter 2011 earnings and continue to depress profits through 2012, Angie Storzynski, a New York City-based utilities analyst with Macquarie Capital USA Inc., said in a Jan. 11 research note.

Hardest hit will be independent power producers in unregulated states such as Texas and Illinois, which don't have the protections given regulated utilities where states allow a certain level of profits.

### **60 Percent Decline**

The Standard & Poor's independent power producer index, which groups Constellation Energy Group Inc., NRG Energy Inc. and AES Corp., has fallen 60 percent since the beginning of 2008, compared with a 14 percent drop for the Standard & Poor's 500 Index, according to data compiled by Bloomberg.

Low gas prices drained the momentum from a resurging nuclear industry long before last year's meltdowns at the Fukushima Dai-Ichi plants in Japan, said Paul Patterson, a New York City-based utility analyst with Glenrock Associates LLC. No applications to build new reactors have been filed with federal regulators since June 2009.

Exelon, the largest U.S. nuclear operator, canceled plans last summer to boost capacity at two nuclear plants in Illinois and Pennsylvania after analyzing economic factors, Marshall Murphy, a spokesman for Chicago-based Exelon, said in an e-mail.

CMS Energy's canceled coal plant, planned for Bay City, Michigan, would have showcased the newest pollution-control technology for capturing and storing carbon-dioxide emissions.

### **Wind Expansion Slows**

Investors also are cooling on wind investment because of falling power prices, a lack of transmission infrastructure and the possibility that federal subsidies may expire next year. T. Boone Pickens, one of wind power's biggest boosters, decided to focus on promoting gas-fueled trucking fleets after canceling plans for a Texas wind farm in 2010.

"Boone still sees wind being a key part of America's energy future," Jay Rosser, a spokesman for Pickens, said in an e-mail. "Natural-gas prices will ultimately rise and make wind energy more

competitive in the process.”

NextEra didn't include new U.S. wind projects in its financial forecast for 2013, Lew Hay, chief executive officer of the Juno Beach, Florida-based company, said in a November conference call with investors. NextEra's wind expansion after 2012, when a federal tax credit for wind generators is expected to expire, is contingent upon “public policy support,” said Steve Stengel, a spokesman for NextEra, in a telephone interview.

“Wind on its own without incentives is far from economic unless gas is north of \$6.50,” said Travis Miller, a Chicago-based utility analyst at Morningstar Inc.

### **Shale Gas Boom**

U.S. gas supplies have been growing since producers learned how to use hydraulic fracturing and horizontal drilling to tap deposits locked in dense shale rock formations. Gas prices have been falling since mid-2008, when a global recession sapped demand just as drilling accelerated in the gas-rich Marcellus shale in the eastern U.S., according to data compiled by Bloomberg.

Gas prices collapsed further in late 2011 on concerns mild winter weather in the U.S. will curb demand for the heating fuel. Gas is expected to stay below 2011's average price of \$4.026 for the next two years, priced at around \$3.10 per million British thermal units for 2012 and \$4 for 2013, according to Robert W. Baird & Co., an investment bank based in Milwaukee.

### **New Gas Generation**

Declining power prices may also make it unprofitable for utilities to install pollution controls on older coal-fired plants, adding to the wave of plant closures that are expected to result from new U.S. Environmental Protection Agency rules over the next two to three years, Pruitt said.

As much as 90 gigawatts of new generation, enough capacity to light 72 million homes and businesses, will be needed by 2015 to replace retiring coal plants and meet electricity demand, according to a Nov. 30 research report by Hugh Wynne, an analyst at investment bank Sanford C. Bernstein.

Cheap gas makes it difficult for rival forms of fuel to compete, said Sam Brothwell, a senior utility analyst with Bloomberg Industries, in a telephone interview. Historically, gas-fired generators have been the least expensive to build, offset by a higher fuel cost, Brothwell said. With gas falling below \$3, “it makes

all other forms of producing electricity look less competitive by comparison,” he said.

## **Gas Power Costs**

The cost, including construction, to produce one megawatt hour of gas-fueled electricity was \$62.37 an hour in the third quarter of 2011, which was less expensive than coal, wind and solar generators, according to data compiled by Bloomberg.

Power companies are leery of becoming too dependent on gas, which historically has had the biggest price swings of all the power fuels. In 2005, gas prices climbed to nearly \$14 after hurricanes disrupted production in the Gulf of Mexico.

Project cancellations, along with a broader switch from coal to gas, will leave the industry with fewer alternatives and thus more exposed to rising gas prices, Pruitt said.

“The way to make \$4 gas \$8 gas is for everyone to go out and build combined-cycle natural-gas plants,” Michael Morris, non-executive chairman of American Electric Power Inc., said at an industry conference in November. “We need to be cautious about how we go about this.”

## **Natural Gas Promoted As Cheaper Fuel For Trucks In NW**

Tom Banse | January 13, 2012

SALEM, Ore. - Natural gas prices are falling and likely to stay low for the coming years. That's because of the dramatic increase in domestic gas supply from new drilling technologies. Oil prices on the other hand are rising again.

People in this region's trucking industry are now taking a hard look at switching to natural gas as a motor fuel. But some significant hurdles remain before you'll see a lot of natural gas-fueled trucks on the road.

I'm at the gas station to refuel, and darn it all, the price per gallon is creeping up again. There it is, another thirty dollars down the tubes... and all I drive is a thrifty Toyota compact.

Whatever pain at the pump I feel though, it's nothing compared to people like Randy McCulley. He manages a fleet of snow plows, dump trucks, garbage haulers and heavy duty pickups for the

Deschutes County, Oregon Road Department.

"We spend about \$900,000 a year on fuel, about half of that being diesel," McCulley says. "It went up considerably (in price) of course in the past few years."

So that's why McCulley along with dozens of other fleet managers and truck drivers came to a [green transportation conference](#) in Salem. Other attendees included Safeway, Sysco and assorted school districts. They checked out a display of trucks fueled with cheaper compressed natural gas or propane.

"I think it is important that we start using fuels that are created in this country and get away from the foreign dependence on oil," McCulley says. Both Portland-based Freightliner and Bellevue-based Paccar have started making natural gas fueled big rigs. Freightliner sales manager Bob Carrick says the semis cost more up front — up to \$42,000 more — but that can be offset through fuel savings.

"You're paying let's say \$2 per gallon versus \$4 a gallon for diesel fuel," Carrick explains. "That pays for this truck very quickly and then every month after that, you're putting those savings in your pocket."

Natural gas supply has grown in part because of the controversial drilling practice known as fracking.

Carrick ticks off what he sees as advantages of natural gas motor fuel. It's cleaner burning than diesel, safer, has a smaller carbon footprint. But sales are limited because there are so few places to refuel with compressed natural gas (CNG) or liquefied natural gas (LNG).

"Literally, we could have sold five times as many of these vehicles if the infrastructure was out there," Carrick says.

This is where we come to the classic chicken-or-egg dilemma. Fleet operators won't buy natural gas vehicles until they see more filling stations. But truck stops won't offer the alternative fuel until more users hit the road. At least two startup companies from the Seattle area propose to finesse the conundrum.

"We talk about how we need a chicken and egg omelet," quips Ernie Jones, VP for sales & marketing at Emerald Energy NW. His startup aims to put together groups of fuel consumers around central refueling stations.

"We need as I would see it, partners that have skin in the game to invest," he says. "Then you build a

production facility knowing that you have customers that can come to you."

It's not cheap to build a compressed natural gas fueling station. The price tag can easily exceed \$1 million for a big one.

But then you have people like Texas billionaire T. Boone Pickens entering this space. A company he co-founded just announced plans to open a [network of liquefied natural gas fueling stations](#) along truck routes nationwide. Promised locations in the Northwest include Tacoma, Portland, the Rogue Valley, near Hermiston and Caldwell, Idaho.

## **Campaign 2012: Why Bain Capital shouldn't matter**

by Glenn Osrin

January 14, 2012

Unless you live in an underground bunker deep in the mountains outside Salt Lake City, Utah or a private island somewhere in the Caribbean, you are aware of the tumult GOP presidential candidate Mitt Romney has caused ever since he cited the thousands of jobs he created during his tenure at Bain Capital.

Not surprisingly, media outlets are rightfully fact-checking the job creation claim; and in similar fox hunt fashion, competing candidates for the GOP presidential nomination are accusing him of "misstating the facts", as [Newt Gingrich](#) implies or, that Romney is---in the words of Rick Perry--- little more than a 'vulture capitalist'.

Media outlets far and wide have compared Willard Romney to Gordon Gekko, the evil venture capitalist from Oliver Stone's film, 'Wall Street'. Ruthless, slick, and cool under pressure, Gekko never met a profit opportunity he didn't like, coining the phrase in defense, "Greed is good".

All of this makes great fodder for political opponents and breathless media proselytizers alike, but the issue is creating a false sense of outrage and has become a diversion from the entire issue of today's jobs debate: the economy, and how to reign in insatiable corporate greed at the expense of employees.

Red states and blue states can probably agree that private equity firms and corporate raiders do what

they do, they always have and they always will.

One need only look back to the days when speculators like T. Boone Pickens stalked Gulf Oil in a takeover dance that drove the company's stock price high based on the interest Pickens expressed, making millions for he and his investors in Mesa Petroleum long before a deal was ever reached.

Or Kirk Kervorkian, a renowned shark in the corporate acquisition game whose own private holding company, Tracinda Corporation has made millions from buying majority stakes in companies such as Chrysler, MGM and General Motors, and has been able to capitalize on their investment by cashing out for millions in profit at just the right time, often in the midst of takeover talks initiated by Tracinda or others.

As recently as 2006, Kervorkian---after unsuccessfully brokering a Renault takeover of General Motors, dumped a significant amount of the stock he held in GM, causing the company's stock to fall 4.1%.

By the end of 2006, he had sold virtually all of his remaining shares after takeover talks stalled, and shortly after GM's stock lost more than 90% of its' value, falling to \$1 per share by 2009.

It is within the DNA of the venture capitalist beast to circle the prey, driving up the price of the target with speculation of the takeover after making a large initial investment, and cashing out either before the interest peaks and the deal tanks; or, by reaping millions in the very transaction they helped to broker and then gutting the carcass.

The cold hard truth is that individual corporations today are doing to their OWN employees what venture capital firms used to do when they smelled blood in the water.

Perfectly profitable companies are cutting back, laying off, slashing headcount, and cutting benefits and busting unions to save a dime, all in the name of profit for shareholders or investors.

At the same time, these very companies are paying out millions of dollars in bonuses to the very men wielding the sword of slash-and-burn, with no sign of ever coming back from the hunt for profit to reality.

Indeed, what was once an isolated incident of a company like Bain systematically going after one or more companies at a time to reorganize into profitability or, re-make the firm into a pump-and-dump piggy bank along the way is now a common practice in terms of unabridged shameless greed at the expense of employees today.

Thus, the larger issue that the media as well as the presidential candidates should be focusing on with pointer in the fox hunt intensity is what any of the candidates would do to bring America's corporations back into the fold of offering career opportunities, long-term earning potential, [good benefits and more than subsistence-level wages](#). One need only look at internet job boards like Monster.com or Careerbuilder to see that companies are requiring more credentials and are paying less for them at any time in modern history.

If that isn't eye-opening enough, consider visiting corporate web sites themselves: simply do a job search at corporate web sites, and the [number of part-time jobs](#) that are listed will be jaw-dropping.

Why? Because [for the sake of saving millions of dollars](#) after they have laid people off, companies now step to the vibe today that they can save on salary and benefits by hiring less full-time workers and more part-time workers to accomplish the very same sales results, but with more profit.

At least in the days of the corporate raiders like Frank Lorenzo buying and selling airlines, Pickens with his oil consortiums and Kervorkian with his entertainment and auto interests, it was generally a handful of companies in play for the venture capitalists.

A far more sinister environment exists today, where corporations large and small are eating their own en mass.

Bain Capital and Mitt Romney's involvement in it is old news. The new normal in corporate America is the problem and a far bigger concern; and is a conversation the media, the people, and the candidate should be having to see what he would offer to change it, or not.

### **What does it take to build a stadium?**

Amid the cost, time frame and support from the community, boosters and detractors alike are asking how feasible is a new CSU stadium?

11:35 PM, Jan. 14, 2012

By Trevor Hughes

When CSU President Tony Frank first publicly backed the idea of a new on-campus football stadium late

last year, Fort Collins residents started listening. But it wasn't until new Athletic Director Jack Graham put a hoped-for opening date out there - Sept. 6, 2014 - that people sat up and took real notice.

So, the Coloradoan set out to answer a question: How long does it actually take to build a football stadium from scratch? The answer: Anywhere from years to just months, and usually some combination of both. At Florida Atlantic University in Boca Raton, for instance, the process took both years and months, said assistant athletic director Katrina McCormack. She said the university started talking about building a stadium in 2001. Three presidents, three athletic directors and two football coaches later, FAU has one of the newest football stadiums in America, the 30,000-seat FAU Stadium. The \$70 million stadium opened Oct. 15, after just 11 months of construction. "It has completely transformed the campus," McCormack said. "There's a spirit and liveliness around campus that wasn't there before."

McCormack said FAU spent a decade planning for the stadium, laying in utilities to what had been an old military runway and building alumni and community support. She said the team had previously played in a rented high school field and used the time it took to arrange financing to prepare the site. That way, once the money was lined up, the project was shovel-ready. "A lot of what held us up was lack of an alumni base," she said. "Once the loan was approved, the ground was broken and they ran from that first day until it was open." Unlike CSU's existing Hughes Stadium, which is built of dirt and concrete, McCormack said FAU's stadium was built from steel, shortening the construction process.

### **New or reuse?**

Hughes Stadium took about 16 months to build, said John Hirn, the unofficial CSU Athletics historian and the author of the CSU sports history book "From Aggies to Rams." He said ground was broken for Hughes on May 8, 1967, and the first game was played there Sept. 28, 1968. Design and preparation for the stadium began in earnest in September 1966, he said.

"That was in the late 1960s, but you have to think the EPA and many other factors were not as involved as they would be today," Hirn said.

Many universities choose to renovate their existing stadiums, rather than build from scratch. That can speed up the process because an expansion requires little new land by generally maintaining the stadium's existing footprint.

Oklahoma State University, for instance, followed that route in expanding what's now known as Boone Pickens Stadium. OSU graduate and oilman Pickens in 2003 gave the university \$20 million for a

stadium expansion, and then kicked in \$165 million more in 2005.

His gifts and an OSU fundraising campaign led to a multi-phase renovation that saw expansions in 2004, 2006 and then 2009. The stadium now seats 60,000, up from 44,700 during construction, university officials said. The expansion saw the addition of a variety of amenities, including luxury boxes, a training table and football team headquarters.

"While Boone Pickens Stadium is not entirely new, it looks vastly different when you compare old and new photos. The façade was completely changed and the west end zone, which previously stood alone, was connected to the rest of the facility," said Gary Shutt, OSU's spokesman. As part of the stadium project and Picken's gifts, OSU is preparing to create an athletic village to house student athletes.

Whether a stadium includes such amenities can significantly lengthen its design and construction timeline. While the FAU stadium includes an open-air tiki bar, it doesn't contain housing or other non-athletics uses, McCormack said.

CSU's Frank has said he envisions a stadium that's much more than just a place to play football. In a letter to the Fort Collins City Council, Frank said a stadium could include an alumni center, and also noted that some stadiums have residence halls built into them.

### **Building in amenities**

The University of Central Florida, for instance, made a new stadium and indoor arena part of what administrators call an athletic village, which includes 2,000 beds of student housing along with dining areas and stores.

UCF played football games at the Citrus Bowl in nearby Orlando but decided to build a stadium on campus to capture the kind of game-day energy Frank and Graham say CSU is lacking.

UCF formally decided to build the stadium in 2005, took out the necessary loans in August 2006 and opened it fall 2007. Bill Merck, UCF's vice president for administration and finance, said the university initially wanted to build a traditional poured-in-place concrete stadium but saw estimates well above \$100 million. That's when they, like FAU, took a look at steel.

Bright House Networks Stadium, which seats 45,000 fans, cost \$64 million and opened to a sellout crowd, Merck said. He said the steel frame stadium is "reasonably bare bones" but still fan-friendly, and was wrapped with \$1 million in bricks to ensure that it fit with the rest of the campus and didn't look too

industrial.

"You want it to look nice because it's going to be sitting there for years," he said.

Meerck said the university spent a lot of time addressing concerns raised by neighbors about potential sites, one of which was close to neighborhoods and opposed by nearby residents. He said the university made its case to the public that the stadium wouldn't dramatically change neighborhoods, in part by offering free on-campus parking on game days and providing shuttle buses from student housing areas.

Merck said he personally attended 22 public meetings, hearings and neighborhood discussions on the proposal. "It was all about communication - talk, talk, talk," Merck said. "I think it was very important for us to meet with all those groups ... and listen to their input."

He said the university took pains to install highly directional lighting, which means stadium lights focus on the field and not the surrounding neighborhoods, and did the same for the sound systems. He said once the stadium opened, he, his wife and a campus police officer took a drive into the nearby neighborhoods. "You could barely hear it. We never got any complaints about noise once we opened the stadium," he said.

## **Public process**

Frank has promised an exhaustive public process for developing CSU's proposed stadium. He recently appointed a 15-member committee to advise him on the stadium proposal, with its first meeting set for Jan. 31.

"A project of this scope inevitably generates concern and some level of controversy, and it's not in the culture of a university to pursue such a project without careful consideration and input," Frank told City Council members in an email. "Jack (Graham) has established a very aggressive personal timeline for raising the funds, constructing and opening such a stadium. I support him in pushing the project forward, and without his passion and vision, I doubt there's a chance to be successful with such a project."

In his memo to the council, Frank said it's unwise to speculate about potential stadium locations until the committee has a chance to begin its work, but referred to a map of potential stadium sites published in the Coloradoan as containing "considerable inaccuracy."

And he said that while no decisions have been made on whether a stadium will be built, Frank said it's not a good idea to discuss whether CSU should build a stadium without laying some basic groundwork

about a location, design or cost. Graham has publicly suggested a \$100 million to \$200 million pricetag.

"I think that the problems with such a completely linear decision making approach are obvious: We can't discuss conceptual design accurately without knowing something of location, we can't assess fund raising very effectively without some level of conceptual design, and I'm not sure how we could really have any sort of informed discussion without some level of information on what we're discussing," Frank wrote. "Throughout the process, and on all the issues noted above, we are building in significant opportunity for public comment and involvement."

In order to build a stadium, CSU will have to alter its published master plan and get approval from its governing board, the same process that UCF followed, Merck said. Asked to give some advice to any university building an on-campus stadium from scratch, Merck said it's important to ensure there's "no surprises" for the public, students or potential neighbors.

And he said getting the financing properly arranged is key. Bright House Networks Stadium is paying for itself through ticket sales and naming rights, he said, but major donors didn't step forward. "Don't count on big donors. And don't count on getting a big fee from students," he said. "That won't go over well."

Frank said he expects CSU will be able to build the stadium with help from private donors and by selling the naming rights. Frank said additional football ticket sales will help cover the costs of a new coach and athletic director.

"We will not use state-appropriated funds or tuition revenue on a stadium," Frank told the council. "I cannot imagine taking any type of tax request forward given the fiscal climate, and I don't see that climate changing during the time we'll be pursuing the project."

## **Election year won't end agenda**

By Bill Carteaux | SPI

Posted January 16, 2012

While there are some legislative prognosticators who believe that the plastics industry should patiently wait out 2012 on the sideline due to next November's presidential election, I respectfully disagree. Though our resilient industry fared significantly better over the tough economic times of the past few

years than other U.S. manufacturing sectors, we cannot afford to wait on the challenges that remain. I am hopeful that the presidential candidate who emerges victorious next year will have a sound plan for economic growth and the skills to break the gridlock on Capitol Hill. But in the meantime, SPI's advocacy team will continue to aggressively navigate several legislative avenues of importance to plastics processors. Here is an overview of what I believe are opportunities to advance positive policy initiatives for the benefit of our industry in 2012.

### **Risk-based chemical rules**

The Toxic Substances Control Act is currently being reviewed by Congress. Passed in 1976 (and not significantly amended since enactment), TSCA gives the U.S. Environmental Protection Agency authority to review and regulate chemicals and ensure that products are safe for intended use. But after 35 years, confidence in EPA's regulation of chemicals — stirred by activist claims rather than scientific fact — has eroded to the point where individual states have legislated their own chemicals management laws and retailers have taken it upon themselves to ban products from their stores.

SPI supports prudent modernization of TSCA to take into account 21st century advances in science. However, in the coming year we will work to defeat Sen. Frank Lautenberg's (D-N.J.) proposed Safe Chemicals Act of 2011 (S 847), because it ignores risk assessment and the significant socio-economic benefits of products made with chemicals, such as plastics. Plastics play an important role in a sustainable society, and overly rigid mandates would be detrimental. Specifically, Lautenberg's proposed bill would:

- \* Expand the law to encompass plastics processors, pulling the entire plastics industry supply chain into a regulatory regime that has historically been applicable only to chemical substance manufacturers and importers.
- \* Threaten companies' intellectual property rights and confidential business information.
- \* Provide no meaningful pre-emption from a patchwork of state laws.

We are cautiously hopeful that efforts to amend TSCA will be predicated upon a meaningful and open stakeholder consultation process. If so, SPI will certainly be an active participant.

### **More oversight of agencies**

Critical to our nation's economic recovery is the ability of plastics industry companies to operate their businesses efficiently and free of unnecessary regulatory burdens. In 2012, SPI will continue to spur Congress to have an increased role in oversight of the federal agencies that deeply impact the plastics

industry — particularly EPA and the Occupational Safety and Health Administration.

EPA continues to expand its regulatory reach in areas such as chemicals management (under its existing TSCA authority), as well as manufacturing sector-wide issues such as regulation of greenhouse gas emissions. The Energy Tax Prevention Act of 2011, for example, would prevent the EPA from regulating GHG emissions from stationary sources under the Clean Air Act. SPI will advocate for this legislation in order to lift burdensome regulations on plastics industry facilities, reduce their energy costs, and bolster their competitiveness.

SPI will also advocate for modifications to an OSHA proposed rule entitled “Occupational Injury and Illness Recording and Reporting Requirements — NAICS Update and Reporting Revisions.” Proposed changes include requiring employers to report to OSHA, within eight hours, all work-related in-patient hospitalizations. In addition to concerns about the rule’s lack of clarity on classifications and interpretations, SPI also believes that many companies will not have the ability to fully comply with the eight-hour requirement.

I am hopeful that Congress will move a handful of other agency oversight bills that SPI supports (including the EPA Regulatory Relief Act of 2011, the Regulatory Accountability Act and the Regulatory Flexibility Improvements Act of 2011) in 2012. Currently pending in Congress, these three bills would provide our industry with regulatory relief and improve the rule-making process in the future.

## **Energy policy**

SPI has a unique voice in the national energy discussion because our industry relies on energy resources for both its raw materials and the power to create its products. Our advocacy team will be working hard in 2012 to caution Congress about the unintended consequences of arbitrary restrictions on access to natural resources or market-skewing subsidies that favor one technology over another.

The plastics industry is particularly concerned with a House legislative proposal called the New Alternative Transportation to Give Americans Solutions Act of 2011 (HR 1380/S 1863). Also referred to as the “Nat Gas Act,” this bill would grant \$5 billion in unfunded subsidies for the use of natural gas in vehicles and the attendant infrastructure through 2016. Skewing the marketplace for industrial natural gas users such as the plastics industry, the bill would cause natural gas demand to increase by 7 percent. This would be a profound threat to our industry, which relies on natural gas to power our plants and create our product, and which depends on stable natural gas supply and pricing. SPI will certainly oppose the Nat Gas Act in 2012, as well as any similar subsidies that would artificially increase natural

gas demand and suppress the market-driven emergence of other energy technologies.

## **Tax reform**

Many on Capitol Hill continue to keep up the drumbeat for fundamental tax reform — an issue that I believe will play into the presidential elections. SPI will only support tax reform that promotes growth, is comprehensive rather than piecemeal and includes transition rules to give businesses sufficient time to plan and adjust.

SPI supports the “last-in/first-out” inventory accounting method. LIFO is used heavily by companies in the manufacturing sector to match their current sales revenues with current inventory replacement costs. By taking into account the cost of replacing inventory, LIFO results in a more accurate measure of the financial condition of a business and the amount of income that can be taxed. Unfortunately, the Obama administration proposes to abolish LIFO — which would amount to a tax increase for our industry. SPI worked diligently to keep this measure out of debt limit extension legislation in 2011, but it will be back in 2012 as the White House will once again propose it to Congress in its 2013 budget recommendations. Because preservation of LIFO is critical to the plastics industry — to the tune of \$72 billion saved over five years — SPI will be pressing for it in 2012.

Since I became president of SPI in 2006, I have spoken and written about the need to preserve and extend the R&D credit. I should not have to do this annually. Originally enacted in 1981, the R&D tax credit has been extended 15 times. It continues to be critical to U.S. plastics manufacturers because it helps boost industry investment in research done in the United States and is essential for sparking innovation of new products and competitiveness in world markets. The credit is a sure way to stimulate both growth and jobs. At the end of 2010, Congress extended the credit through 2011. The president’s mid-February fiscal year 2012 budget proposal to Congress calls for making the R&D tax credit permanent and expanding it by nearly 20 percent. In March 2011, U.S. Rep. Kevin Brady of Texas introduced HR 942 which would extend the credit through Dec. 31. A similar measure has recently been introduced by Sen. Max Baucus, D-Mont. SPI will continue its advocacy efforts aimed at making this tax credit permanent and we are confident that Congress will once again extend the credit (though perhaps retroactively).

The final tax proposal that SPI will oppose in 2012 is the Superfund tax — a monster we thought had died for good in the mid-90s. The Obama administration hopes to reintroduce the Superfund tax. SPI opposes the reintroduction of Superfund taxes, elements of which include a per-barrel tax on crude oil and petroleum products as well as an excise tax on feedstock chemicals and a general corporate tax

rate increase.

## **Growing markets overseas**

Following up on a legislative victory we experienced in October, I am looking forward to implementation of Free Trade Agreements with South Korea, Panama and Colombia in 2012. I was delighted to be at the White House when President Obama signed these FTAs into law. SPI is constantly lobbying Congress to remove obstacles that prevent plastics industry export. By voting to pass these three trade agreements, Congress has helped to create jobs and provide new market opportunities for plastics industry manufacturers and suppliers.

These FTAs will create billions of dollars in new exports within a few short years. The U.S. Trade Representative's office has estimated that together these three agreements will generate 250,000 jobs. South Korea is the 10th-largest export market for U.S. plastics. Since 2000, plastics exports to South Korea have increased by 44 percent. Colombia is the 16th-largest export market for U.S. plastics. Since 2000, plastics exports to Colombia have increased by 163 percent. Although not presently a top market for the U.S. plastics industry, Panama has shown tremendous growth potential as well. Since 2000, plastics exports to Panama have increased by 107 percent.

In 2012, SPI will continue to support pro-growth measures that increase opportunities for U.S. plastics manufacturers overseas. The Trans-Pacific Partnership Agreement, which involves 10 countries (Australia, Brunei Darussalam, Chile, Japan, Malaysia, New Zealand, Peru, Singapore, the U.S. and Vietnam), may be in play this year. In addition, a U.S.-European Union FTA is also being explored in an effort to deepen bilateral trade, investment ties, economic growth and jobs. Europe is a key market for the U.S. plastics industry, so the possible impacts of a U.S.-EU FTA would be significant. For 2011, industry exports to the 27 member states of the EU total \$6.2 billion and are up 9.2 percent over this time last year.

So you see, federal legislative challenges to the plastics industry will not rest just because it is a presidential election year. SPI's advocacy team, therefore, will not rest either. Our advocacy efforts in 2012 (SPI's 75th anniversary year!) will implement all of our organization's resources — staff and member expertise, grass-roots networks and coalitions — to successfully lobby on these critical issues. We will not wait to see how the elections pan out.

## Natural gas highway dispensers planned

5:17 AM, Jan 17, 2012 | by Dan Piller

A venture by Texas multimillionaire T. Boone Pickens has listed the Pilot/Flying J truck stop at I-35 and Douglas Avenue as one of its first locations for a natural gas dispenser for trucks.

[Clean Energy Fuels](#) of Seal Beach, Calif., which is funded largely by Pickens and gas producer Chesapeake Energy of Oklahoma City, recently announced a nationwide highway network of dispensers to be built along interstate highways.

Clean Energy is focusing first on major urban centers such as the greater Los Angeles and the Dallas/Fort Worth-Houston triangle.

But coast to coast truckers will have a dispensing network by later this year or into 2013, according to an announcement by Clean Energy.

But the Clean Energy announcement also lists locations along I-80 in LaSalle, Ill., just west of Chicago, Gretna, Neb., near Omaha and North Platte in western Nebraska plus other locations near St. Louis and Kansas City.

Natural gas has come into abundant supply in the U.S. after development of several big new shale fields in Texas, Louisiana and in the northeastern U.S. The price of natural gas has dropped to a ten-year low due to 6-7 percent annual increases in production since 2007.

Natural gas boosters claim that the per mile cost of natural gas as a truck fuel would be \$2 per gallon or less equivalent, a tempting figure to truckers laboring under diesel costs of \$3.60 or more per gallon. Long cheaper than automobile gasoline, diesel fuel has become more expensive than unleaded gasoline in the last decade due to changes in refining practices and environmental regulations.

Pickens efforts to get federal tax credits have touched off an interesting battle in congress with fellow billionaires the [Koch brothers of Kansas](#), whose Flint Hills Resources owns ethanol plants in Iowa at Fort Dodge, Albert City, Hartley and Charles City.

Last week U.S. Rep. Tom Latham (R-Ia.) suggested that Pickens and other natural gas interests were behind the reluctance of congress to extend production tax credits for wind energy, which expire at the

end of this year.

Boosters of biodiesel, which began as a soybean oil-based fuel but has had to switch largely to animal fats as feedstock due to high soybean costs, are keeping a wary eye on Pickens and his natural gas machine as a potential competitor to biodiesel.

The federal government will mandate the use of 1 billion gallons of biodiesel this year.

Natural gas and wind are direct competitors for electric utility generation. Many utilities have switched from coal to natural gas as a lower-emission fuel, which has resulted in the delay or cancellation of several wind energy projects around the U.S.

## **Texas House Speaker Straus Swears in John Dickson of Denim Group as San Antonio Texas Lyceum President**

January 16, 2012 – (PRWEB)

[The Texas Lyceum](#), the states preeminent non-profit, non-partisan leadership organization hosted a ceremony today at the Texas Capitol where House Speaker Joe Straus swore in San Antonio cyber security expert John Dickson of [Denim Group](#) as the 2012 Lyceum President. Straus also congratulated 20 new Lyceum Directors from across Texas as well as the organizations executive committee.

The 32 year-old leadership group, which hosts quarterly conferences regarding key public policy issues facing Texas, is looking forward to the Lyceums first quarterly meeting in Brenham Texas where the topic is caring for adults with special needs. The meeting will include outstanding expert leaders in the field and feature panel discussions on science, special education, special needs [funding](#), and long-term care. Participants will hear from prominent Texans with first-hand personal experience including Texas football legend Gene Stallings. The weekend will also cover bold and creative ideas to better serve persons with special needs including a panel on recent innovations lead by organizations such as Morgans Wonderland, Social Motion Skills, Inc., and The H.E.A.R.T. Program.

The Lyceum will host a second meeting in San Antonio, April 26 28, regarding public education policy, [workforce](#) issues and the Texas economy. This summer, August 9 10, Lyceum members will meet in Amarillo to tackle the timely and controversial policies surrounding the water crisis in Texas, with T. Boone Pickens as one of the featured speakers and this October, The Texas Lyceum 2012 Public

Conference will convene in Houston. This years public conference will feature top scientists and entrepreneurs discussing public policy around commercialization and funding of biomedical research, education in the sciences and medicine, challenges faced and lessons learned by the leading entrepreneurs, and state initiatives including the \$3 billion Cancer and Prevention Research Institute of Texas.

## **Natural Gas Goes Down in Flames**

The Mad Hedge Fund Trader

January 18, 2012

I received a scratchy and barely audible call from my buddy out in the Barnett natural gas fields just outside of Fort Worth, Texas, the other day. With the price for CH<sub>4</sub> decisively breaking through \$3/MBTU this week, traders were now resigned to seeing a new ten year low in the near future, possibly as low as \$2. The men on the rigs were getting restless, fearing layoffs in their future. Did I have any insights?

Natural gas has been your worst nightmare of a commodity since its peak at \$14 in 2008, then riding on crude's coattails in its infamous run to \$149/barrel. Since then, natural gas has cratered 80%, and is down 37% from its 2011 top.

You can blame the new "fracking" technology, which in the last four years has unlocked a 100 year supply of natural gas in shale fields, that until recently, were considered unproductive. Hard bitten roustabouts with a line of crude permanently under their fingernails have been driving their RV's to previously unknown destinations, like Pennsylvania, Alabama, West Virginia, North Dakota, and even California. There is probably a second 100 year supply out there, but with prices so low, what is the point in looking. Europe and China have as much untapped "unconventional gas" under their feet, since their geology is similar, if they could only figure out the technology.

Fracking involves drilling down to 7,000 feet, filling the well with a liquid, and then letting off an explosive. The shock wave shatters the shale formation, allowing the gas to flow freely. While there have been numerous complaints about contamination of ground water by toxic chemicals, every case I investigated could be traced to an incompetent contractor inexperienced in the technology.

I was one of a handful of venture capitalists who helped pioneer fracking in the Barnett a dozen years ago who the locals considered crazy. You want to spend \$1 million on a new well and then blow it up? That skepticism allowed me to snap up leases for mineral rights depleted by conventional means for pennies on the dollar. My back still hurts when I think about driving down those bumpy washboard roads.

By 2005, it was clear to me that the technology worked and would have a hugely negative long term impact on prices. All that was needed was for the majors to move in. So I sold out my interest to a major production company and never looked back.

For the last three years, the natural gas industry has not been a happy place. Share prices of industry leaders like Chesapeake (CHK) and Devon (DVN) have been hammered as competitors sought to offset falling prices with increased volumes. The result has been a glut of this deeply despised molecule of Biblical proportions. There is a risk that production could overwhelm storage by this summer, leading to even lower prices. Natural gas is now even cheaper than some of the higher grades of coal, like anthracite, which was once unthinkable.

Gas prices are now 15% of the cost of oil on an equivalent BTU basis. So if you own one of the few natural gas cars around this means you are buying fuel at 60 cents a gallon. Since gas burns so cleanly, you probably can go 100,000 miles between tune ups. Your carbon emissions are half of what a gasoline engine generates, and there are no poisonous nitrogen or sulfur dioxides.

So why aren't we all driving natural gas powered cars by now? You can blame the heavy hand of government regulation. Energy is one of the most heavily regulated industries in the country. To use even a fraction of the gas we are producing, massive deregulation of the transportation, distribution, and sale of natural gas is required.

Former corporate raider and oil man, Boone Pickens, has been attempting to do exactly that with an \$80 million lobbying campaign on Capitol Hill. His proposals include relaxed controls on building new gas pipelines and tax subsidies for the conversion of heavy trucks and fueling stations. But he has been blocked at every turn by oil industry lobbyists who want to keep us all hooked on the black stuff for as long as possible.

The discovery of these enormous new energy supplies will precipitate the greatest change to the global economy over the next three decades. The US, the "Saudi Arabia" of natural gas, will flip from a large energy importer to a large exporter, primarily to China. All of a sudden, all those expensive wars in the

Middle East are meaningless, as is the Keystone pipeline.

I think the way this ends is that the oil industry buys the entire natural gas industry. Prices are now so cheap they can do this for pocket change. That makes every gas producer out there a potential takeover target. With 150 years of management expertise, a deep pool of engineering talent, cash coming out of their ears, and existing distribution networks in place, who better to do this? This is already well underway, with Exxon's purchase of XTO Energy a year ago a perfect example.

Unfortunately, there are few trades here with which we can participate. I pleaded with readers to stay away from gas for all of 2011. It never rallied much last year, so there weren't any great entry points on the short side. You are better off to focus on companies that profit from volume, not price. One candidate is Cheniere Energy (LNG), which is gearing up to liquefy natural gas for export from the US to Asia.

As for my friend's crew, I told him not to worry. If drilling does scale back in the Barnett there was always plenty of work in North Dakota's Bakken field, where fracking is being more widely applied to oil production. Roustabouts were commanding salaries well in excess of \$100,000 a year there with benefits up the wazoo. Sure, the weather sucks, and it is a very long trip to a Dallas Cowboys game. But it beats the hell out of going on unemployment

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