



T. Boone Pickens Media Coverage 1.30.10-2.1.10

Total of 9 Placements

-  Print: 3
-  Blog/Online: 5
-  Broadcast: 1

Coverage Summary:

The Financial Times article looks at how the natural gas industry has rejuvenated an area in Louisiana that was once run down and struggling. The piece explains how new drilling techniques have led to an abundance of natural gas and quotes Pickens as saying natural gas is going to have an impact on the whole nation. The piece also includes Pickens' statistic that if the country converted 6.5 million of its heavy trucks to run on gas, it could reduce oil imports from OPEC by 2.5 million barrels a day.

Highlighted Placements (Full Articles Below)

-  **Louisiana's Shale Gas Bonanza** – *Financial Times* – 1/30/10

Print Placements (Full Articles Below)

-  **N.D. Stands to Miss Out on Energy Jobs** – *Grand Forks Herald* – 1/31/10
-  **Squandering Ontario's Wealth A Billion at a Time** - *Northumberland Today* – 2/1/10

Blog/Online Placements (Full Articles Below)

-  **It's Not Blowing In The Wind** – *American Thinker* – 2/1/10
-  **Fuel Systems: Is Gas Tank Half Empty or Half Full?** – *Seeking Alpha* – 2/1/10
-  **A 1-in-100 Investor** – *The Motley Fool* – 1/29/10
-  **Who Puts The "Conserve" In Conservative?** – *Greenopolis.com* – 1/30/10
-  **Buffett's Sepamore Signal: Should Burlington Northern Shareholders Think Again Before Saying 'Yes' To Berkshire Hathaway?** – *GuruFocus* – 2/1/10

HIGHLIGHTED COVERAGE

Louisiana's Shale Gas Bonanza – *Financial Times* – 1/30/10

By Sheila McNulty

After their father died 15 years ago, Mike Smith's six siblings wanted nothing to do with the tract of land the old man had gradually acquired from his income as a pipeline welder. The land, 365 acres of it, lay in a quiet and sparsely populated corner of Louisiana: nothing but pine trees for miles around. In a county so poor that about a fifth of the population lives below the poverty line, the bequest wasn't good for much.

But for Smith, a tall, slim man of 61 with a kindly face, DeSoto parish was home. "That's where my roots are. I wanted the land," he says. Smith paid \$300 an acre – \$109,500 in total – to his siblings. And while he kept his home in Shreveport, 40 miles to the north, he travelled down to DeSoto regularly to walk his acres, or hunt squirrel and deer. His plan was to sell the trees for lumber one day, and use the income to fund his retirement. Until then, he would pass the years frugally, making a living as a property valuer and sharing his 50-year-old house with two dogs and a cat.

All the while, the county seat of Mansfield, home to 5,500 people, withered. With only coal and timber to support it, the parish could not even repair its roads. Across from the courthouse are telltale signs of the desperation that began to claw at the area – the dusty, vacant windows of the hardware shop and cinema, and beyond them the Community Bank of Louisiana. It opened its doors in 1901 but is now so run down that the visitor struggles to make out what colour the wallpaper would once have been. The phones are from another age and an old standard lamp in an upstairs office blinks fitfully into life and then goes dark again.

"When I came in, the town was dead. There was no sign of economic growth here," remembers Curtis McCoy, mayor for the past seven years.

All that changed in 2008, when oil and gas companies began knocking on doors, offering locals a couple of hundred dollars an acre if they would lease their land for prospecting. Some, like Jim May, executive director of the DeSoto Chamber of Commerce, jumped at the offer and signed a three-year lease on his 100 acres for a total of \$25,000. Nobody had shown any interest in the land in decades, he reasoned. Six months later, the goldrush was at its height and prices leapt to \$25,000 or even \$30,000 an acre. "I lost \$2.5m," says May with a wistful smile.

"People went to bed one night and woke up the next morning to find themselves rich," says McCoy. That included Mike Smith, whose land was so sought after that in May 2008, PetroHawk Energy, a small, independent oil and gas company, handed him a \$1.4m signing bonus in return for permission to drill for natural gas on his late father's property. "It changed my whole life," he says. "I don't have to cut my trees any more."

Smith is sitting behind the wheel of a new gold Cadillac, parked outside this year's Haynesville Shale Expo in Shreveport, an event that has attracted 5,000 people, most of them landowners who missed the leasing frenzy and are eager to see whether they still have time to cash in. It was Smith's dream since he was a boy to own a new Cadillac, like the one his father always made sure his mother drove. He paid \$52,000 cash for the car. "That was the first investment. It kind of hurt a little bit," he smiles. A small wooden cross dangles from the rearview mirror.

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The prize that drew companies such as PetroHawk to Smith's impoverished corner of Louisiana is known as shale gas. Smith's acres sit on top of the Haynesville Shale, named after the town near which the prospect was discovered – a seam of black rock between 150 and 300ft thick that lies hundreds of feet underground and extends across 3,400 square miles of Louisiana and Texas. Trapped inside this rock

are vast quantities of natural gas – estimated at between 112 and 245 trillion cu ft. At the upper end of this range, Haynesville gas could meet the US’s energy needs for about 12 years.

This isn’t the most extensive prospect of its kind in the US; that distinction belongs to the Marcellus Shale in Pennsylvania and neighbouring states, which is reckoned to cover 65,000 square miles, an area larger than Greece. But based on the wells drilled so far, the Haynesville may well turn out to be one of the most productive. “It was the Haynesville that turned the tide on how big shale could be for US supply,” says Jeff Fisher, senior vice-president of production at another US company, Chesapeake Energy.

Indeed, the impact is expected to extend well beyond America’s borders. Industry consultants at PFC Energy in Washington, DC, believe that developing supplies trapped in shale deposits could more than quadruple the world’s known gas reserves. “This is a transformational event,” says its chairman, Robin West. His consultancy puts global reserves of natural gas from “unconventional” sources such as shale beds at 3,250 trillion cu ft, a total based on 1997 geological estimates that he believes will rise as the techniques available to extract the gas improve. By comparison, global reserves of natural gas from “conventional” sources total 620 trillion cu ft. Not all of these shale reserves will ever be tapped, but the technology to do so is available and, for the first time, companies are putting it to use.

To extract gas from shale involves drilling down, sometimes thousands of feet, and then sideways as much as 4,500ft. Once a well has been drilled, water with fine grains of sand is pumped through at high pressure; this fractures the shale and leaves behind the grains of sand, which prop open the fissures in the rock and allow the gas to escape.

Using this technique, Devon Energy, an Oklahoma-based oil and gas independent, sank a well last autumn in the Texas portion of the Haynesville shale (until then thought to be a low point in the “play”) that produced a flow rate of more than 30 million cu ft of gas per day, the highest ever from that area. This result led others to redraw the borders of the gas field, suggesting it was even more extensive than originally believed. “No one, us included, knows how that play is going to evolve,” says Larry Nichols, Devon’s chief executive. “We did not anticipate it would grow this much. Now we realise there are more opportunities for onshore growth than we ever thought would be possible.”

This realisation marks a volte-face for America’s oil and gas companies. By the 1970s, the majors had decided that onshore reserves of oil and gas in the US had been tapped, so they sold much of their acreage in order to focus on offshore and international exploration. This left the independent explorers, which drill 90 per cent of onshore wells in the US, to pursue what was left. “For years we have known that the United States holds vast quantities of so-called tight gas or shale gas – natural gas locked in formations denser than concrete,” Rex Tillerson, ExxonMobil’s chief executive, said in October. “But we did not have the technology to extract this so-called tight gas in a cost-effective way. Until now.”

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Credit for that breakthrough goes to George Mitchell, who at 90 is among the last of the original wildcatters still alive. His breed of oilmen spent their lives searching for the next Spindletop – the Texas oil well that in 1901 spouted a thick, black geyser, marking the birth of the US oil industry. Duke R. Ligon was senior vice-president at Devon Energy when, in 2002, Mitchell was preparing to sell his company to Devon and retire a billionaire. Few people realised it at the time, but Mitchell had already laid the groundwork for the shale boom by pioneering an effective and economic way to extract the gas. “You had to laugh in the negotiations because, according to him, everything was Spindletop,” Ligon recalls. He pauses, then adds: “He happened to be right.”

The technology and expertise developed by Mitchell Energy and refined by Devon has transformed the industry. In the past three years, estimates of US gas reserves have grown from 30 to 100 years’ supply at today’s rates of consumption. “We did all the work,” Mitchell says. “The majors didn’t do it; the independents did it. Now the majors are angling all around.”

Exxon, the biggest of them all, has built up positions in the Marcellus Shale and other fields across Oklahoma, Arkansas and Texas, and in December it took over XTO Energy, a US independent, in a \$41bn deal that will further increase its exposure to onshore US natural gas. Exxon is also looking at making shale an international proposition and has holdings in Canada, Germany, Hungary and Poland. And all the while competitors from around the world are lining up, hoping to learn from the pioneering US independents and take that expertise with them wherever they can.

Hans-Martin Schulz, a German geologist, is co-founder of Gas Shales in Europe, a project funded by the oil and gas industry to explore the potential for development in Europe. "We are making the first steps in research," he says. "It's hard to estimate, at this point, what will happen." National and international energy policies will dictate how much gas is extracted, but there is no doubt that countries from Poland to China want to get in on the act. On November 17, Barack Obama and China's President Hu Jintao launched the US-China Shale Gas Resource Initiative, which aims to use experience from the US to assess China's shale gas potential.

But gas has its critics. It is about 30 per cent less carbon intensive than oil and 50 per cent less than coal, but it still emits carbon, which makes it less desirable than renewable energy resources. Fracturing the rock requires large quantities of water laced with chemicals, which critics fear could leak into groundwater and aquifers. Shale developments have been blamed for contaminating wells and the death of livestock exposed to potassium chloride in the water used to fracture the rock; this has led regulators to consider buffer zones around reservoirs and aquifers.

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There has been no outcry in places such as Texas and Louisiana, where lawmakers have long supported the oil and gas industry. Indeed, Louisiana is offering tax incentives for people to install fuelling equipment that will allow vehicles to run on compressed natural gas. But in the north-eastern states, where the mood is less welcoming, Chesapeake Energy recently abandoned plans to drill in the New York watershed, which supplies unfiltered water to nine million people. "Why go through the brain damage of that, when we have so many other opportunities?" says Aubrey McClendon, its chief executive.

The Riverkeeper, an environmental group, has called for a permanent ban on drilling in ecologically sensitive areas such as the Catskills region. But local governments are torn, given the number of jobs shale developments create at a time of high unemployment. A study by IHS Global Insight reported that gas contributed \$385bn to the US economy in 2008 and more than \$180bn in labour income alone; by comparison, the coal industry contributed \$79.9bn. More than 30 US states boasted at least 10,000 jobs directly or indirectly attributable to the gas industry.

At the end of 2008, the US Department of Energy says domestic proven gas reserves rose by 3 per cent to reach their highest level since the US Energy Information Administration first reported them in 1977. Discoveries of 29.5 trillion cu ft of gas during 2008 represented the sixth consecutive annual increase, with reserves from shale reservoirs up 51 per cent over 2007.

"It is very significant," says Richard Newell of the US Energy Information Administration. Under most scenarios of future energy and climate legislation, US natural gas production will increase during the next 20 years. But further ahead, the picture becomes less clear. By 2050, if the US built more nuclear and wind-generating capacity and managed to capture and store the carbon emitted from coal-fired power stations, then it would be cheaper to use those technologies than to burn more gas and capture its carbon emissions, Newell says. "The size of the role natural gas would play depends on the availability of those other options."

In its favour, he notes, gas-fired power stations can be built faster and more cheaply than coal equivalents and offer a better fit with renewable sources because they are easier to turn on and off to supplement wind and solar when the wind drops and the sun doesn't shine. "Price is the main impediment," Newell says.

And natural gas prices are unpredictable. In recent months, when gas fell below \$3 per million British thermal units (mBtu) – a seven-and-a-half-year low – that hardly seemed a cause for concern. But as recently as 2008, US gas prices reached a record \$13.69 per mBtu. Even at \$3.20 per mBtu, however, developing shale gas is profitable.

“Every square inch of my district has natural gas under it,” says Tim Murphy, a US congressman, referring to Pennsylvania’s Marcellus Shale, which runs from New York to Tennessee. “It’s going to have an impact on the whole nation.” T. Boone Pickens, the 81-year-old oilman who has become a spokesman for the natural gas industry, told Congress in October that the US has more natural gas than all the oil in Saudi Arabia. If the country converted 6.5 million of its heavy trucks to run on that gas, it could reduce its oil imports from Opec producers by 2.5 million barrels a day. To make that happen, Murphy says the US must create incentives for public gas refuelling stations, or in-home gas refuelling, and plug-in vehicles. This can be funded, he argues, from the additional revenues the government will receive from gas producers if they have incentives to increase output. “It’s a solution that grows upon itself.”

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The biggest believers are in the Haynesville area, where last year gas projects produced \$3.9bn in household earnings and accounted for 33,000 new jobs, according to Loren C. Scott & Associates, an economic consultancy. It estimates state and local tax revenues increased by at least \$153.3m in 2008 as a result. “It’s going to turn this parish upside down over the next five to 10 years,” says Tommy Craig, of the Community Bank of Louisiana. Deposits are already up 25 per cent from late 2007.

Mike Smith is one of the few spending his windfall. Whereas others have run only to a new pick-up truck, he does not have a wife or children, so the money is his to spend. He has bought a couple of large-screen televisions and invested some of his payout, buying stock in Ford Motor Company when it hit \$2 – “I have a bunch of it,” he says. But after years of thrift, even he has mostly held on to the money, using it for necessities such as medical bills. He was able to pay upfront to have a cancerous growth removed from the side of his nose, rather than cover the costs in instalments.

Other big winners from the shale rush remain cautious about spending their signing bonuses, despite the promise of royalty cheques once production begins. The Marshburn family, who own 400 acres, including a share in the most productive Haynesville well to date, are one example. Mike Marshburn, a 59-year-old former rodeo star in a black cowboy hat and a shiny silver buckle he won as a rider in the 1970s, has already banked his bonus but continues to work on the gas fields as a contract welder, while raising bucking bulls on the side.

His wife, Celia, a retired schoolteacher, lifts up her boots to reveal holes in the soles. And their daughter, Mila, 25, is working her way through 14-hour days in nursing school, despite her family’s sudden wealth. “I just tell my friends, ‘Hey, that’s my parents’ money. I’m going to make my own way.’” Her mother wants to create a beach on the lake their home overlooks, while her father has his eye on a new bull. But they are biding their time. “If these royalty checks are big enough, I might retire,” Mike says.

Smith’s bonus will carry him through retirement, regardless of how big his royalty cheques turn out to be. His contract guarantees him 20-25 per cent of what the company receives for gas under his land, and production is due to begin within months. He has a twinkle in his blue eyes when he talks of the dreams he can now afford to live out – hunting bears in Alaska; golfing at the Masters in Augusta; seeing the vast expanses of Wyoming and Montana; building a new home amid the pine trees on his acreage. “I’m more or less a homebody,” he says. “I think it’s time I get out.”

In the meantime, he is training his nephew to take over the business so that he can retire next year. And on the weekends, he still heads out of town, to hunt on his land, among the pine trees and the well pads.

Sheila McNulty is the FT’s US energy correspondent. Her most recent piece for the magazine was about natural gas producers’ battles with environmentalists. Read it at www.ft.com/gasfight

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Next: shale oil?

US energy companies may be able to use technologies they acquired in the hunt for shale gas to tap oil trapped in dense rock formations.

Oil is often harder to extract, given its viscosity and bigger molecules, so engineers are tweaking the process. "We believe this is going to be game-changing technology," said Mark Papa, chairman of EOG Resources. "We believe there is enough oil in rock across the US and Canada to be of significant impact."

While increasing the size of the world's third-largest oil production base would be difficult, success could slow the decline in US oil output that has continued since the 1970s. Papa believes the process will prove economic with oil prices at \$45-\$50 a barrel, compared with around \$80 today.

While nobody knows how much oil might be freed by the new techniques, Edward van den Heuvel, commercial opportunity manager for Shell Chemicals, said that on average about a third of the oil in a field is recovered. With two-thirds of the oil left in the ground, it makes sense to revisit reserves once believed to be trapped in impermeable rock.

The biggest success so far has been in the Bakken Formation of Montana and North Dakota, where there are an estimated 3.65bn barrels of recoverable oil. Bill Albrecht, vice-president of Occidental Petroleum, the biggest US independent, says: "There is a huge resource here." But the technique needs refining before it will win widespread adoption. "Relative to gas, it's still an emerging technology," he admits.

PRINT COVERAGE

N.D. Stands to Miss Out on Energy Jobs – *Grand Forks Herald* – 1/31/10

By Jim Kambeitz

BISMARCK - North Dakota is my home. I have lived in other states and countries; but I always read North Dakota newspapers and follow energy issues closely both here and abroad.

One of my friend's companies just built a solar farm in an unlikely place: the Czech Republic. He's also shown me his innovative renewable projects in Africa and other places. Countries such as the Czech Republic are developing solar, wind and biomass energy because they have renewable energy portfolios and carbon caps in place. These policies are the financial incentive to diversify.

But instead of talking about the success of market-based policies to spur clean-energy development and curtail pollution, North Dakota's leaders (both Democrat and Republican) and our local media focus on negative arguments. For example, a recent Bismarck Tribune story carried a headline reading "Beware of cap and trade" in big black letters.

That and most other North Dakota energy-related stories covering regulations for cleaner air are fear-mongering, pure and simple. They are designed to mislead North Dakotans into believing that if we want cleaner air, then we'll lose most of our energy jobs.

These articles tell only one side of the story. Consider Denmark, a country that is proving you can reduce emissions without hurting your economy. The Danes are far ahead of us.

As Denmark's deputy chief of mission in Washington, Soren Jensen, explained in a Herald column, Denmark has reduced CO2 emission by 15 percent since 1990, "increased energy efficiency, expanded domestic energy production, grown high-value energy technology and manufacturing companies and created 21st-century jobs, all while curbing the emissions that cause climate change" ("North Dakota can learn from Denmark," Page D3, Nov. 1).

Energy technology is the fastest-growing Danish export, and the country's unemployment rate has remained less than 4 percent.

T. Boone Pickens likes to say that we haven't had an energy plan for 40 years. Industry leaders increasingly see this as a problem-a problem they intend to fix.

Dozens of companies have joined USCAP, a group committed to "a pathway that will slow, stop and reverse the growth of U.S. emissions while expanding the U.S. economy" (www.us-cap.org). Power companies such as Duke Energy and American Electric Power Co., the largest user of coal in the U.S., have supported comprehensive climate and clean energy policy.

Preston Chiaro, an executive Rio Tinto, an international mining company, noted this summer in Bismarck that "a price on carbon is the most important element of any policy approach, despite the difficulties of implementation."

If we North Dakotans want to have energy jobs in the long term, we have to remember that 70 percent of our energy is sent to states such as Minnesota-and Minnesotans increasingly are demanding cleaner energy and lower emissions.

Minnesota and South Dakota's Republican governors met last fall with eight other Midwestern governors to "transform the Midwest from rust to green" by working to create thousands of new jobs, upgrade the transmission grid and establish a sustainable energy economy.

North Dakota Gov. John Hoeven was absent. Why is he ignoring our biggest customers? Why doesn't he want to work with our neighbors to create jobs for the future?

The growth in clean energy jobs in North Dakota has outpaced job growth in other sectors 3-to-1 over the past decade, according to the Pew Charitable Trusts. The largest manufacturing employer in Grand Forks makes wind turbine blades, and another wind company has announced plans for a manufacturing plant in Bismarck.

The federal government just made \$2.3 billion available for new clean-tech manufacturing jobs. Go for it, leaders.

So, the next time you hear a politician say cap and trade will hold back energy development, tell them that the only thing that will hold us back is an unwillingness to change with the times.

Kambeitz is a Bismarck teacher. He has taught for 10 years in the U.S., Czech Republic, Spain and Poland.

Squandering Ontario's Wealth A Billion at a Time - *Northumberland Today* – 2/1/10

For those who pay utility bills, there is an innocuous, but ubiquitous, line on your utility bill called "Debt Retirement Charge", which comes out to approximately 7% of the electricity and delivery charges. Some may wonder what "debt" this charge refers to and the answer is that it's the debt of the old Ontario Hydro, whose spending excesses in the 1970s and 1980s nearly caused bankruptcy and forced the government to break the utility up into its current five separate components.

Ontarians will be "retiring" this debt for many years, as successive provincial administrations refused to put the brakes on the utility's profligacy. But, hey, it's only money; and taxpayer money at that. When the well runs dry, all that's needed is a small tax increase to replenish the flow of the green stuff.

Speaking of green stuff, Premier Dalton McGuinty proudly announced a deal the province struck with Samsung, a South Korean company, for the large scale development of wind-generated electricity within the province. The amount of your dollars the premier has promised Samsung is \$7 billion- plus to build a North America's largest "green energy manufacturing" network.

The reason it's going to be North America's largest such network, is that Texas billionaire T. Boone Pickens has abandoned his plans to build a 4,000-MW capacity plant in Texas, which will make Ontario's 2,000-MW wind farm the largest.

The reason Pickens has abandoned his plans is that wind-generated energy is so expensive and unreliable as to be an untenable source of steady electricity and recent technologies have made natural gas much cheaper and less environmentally derogatory.

Wind energy, like the chia pet and the Hula-Hoop, will soon be a forgotten fad, which will give future historians a good chuckle.

For those unfamiliar with Ontario's commitment to harvesting electricity from wind, a drive westbound along Highway 89 west of Alliston could be an eye-opening experience, as a once-beautiful, bucolic countryside is blighted by wind turbines as far as they eye can see. They are reminiscent of extraterrestrial invaders straight out of a 1950s sci-fi film.

Given the fact a recent rather large number of scandals have surfaced among so-called climate scientists, whose subterfuges have all but discredited the idea of global warming, one is given to wonder why the premier is so set on having his way with wind turbines.

It's very likely the same reason that people have climbed Mt. Everest: because it's there. The premier has discovered a bountiful and bottomless well that lets him indulge all his fantasies willy-nilly just by decreeing that it be so.

Witness the recent "Ehealth" scandal that saw \$1 billion in taxpayer money frittered away on... well, nothing. An unapologetic McGuinty accepted Health Minister David Caplan's resignation, but did nothing to demote George Smitherman, who is more responsible for the wasted billion than Caplan. For the premier, it's another day, another billion.

Recently, McGuinty announced the establishment of province-wide full-time, all-day Kindergarten, better known as "day care", with a promise to spend \$1.5 billion to ensure every pre-school child in Ontario is looked after so his or her parents can go to work in order to pay more taxes so McGuinty can spend more money.

When McGuinty became premier in October 2003, Ontario was still considered among the "have" provinces. Today, it is considered a "havenot" province, while curiously, Newfoundland -- a province that for decades entertained Ontarians with "Newfie" jokes -- has left the ranks of "havenot" provinces. It's likely that Newfoundlanders are now telling Ontario jokes.

I can't recall a government more profligate, less caring for the province's financial wellbeing and more scandal-prone than Dalton

McGuinty's Liberal government. But the saddest part of this realization is that Ontarians quietly accept McGuinty's boondoggles as if they were his divine right.

Klaus Rohrich Cobourg

BLOG/ONLINE COVERAGE

It's Not Blowing In The Wind – *American Thinker* – 2/1/10

By Brian Sussman

A push in the U.S. Senate for an alternative to proposed "cap and trade" legislation began in earnest on the day of the Massachusetts special election when Senator Byron Dorgan, (D-North Dakota) said that a kinder, gentler energy bill had better prospects of passing, especially in light of the controversial battle on health care.

"In the aftermath of a very, very heavy lift on health care, I think it is unlikely that the Senate will turn next to a very complicated and very controversial subject of cap-and-trade, climate legislation," Dorgan told reporters during a conference call. "I think it is more compelling to turn to an energy bill that is bipartisan."

Dorgan, who read the tea leaves at the bottom of his own cup and has announced that he will not run for re-election this year, made his comments in reference to a study procured by Securing America's Future Energy (SAFE), a non-partisan organization "that works to reduce America's dependence on foreign oil." SAFE's study supports opening up the eastern Gulf of Mexico to oil and gas drilling 45 miles from shore. A 2006 law put those waters off limits.

The bipartisan compromise that Dorgan envisions involves allowing offshore drilling in the eastern Gulf, while at the same time mandating that as much as 20% of the country's energy derive from renewable sources.

Dorgan's plan is the typical politician two-step; give the right-wingers a little drill-baby-drill, and give the libbies lots of green power. Interestingly, his plan conveniently coincided with a press release issued the same week from the Department of Energy proposing that wind generate 20% of the electricity in the eastern U.S.

SAFE is spot on; for our government to deny us the opportunity to drill for oil and natural gas within 45 miles of our own coast is insanity. Anti-capitalist eco-activists contend that setting up rigs inside of that range threaten the coast due to oil leaks, but they're wrong. In 2005, monster hurricanes Katrina and Rita whipped up the waters of the Gulf of Mexico with wind gusts over 125 miles per hour, accompanied by chaotic 40 foot waves. The storm battered oil production platforms, actually tore a few drilling rigs from their moorings, and displaced below surface pipelines. The oil industry was put through a rigorous, real-time, once in a generation test. Over 800 manned platforms and about 140 rigs are in the Gulf of Mexico and even with the full wrath of nature unleashed during that hurricane season, they came through with an excellent grade. A mere 13,000 barrels of crude were leaked into the open water, with the environmental impact minor.

America should be drilling within 45 miles of shore -- that's a no brainer. However, mandating that 20% of our energy come from renewable resources -- particularly wind? That's brainless.

The Department of Energy press release touted research claiming that generating 20% of the eastern US's energy from wind is as easy as printing \$90 billion. According to Reuters:

Wind energy could generate 20 percent of the electricity needed by households and businesses in the eastern half of the United States by 2024, but it would require up to \$90 billion in investment, according to a government report released on Wednesday.

For the 20 percent wind scenario to work, billions must be spent on installing wind towers on land and sea and about 22,000 miles of new high-tech power lines to carry the electricity to cities, according to the study from the Energy Department's National Renewable Energy Laboratory.

"Twenty percent wind is an ambitious goal," said David Corbus, the project manager for the study. "A big chunk would have to come from the federal government through programs such as loan guarantees."

Just what most American's oppose: more massive spending by the bank of Uncle Sam. But no worries -- this plan will never fly with devoted environmentalists either.

According to the study, wind farms constructed off the Atlantic coast from Massachusetts to North Carolina and on land from North Dakota to Kansas could whip up 225,000 megawatts of electricity. While the plan sounds ultra-green, it will certainly cause eco-freaks to see blood red.

In my forthcoming book, *Climategate*, I compare the amount of land required by a nuclear power plant producing 2,300 megawatts to a wind farm capable of generating a similar amount of electricity. Granted, this is a mere fraction of what the Energy Department's study proposes, but the comparison will serve us well in illustrating why this plan is wholly unpractical.

The Comanche Peak nuclear power plant outside Dallas, Texas is a significant facility, which produces about 2,300 megawatts of power-more than enough to serve the electricity needs of 1.3 million average-sized homes. The plant fits neatly into 8,000 acres and includes a large reservoir used for cooling the facility. Compare that landmass to the one required for the highly publicized Pampa Wind Project, promoted by Dallas hedge fund manager, T. Boone Pickens. "Pickens Plan" envisioned supplying power to an equal number of homes, but, according to the Associated Press, would require 400,000 acres of

Texas real estate. Besides erecting thousands of massive masts upon which the turbines are fixed, Pickens' plan necessitates the construction of transmission towers and lines and associated service roads; infrastructure which is despised by environmentalists.

The amount of land dedicated to the Energy Department's wind wish is beyond comprehension. Hardcore greens shudder at the thought of the development of thousands of square miles; plus the turbines will drive animal rights activists bonkers.

Those of us who live in the San Francisco Bay Area know a little something about this.

In the 1970s, just east of the San Francisco Bay, the world's largest concentration of wind turbines was constructed. Some 4,500 windmills are ensconced atop 50,000 acres of grassy hills, presently generating a modest 576 megawatts of power. Officially known as the Altamont Pass Wind Resource Area, one would suppose the wind farm is an icon of greenness. But instead, Altamont Pass is the poster girl of eco-infighting.

As soon as the multitude of three-bladed rotors were installed, animal rights advocates began counting the carcasses of thousands of dead birds. Since then, numerous lawsuits have been filed and millions of dollars spent procuring studies to track the bird body count in an effort to determine how to address the problem. The result has been a sorely undermaintained, underutilized, negative cost effective alternative energy source that many activists would like to completely shutter.

For the environmentalists, the answer is not really blowing in the wind. I believe their real desire is to see America use less energy -- period.

If America's first and largest wind farm remains in the crosshairs of eco-activists, it's foolhardy to think that future plans to harness the wind will ever get off the ground. Besides, wind energy generation needs a fulltime backup delivery system powered by fossil fuels for days when the winds not blowing. In the meantime, there are billions of undeveloped barrels of oil in the Gulf of Mexico just waiting to be tapped. Of course, along with the oil there will also be jobs, an improved economy, additional tax revenue and plentiful energy.

Blow off the turbine plan. \$90 billion dollar "bipartisan" compromises are absurd.

Instead, let's drill, baby, drill.

Brian Sussman, is a radio talk show host on KSFO-AM, San Francisco. His book, *Climategate: A Veteran Meteorologist Exposes The Global Warming Scam*, will be released March 31st.

Fuel Systems: Is Gas Tank Half Empty or Half Full? – Seeking Alpha – 2/1/10

By Mark Krieger

FSYS seems to have blown a gasket since last November's high of \$52, as its shares have lost more than 33% of their value. Now trading at just \$35, the company sports a ridiculously "cheap" 14 times earnings estimates (that is unheard of for a growth company), but is this type of implosion justified or a typical market overreaction?

Well to be honest, the shares probably never belonged as high as they reached in the first place, nor should they have dropped as low as their current depths. Uncertainly over the Italian Government's Car Sales incentive program probably spooked the market- participants are worried that lower incentives could sputter car sales in the region. Exasperating FSYS's slide has been a very weak Nasdaq market – which lost 6% of its value in the last two weeks alone.

The company is throwing off some very huge numbers: Its third quarter results absolutely blew off the doors, as income leaped 19% to 88 cents on a sales jump of 10%. The firm's gross profit margin rose 490 basis points from 29% to 33.9% - quite impressive considering the company has already taken \$27 million in charges (related to negative foreign exchange impact - due to strength in the US Dollar). Earnings for the quarter would have been 6 cents higher, had the company not ramped up its Research and Development activities 40% from \$2.7 million to \$3.8 million. The alternative fuel supplier also completed two cash acquisitions in the quarter, by acquiring Teleflex's (TFX) power systems business for \$15 million and purchasing the remaining 50% stake in its WMTM joint venture in Brazil.

Ample liquidity offers further acquisition prospects: the company's balance sheet is pristine . Its cash holdings of \$44 million and borrowings of only \$22 million give it abundant flexibility to make opportune acquisitions as they present themselves. FSYS's strong cash position and free cash flow also bodes well for the argument that a cash dividend or stock repurchase plan could be implemented down the road.

Delayed Original Equipment Manufacturer momentum: In the last three quarters, FSYS has performed 114,000 vehicle conversions that enable vehicles to run either on gasoline or natural gas. The growth in this segment has been sequentially impressive with its first quarter producing 30,000 units, its second quarter at 37,000 and third quarter, cumulating at 47,000 conversions. At its current growth rate, it could reach 60,000 units by the end of the fourth quarter.

Fourth quarter estimates: FSYS will report 4th quarter results in early March and earnings expectations of 71 cents (a whopping 120% increase in earnings) on \$132 million in sales could be too conservative, as Management has been known in the past, to "under promise" in order to "over deliver".

The company is expected to earn \$2.68 in 2010, which represents a paltry 10% improvement to 2009 estimates of \$ 2.44. I think if the Natural Gas Act is passed in congress (aka the Pickens plan), FSYS could easily sport an earnings increase of five times its forecasted amount in 2010 (to \$3.66) . Jim Cramer has even got on FSYS's bandwagon, stating that the company's earnings could soar if the legislation is passed.

Downgraded: Sidoti & Co recently downgraded its opinion on the shares from a "buy" to a "neutral" rating and cut its one year price target from \$59 to \$53. I guess Sidoti will soon be upgrading ,because it doesn't make any "sense" to be "neutral" on a stock that you have forecasted to appreciate 50% from its current levels.

Short interest has climbed 22%: the shorts are certainly jumping on the bandwagon on this one, as short interest climbed 22% from 2.75 million to 3.37 million shares, representing 31% of available trading shares (float). One of the reasons the shares have been so weak , is the fact that new shorts are selling "at will" to open new positions. Sooner than later, these short positions will need to "buy to cover" (to book their profits) shifting the supply/demand pattern more favorably to the "long" camp.

Bottom line: FSYS possess ample low hanging fruit at these oversold levels and it is time to pick expeditiously with both hands. The shares have simply come down too far in too short of a time frame and are due for at least a 10-15% "dead cat bounce". Bargain hunters and shorts covering to take profits could provide the fuel for its next leg up, while a broker upgrade or a reasonable conclusion to the Italy Car Incentive program could be the "icing on the cake". The shares offer a compelling risk reward scenario-sporting a downside of only \$5, versus upside potential of \$15. The gas tank is definitely half full on this one.

A 1-in-100 Investor – The Motley Fool – 1/29/10

By Rich Duprey

The first 100 days in office set the tone for any new president. Similarly, Motley Fool CAPS keeps an eye on how well investors do in their first 100 days. Some of our best -- we call them All-Stars -- have achieved scores of 100 on stock selections in their first 100 days on CAPS. In this column, we're looking at our best members who made some of their best stock selections early on and seeing which ones they think will be best next.

One of our highest-rated CAPS members is bondo83, who sports a top 99.30 member rating. A member since October 2007, bondo83 currently has 200 active picks on CAPS out of 555 stock picks made. Achieving 72% accuracy, bondo83 has so far attracted a pair of "groupies," CAPS members who've listed this leading investor as one of their favorites.

Here are a few of this top member's most recent stock selections and how they were rated.

Stock	<u>CAPS Rating</u> <u>(out of 5)</u>	Call	Price^	Current Score^^
Apple (Nasdaq: AAPL)	***	Outperform	\$200.58	0.52
Citigroup	***	Outperform	\$3.54	(3.75)
Duke Energy	****	Outperform	\$16.65	2.26
Google (Nasdaq: GOOG)	***	Outperform	\$555.60	(2.67)
Navios Maritime Partners	****	Outperform	\$16.86	2.27
NorthStar Realty Finance (NYSE: NRF)	****	Outperform	\$3.38	33.88
Panera Bread	**	Outperform	\$54.07	(6.23)
PotashCorp (NYSE: POT)	****	Outperform	\$74.55	(15.48)
Toronto-Dominion Bank	****	Outperform	\$61.01	1.52
Zoltek (Nasdaq: ZOLT)	****	Outperform	\$6.78	(17.25)

Let's take a look at what other CAPS members are saying about a few of these stocks and whether they agree with this top player's assessment.

Degree of risk

Did Apple really miss with the execrably named iPad tablet that MADtv had such great fun with years ago? A panel of Fool tech gurus certainly thought it did, from missing features (no camera and no multitasking) to sticking with an already overburdened carrier (AT&T (NYSE: T)). And you certainly won't be carrying around this oversized iPod Touch in your shirt pocket.

As is typical with an Apple product, it carries a premium price tag. At more than \$800 for the robust 3G 64-gigabyte version, it's a pretty steep price for an awkward mobile device. Yet the scaled-back Wi-Fi-only version with 16 gigs is closer to a game-changer that could see wider sales, particularly when the price drops in a few years.

CAPS member djveed seems to suggest as much when discussing how the device will still drive revenues to the company from its loyalists:

So the iPad failed to impress. But it will still cause an increase in revenue. Apple's fanatical following will certainly be owners of this product. Furthermore, this fanatical following is growing with the now even more diverse product listing. Add on to that the increased migration from PC to Mac, you've got a short-term winner. Long-term, however, way way way too much expectation is built into the price. Make your money and run away.

Whatever the rationale, 92% of the more than 22,000 CAPS members who have rated Apple believe it will outperform the broader market averages. Join them on the Apple CAPS page to pad that lead or send it back to the drawing board.

Building a solid foundation

It looks like T. Boone Pickens' switch from wind energy to natural gas might take the wind out of carbon fiber maker Zoltek. The billionaire investor halved his plan to purchase \$2 billion worth of wind turbines from General Electric (NYSE: GE). While that might not directly impact Zoltek, the market forces that led Pickens to make the move -- lower natural gas prices, a lack of transmission lines, and credit markets that are still tight -- will certainly play a role in the company's carbon fiber sales.

CAPS member 1Pinkster figured late last year that something like this would happen:

Great product but like solar the world has not yet decided the earth is dead enough. Unfortunately it will catch on when it is already too late and too far gone to make a difference.

Carbon fibers are used in an array of industries, not just wind turbines, but Vestas Wind Systems accounts for more than 53% of Zoltek's sales. If it runs into the same headwinds as Pickens, that could generate more turbulence for the company. Head to the Zoltek CAPS page and let us know if this is a temporary situation that will blow over.

A 1-in-100 opportunity

Some of the best and smartest members in the CAPS investor-intelligence community have made their mark, but it pays to start your own research on these stocks on Motley Fool CAPS. Read a company's financial reports, scrutinize key data and charts, and examine the comments your fellow investors have made -- all from a stock's CAPS page.

As hockey great Wayne Gretzky once noted, "You miss 100% of the shots you never take." At Motley Fool CAPS, every investor's opinion counts. Since it's free to sign up, why not use this opportunity to take your best shot?

Who Puts The "Conserve" In Conservative? – *Greenopolis.com* – 1/30/10

Some of you might snicker and say, "Republican Environmentalist? That's an oxymoron." But check your cynicism, open your mind and read on.

The Republican party, in fact, has a long history of support for the environmental movement. Theodore Roosevelt and Ronald Reagan immediately come to mind, but let's not forget Richard Nixon, who appointed thoughtful conservationists like Russell Train, William Ruckelshaus and Rogers Morton to high positions within his administration. Even T. Boone Pickens, no friend to the liberal agenda, has thrown his considerable financial weight behind alternative energy solutions like wind energy.

Let's face it, Republicans and Democrats approach the environmental issue from different perspectives, but that doesn't mean that either should be excluded from the debate.

We should be applauding anyone who is trying to foster environmentalism, no matter what their political philosophy. If your focus is truly on saving the earth, then your political views have to take a back seat to recognizing good where you find it.

And when it comes down to it, we still have more in common than we think.

Yes, it's election season and there's certainly a lot of trash talk going on. But when it comes to how we treat our trash, Democrats and Republicans seem to agree.

According to the Curbside Value Partnership Program (CVP)—a national program created in 2003 and designed to help communities sustain effective recycling programs—recycling is one area where we can all get along.

The CVP study showed that the majority of both Democrats and Republicans are participating in curbside recycling. In fact, in areas where curbside recycling is available, an overwhelming 70% of Democrats and 69% of Republicans say they "always" recycle.

The study also found that 95% of Democrats and 94% of Republicans said that recycling was at least somewhat important to them, if not "very" or "extremely" important. More than half of respondents in both parties believe that recycling is their responsibility in order to help the environment.

While members of both parties carefully recycled both newspaper and aluminum cans, there was some division in how each political party handled other recyclables. The study found that Democrats are more careful to recycle glass (18%) than Republicans (10%) and Republicans are more careful to recycle plastic (24%) than Democrats (16%).

In fact, the CVP study points toward the recovery of a past in which environmentalism is not a one-party issue. Recent electoral trends, like the upset election in Massachusetts of conservative Scott Brown—whose support for environmental policies is listed on his website—indicate that there is growing bipartisan support for environmental issues.

Groups like Republicans for Environmental Protection (REP) are also giving Republicans a voice in the environmental debate. But the REP is no party-line GOP mouthpiece, either. They are holding Republicans accountable and ranking Republican environmental votes.

Headquartered in Albuquerque, New Mexico, the REP was formed in 1995 in part to advocate for strengthening the Republican platform on environmental issues. The REP has a grassroots membership of Republicans in 49 states who support environmental stewardship.

Each year, the REP ranks GOP members in terms of their support for environmental legislation and support for conservation policies. See the full list at REP Congressional Scorecard.

Top 10 Republican Congressional Environmentalists

U.S. Senate

1. Senator Susan Collins, (ME) Named one of the "Greenest Republicans" by REP, Senator Collins is a supporter of strong action to reduce greenhouse gas emissions through conservative energy policies. She has voted to increase funding for National Forests and to include oil and gas smokestacks in mercury legislations. The LCV (The League OF Conservation Voters) has rated her as one of the most environmentally friendly Republicans.
2. Elizabeth Dole (NC)
3. Olympia Snowe (ME)
4. Bob Corker (TN)
5. Kit Bond (FL)

U.S. House Of Representatives

1. Rep. Mark Kirk (IL) also named one of the “Greenest Republicans” is the top-scoring House member in REP’s Scorecard. He is a leading voice among House Republicans for balanced energy policies and for protecting Americans from air and water pollution.

Kirk has championed protection of the Great Lakes and other bodies of water, keeping the air free of harmful pollutants, developing cleaner energy sources, and protecting America’s many natural treasures.

2. Frank LoBiondo (NJ)

3. Vern Ehlers (MI)

4. Wayne Gilchrest (MD)

5. Dave Reichert (WA)

It shouldn’t surprise you to find out that there are Republican members of congress who support environmental causes. And as Ronald Reagan said, "What is a conservative after all but one who conserves, one who is committed to protecting and holding close the things by which we live... And we want to protect and conserve the land on which we live—our countryside, our rivers and mountains, our plains and meadows and forests. This is our patrimony. This is what we leave to our children. And our great moral responsibility is to leave it to them either as we found it or better than we found it."

Greenopolis.com is dedicated to our users. We focus our attention on changing the world through recycling, waste-to-energy and conservation. We reward our users for their sustainable behaviors on our website, through our Greenopolis Tracking Stations and with curbside recycling programs.

Buffett’s Sephamore Signal: Should Burlington Northern Shareholders Think Again Before Saying ‘Yes’ To Berkshire Hathaway? – *GuruFocus* – 2/1/10

By Daniel Sinclair

Reasons commentators ascribe to Buffett’s offer to acquire one of North America’s largest rail networks, Burlington Northern Santa Fe (BNSF) are now familiar. Growing global trade, continued reliance on (especially low sulphur) coal, a resurgent and growing US economy (without needing to pick product ‘winners’ and ‘losers’), a low risk way to gain exposure to any rising process for commodities, a hedge against inflation given rail’s pricing power, a competitive advantage in rail’s oligopoly and high barriers to entry, more productive rail with more efficient and technologically advanced operations and a rise double-decker railway carriages, a way to play higher oil prices and cap and trade or carbon tax laws given that rail is 3 to 4 times more fuel efficient than trucks.

Those reasons are all good, and they have been part of the core investment thesis for rail. But, it is submitted, there may be something extra that offers compelling upside to rail that has Buffett excited. Think about all the land that rail owns. BNSF, for example, operates one of the largest railroad networks in North America with about 32,000 route miles of track plus an additional 23,000 miles for other rail related infrastructure and property. Much of this land is of relatively little value beyond the use of rail. No one is going to build condos or hotels or new subdivisions along side railways.

Now think again. You think Boone Pickens has an ambitious plan for wind farms? Wait until you see what Buffett could do right across the US with his investment in BNSF. This land might become prime property for alternative energy generation including from wind and solar farms either side of rail tracks. With much of rail land in the middle of nowhere, there are few worries about the ‘not-in-my-back-yard’ crowd and more difficult regulatory approvals. Small wind mills and solar panels might be placed on the trains themselves to generate energy.

Fanciful? Not really. The US Department of Energy projects that 20% of the U.S.'s electricity could be produced by wind turbines placed along a narrow 'wind corridor' stretching from Texas to North Dakota, thus giving the potential to be the US "Saudi Arabia of wind power". While, one may note that, when looking at a wind map of the U.S. there is also strong wind to be found in certain other portions of the U.S. Guess which railway looks like it has a network stretching from the Dakotas to Texas? BNSF.

Other railways pass through high wind areas – as well as areas with high levels of year around sunshine for solar. An exercise you might undertake to see this visually is to do what I did last year. Take a rail network map (for example, see <http://cnebusiness.geomapguide.ca/>) and overlay that on a wind map of the United States (for example, see <http://rredc.nrel.gov/wind/pubs/atlas/maps/chap2/2-01m.html>) and you'll get the picture of the potential.

Energy generated by wind and solar farms (partly built, perhaps, with government subsidies or tax credits) would provide cheap and stable sources of energy for trains, particularly as electric locomotives become the norm. Carbon credits will become additional sources of revenue. Excess energy would be sold to utilities as cheaper sources of energy or provide a cheaper source of green energy to Berkshire's large electricity utility business, MidAmerican, in the case of BNSF.

Given BNSF's network expanse, the potential for electricity generation is colossal. And why will such enormous amounts of electricity need to be generated? This is not just about merely switching sources of energy generation but increased demand of electricity itself. Last year, President Obama has called for 1 million plug-in electric cars by 2015. Obama launched a \$2.4 billion program to advance development of plug-in electric vehicles in the U.S., including grants for the production of auto batteries.

What was one of Berkshire's major investments in 2008, in the middle of the financial crisis? BYD, the Chinese electric car company in which Buffett bought a 10% stake in 2008. And who did Buffett trust to travel with to China when looking into BYD? David Sokol, chairman of MidAmerican Energy who also happens to be the putative CEO-in-waiting at Berkshire to take it into the future.

Buffett's 2008 'bail out' investment in General Electric fits in all of this as well. GE's Ecomagination strategy is poised to win in a big way should large scale wind farms be developed and should electrification of rail become a reality as its products cover wind mills, smart grids, electric batteries and all-new electric locomotives. Last year, BNSF purchased 200 fuel-efficient locomotives from GE.

Buffett's purchase of BNSF has a further advantage for Berkshire. There is so much opportunity now for capital investment in alternative energy and energy efficiency with the prospect of attractive returns, this plays in the hands of the expertise of existing management stars within Berkshire's portfolio, like Sokol. In other words, this transaction game changes Berkshire and neutralizes the loss of Buffett at the helm when he retires. In other words, it allows for capital allocation opportunities within Berkshire for decades without needing to look for external investments, and to rely as much on the next CIO filling in Buffett's shoes, as much.

This might have been obscurely hinted at in a CNBC interview with Buffett this week (<http://www.cnbc.com/id/15840232?video=1391031740&play=1>). In that interview he said that while he, i.e. Berkshire Hathaway, is paying a high price now for his rail investment in BNSF he sees terrific opportunities for capital allocation over the next "100 years". Now, for Buffett, capital allocation can mean taking free cash flow from one company and reallocating it elsewhere in other companies he owns or in investments. That's how he built Berkshire Hathaway, sucking out the free cash from the original textile manufacturing company and reallocating it to other investments.

But that does not seem to be what he has planned for BNSF. At the end of that same interview he finishes off with this: "We'll invest billions and billions and billions to have our facilities prepared for the society of tomorrow". What's interesting is not just the "billions and billions" because capex is rail's lot. The interesting words, as one might parse them, is "the society of tomorrow". What does he mean by that? He and Munger have been increasingly clear about what they see in the society of tomorrow including in relation to energy.

Here is a hint of what Buffett and his partner, Charlie Munger, were thinking as their vision of the “society of tomorrow” in Berkshire’s annual shareholders’ meeting weekend in 2009. Listen to this from Munger “As I move close to the edge of death, I find myself getting more cheerful about the economic future. I see a final breakthrough that solves the main technical problem of man. By harnessing the power of the sun, electrical power will become more available around the world. That will help humans turn sea water into fresh water and eliminate environmental problems. If you have enough energy you can solve a lot of other problems.”

And while all this might seem fanciful, groundwork is already beginning. For example, North Eastern U.S. rail, Norfolk Southern has begun to install wind turbines. And Railway Age, has reported that U.S. rail companies, including BNSF, are studying “electrifying rail networks” including by using electric locomotives.

BNSF is looking at allowing electric transmission line companies use its rights-of-way “to send electricity from massive wind farms to major population centres” while giving BNSF access to “low-cost power for electric locomotives”. So rail might also be integral to Obama’s smart grid initiative by using railway cables and rights of way for electrical transmission. Norfolk Southern, has apparently joined BNSF in exploring electrification. Meanwhile, Union Pacific, the U.S.’s other mega freight rail company is apparently speaking to transmission line companies about providing its rights-of-way, that may include electrifying corridors.

Two additional points are also worth weighing when thinking about rail’s future in America. Firstly, the Obama Administration outlined in its April 2009 “Vision For High-Speed Rail in America” plans to invest in “an efficient, high speed passenger rail network”. As “first steps” they referred to the \$8 billion funding in the American Recovery and Reinvestment Act (ARRA) and a high-speed rail grant program of \$1 billion per year proposed for the 2010 budget). While that funding is not directly targeted at freight rail companies, who provides the infrastructure, such as tracks, for a lot of U.S.’ passenger rail network? The large freight rail companies like BNSF.

Secondly, remember when Buffett justified the proposed BNSF acquisition saying, “It’s an all-in wager on the economic future of the United States. I love these bets.” But listen to what he apparently said when he spoke to Canadian business students in 2008: “The 19th century belonged to England, the 20th century belonged to the U.S., and the 21st century belongs to China. Invest accordingly.”

Now read this: in April 2006, BNSF announced it “will become the first U.S. railroad to open an office in China when its representative Shanghai office”. The announcement points out that BNSF’s international intermodal business has been growing double digits since 2000 and most of that business originates in China.

Another interesting part is the reference to a five-year Memorandum of Understanding BNSF signed with the China Ministry of Railways and that BNSF has been providing “best practices in areas such as railway management, operations, logistics and technology”. Guess who is committed to spending big on its rail infrastructure? China. And BNSF has further announced that it is expanding its relationships with other China Ministries. To what lucrative end, one can only surmise.

Unlocked asset value and earnings through a revaluation of BNSF’s land holdings and cheap green energy for BNSF (and for on-sale through MidAmerican). Fastest form of land transport. Electric cars. Clean tech. Smart grid. China. Buffett’s investment in rail has the potential to make more money than he ever has before. This could be the crowning glory of Buffett’s masterpiece and with the potential to be more lucrative than the wildest dreams of Berkshire Hathaway’s shareholders.

And by helping America achieve energy independence, and thus lowering its trade deficits and debt that funds it, improving health and its costs by reducing pollution and dramatically improving the environment while facilitating a more efficient industrial United States with an enhanced infrastructure for trade, one can understand why Buffett keeps on saying, throughout this crisis, “America’s best years lie ahead”.

The question for Burlington Northern shareholders is: are you sure that you should be saying yes to Berkshire's proposed acquisition at \$100 or do you think you should think about the value that you might be giving away?

Meanwhile, the share component of the transaction becomes less attractive as Berkshire's shares continue their climb out of discount territory.

The arm is raised. The rail industry is going to be very interesting.

Daniel Sinclair BA (Phil.) LLB MBA (A.K.M Medal) is based in Toronto, Canada with holdings including Norfolk Southern and General Electric.

BROADCAST COVERAGE

1. Land Line Now

Road Dog Trucking (Sirius XM), National | DMA: 0
01/29/2010, 07:00 PM - 08:00 PM

00:40:00 We're still getting calls about my recent conversations with Texas oilman T Boone Pickens. Once again Pickens has a plan that he said this will end our dependence on foreign oil. He wants to move electricity production over to renewable sources like wind, solar and others. Then he wants to move vehicle starting with the big trucks over to natural gas . The particular type of natural gas that is need to run a large truck is liquified. That has caused alot of confusion and questions...(a trucker named Bill from Florida calls in with his concern)..." I don't understand why they consider LP gas is going to be safer than diesel. It is going to be a dangerous , volatile kind of thing"... 00:41:58
Audience: N/A Spot Cost: N/A