



T. Boone Pickens Media Coverage 2.19.10

Total of 5 Placements

 Blog/Online: 3

 Broadcast: 2

Coverage Summary:

Pickens wrote a piece for the *Huffington Post* calling our abundance of natural gas a game changer. Pickens references a new J.P. Morgan report that says North America has 8 trillion cubic feet of natural gas, which is four times last year's impressive numbers. He also mentions the letter sent by the Western Governors' Association to Nancy Pelosi and Harry Reid urging them to pass legislation that incentivizes the use of natural gas.

Highlighted Placements (Full Articles Below)

 **A Game Changer** – *Huffington Post* – 2/18/10

Blog/Online Placements (Full Articles Below)

 **The Only Way to Play Energy Now** – *Motley Fool* – 2/19/10

 **What is the "Pull" for New Technology?** – *Digital Energy Journal* – 2/18/10

HIGHLIGHTED COVERAGE

A Game Changer – *Huffington Post* – 2/18/10

By T. Boone Pickens

I've been in the energy business my entire career, and I can assure you this 81-year-old has chased down more deals than anyone you'll ever meet. A lot of those deals didn't pan out - that's just how the game is played - but every now and then a big kahuna comes along. When it does, you'd better jump on it.

Right now, as our country struggles to rebuild its economy and replace millions of lost jobs, that sort of game changer has landed right in our lap: America has more shale gas than it knows what to do with.

Last year, thanks to new drilling technologies, the nation's estimated total gas resources jumped by 35 percent from 1,532 trillion cubic feet to 2,074 trillion cubic feet. I couldn't believe these numbers the first time I heard them; that's enough natural gas to power our country through the 21st century. And as it turned out, that was just the start of the story.

Last week, J.P. Morgan released a report saying that North America doesn't have 2 trillion cubic feet of natural gas in place. It has 8 trillion cubic feet. That's four times last year's new and improved numbers. This incredible surge in total gas resources will completely reshape the international energy landscape. Domestic natural gas is going to be so plentiful and so cheap that liquefied natural gas carriers from Qatar and the Middle East will stop coming to the U.S. They'll go to India and China instead. We just won't need them anymore.

It's my hope that it's the same story with oil tankers as well. As America shifts from imported diesel to cleaner, cheaper domestic natural gas, our dependence on foreign oil will be drastically reduced. But natural gas can do a lot more than just power our vehicles. It can power our economy and get America back on its feet in ways no other resource can. That's one of the many reasons the Western Governors' Association sent a letter last week to Speaker Pelosi and Majority Leader Reid urging them to pass legislation that incentivizes the use of natural gas vehicles.

But there's a big if here, and it goes back to what I said earlier. When the big kahuna comes along, if you don't jump on it, you're not going to be around too long. I've been in the energy business for six decades now. And what that really means is that I've drilled more dry holes than anyone you'll ever meet. I'm still in the game though, and that's because I made up a lot of ground - and then some - when the tide turned my way.

America has got to do the same. We've relied on foreign oil for far too long. A game changer has emerged, and we've got to jump on it. If we don't end our country's dangerous dependence to foreign oil by passing the NAT GAS Act in the House (H.R. 1835) and the Senate (S. 1408), I can assure you the tide will go out on us before you know it.

BLOG/ONLINE COVERAGE

The Only Way to Play Energy Now – *Motley Fool* – 2/19/10

By Austin Edwards

You and I both know it's coming ...

And when it does, millions of us will look back on the past year longingly. Meanwhile, a handful of us will look back triumphantly ...

\$5 gas, here we come -- again!

That's right, I said it ... despite a shaky economy and despite the Obama administration's likely crackdown on speculators that the Commodity Futures Trading Commission now blames for 2008's historic run-up.

Because, let's face it, over the long haul, demand for oil and gas will drastically outstrip supply. And the majority of that supply is controlled by a handful of obscenely wealthy foreign businessmen who, as old T. Boone Pickens points out, don't like us very much.

Point being, oil and gas prices will eventually recover -- and then soar to new highs. When they do, everyone's going to get pinched at the pump -- yet only a few will get rich.

Will you be one of them?

Frankly, that all depends on what you do right now. Lots of investors are looking toward big, well-known oil and gas names like ExxonMobil (NYSE: XOM), Chevron (NYSE: CVX), and ConocoPhillips (NYSE: COP) to lead a big rebound in energy.

But I, for one, have instead been loading up on specialty deepwater drillers like Transocean (NYSE: RIG), and I've even picked up shares of the Energy Select SPDR, which gives you exposure to both oil and gas behemoths like ExxonMobil and lesser-known energy companies like Peabody Energy and Denbury Resources. Plus, it pays a decent 1.9% dividend.

I've also had my eye on smaller, specialty energy players -- for example, seismic data acquisition companies Dawson Geophysical and tiny TGC Industries. They're both swimming in cash and well-positioned to shoot higher when the price of oil and gas finally rises. Of course, there's only one problem ...

You don't want to wait forever to cash in, do you?

Neither do I. So I sat down with our in-house dividends expert, James Early, to ask him about the other way to play energy.

No, I'm not referring to oil-services companies like Halliburton (NYSE: HAL), Schlumberger (NYSE: SLB), or Baker Hughes (NYSE: BHI). Instead, I'm talking about a group of often-overlooked energy investments that make big money regardless of the price of oil and gas -- and that pay you big bucks to own them.

The only way to play energy now

You may already know that I'm talking about master limited partnerships (MLPs), but in case you don't, here's a quick rundown.

MLPs were born out of two Reagan-era tax reforms instituted to spur the development of U.S. energy infrastructure. Consequently, nearly all MLPs are involved in the transportation, storage, refining, or processing of oil and gas.

Yet MLPs charge by the volume of oil or gas they transport, refine, etc., so fluctuations in the price of the commodities have only a minimal effect on their earnings. And because they're organized as

partnerships, they're not taxed on the entity level -- which, for reasons I'll explain in a moment, provides investors a huge tax advantage.

It also means that, by law, they have to pay out the great majority of their earnings to their investors -- hence their ultra-high yields (typically from 6% to 10%).

You can buy MLPs online or through your broker, and they trade on major exchanges right along with regular dividend-paying stocks -- the one exception being that instead of shares, you purchase units, making you a unitholder, rather than a shareholder.

"For investors who want a lot of payout without a ton of risk"

That's how James Early describes these investments in the comprehensive MLP guide he put together for members of our Motley Fool Income Investor community.

One of the MLPs he's recommending is Magellan Midstream Partners. Though less well-known than Kinder Morgan Energy Partners, Magellan actually operates the longest oil and gas pipeline in the U.S. -- a huge advantage when you consider that it more or less runs an oil and gas toll road.

Magellan is also flush with cash, and since going public in February 2001, it has increased or maintained its quarterly payout (called a "distribution" in MLP-land) for 33 consecutive quarters. Granted, it has already shot up 94% since James recommended it last November -- but he still thinks it has another 20% or so of upside, and it pays a juicy 6% dividend.

More good news

Because MLPs aren't taxed on the corporate level, you won't have to pay taxes on the majority of the cash you earn until after you sell the units, making these investments a great way to earn tax-deferred income.

In short, if you're looking for a way to cash in on energy right now, I'd look no further than Magellan Midstream Partners. It's just one of four MLPs, and more than 50 dividend-paying stocks, that James is recommending to Income Investor members.

You can get in-depth research on every single one, plus get James' comprehensive guide to MLPs absolutely free, by accepting a 30-day guest pass to Income Investor.

It costs nothing, and there is no obligation to subscribe. All you have to do is click here.

This article was originally published Aug. 28, 2009. It has been updated.

Austin Edwards owns shares of Transocean and the Energy Select SPDR. Dawson Geophysical is a Motley Fool Hidden Gems selection. Magellan Midstream Partners is an Income Investor recommendation.

What is the "Pull" for New Technology? – *Digital Energy Journal* – 2/18/10

By David Bamford

Digital Energy Journal tells "stories" about technology successes, technology innovations. It is often reactive, able to pick and choose from the many "stories" that are out there.

Another, proactive, approach is to look at oil & gas trends, especially in exploration and production, to identify the key 'pulls' on technology; it seems important to think about the issue this way round – as opposed to identifying "wouldn't it be neat if....." technologies and 'pushing' them into the oil & gas world.

So what might be the key themes for the next 12 months, and beyond?

Well, as these are personal views, I should first of all declare my views on energy policy, climate change.

Where I am on this is that:

There's just no point in denying that burning fossil fuels is having an impact on the planet. I was very much in the 'old' BP position of "as scientists we should accept the evidence and think about how to respond". Pretty well as Shell articulate today.

As we see in most of life, we will wait a long time for politicians to do anything sensible.

I don't believe wind and solar will provide more than a fraction of the energy we need (tides may be a special thing for the UK) and I still find nuclear a bit scary [partly because of the above. Imagine if our UK Government treated the nuclear industry like they treat the armed forces!].

So I see little alternative to fossil fuels for the foreseeable future.

That said, I'm going to trust our inventiveness and technology.

For example, you will perhaps have seen that the US has discovered enough gas (which is by far the cleanest of the fossil fuels) that somebody as experienced as T Boone Pickens thinks they could aim at getting by without 'foreign oil'.

I like Carbon Capture and Sequestration if it means we can use all that coal without choking everything and everyone.

So the first question I ask myself is, where are the majors (and larger independents) going to find new oil & gas resources in the next decade? It seems to me that they have two distinct options:

One, building relationships of "mutual advantage" with resource-rich governments and their national oil companies who need help in bringing their current assets to production and in discovering new ones, for example in Iraq and Russia. IOCs bring finance, "Know How" and technology.

Two, re-engagement with Frontier Exploration in, for example, the Arctic, onshore (notably in central Africa and East Siberia), and in deepwater, the last handful of unexplored areas.

After a decade of 'easy' exploration, in which relatively young (mainly tertiary) sediments were explored offshore using regional 3D seismic as the principal exploration tool, we are returning to a style of exploration which is 'hard', requiring clever geological work and integrated geoscience, in deeper targets, in more remote environments.

Nonetheless, the performance levers that sub-surface folk have available to them are increasing their success rate at the same time as reducing the cost of what they do: this is true whether drilling exploration wells in a frontier province, development wells in a field that is being brought onto production or new wells in a currently producing field.

Ultimately, this is about spending less on drilling, completion and well work, these costs being the single biggest component (typically 50% or more) of any campaign to Find Petroleum.

So there should be enormous 'pull' on technologies that allow us to find the required resource with significantly less wells and/or spend significantly less on any one well.

Gas will be an increasingly important global theme, particularly unconventional gas, perhaps especially in Europe, emulating the massive successes onshore in the USA.

For some countries, gas storage will be an important sub-theme; the UK is very exposed to gas market swings, having only about two weeks' storage capacity whereas Germany for example has more like 100 days.

Staying with a storage theme, the oil and gas industry will also increasingly involve itself in the storage of CO₂, the 'S' part of CCS, both with the deployment of enhanced oil recovery schemes that utilise CO₂ and its eventual permanent storage in fully depleted, rightly abandoned fields.

This will fit neatly into a focus on increasing the recovery factor of each and every oil or gas field, including developing fields that are currently 'stranded', extending the life of mature fields and resurrecting prematurely abandoned ones.

The common 'pull' of these last three paragraphs is on technologies that improve the quality and reliability of our insights as to what is going on in the sub-surface – digital technologies for collaboration, visualisation, building static and dynamic reservoir descriptions, geophysics – especially 3D and 4D seismic, understanding rock physics away from well penetrations.

My guess is that the technology breakthroughs, the real innovations, that I am looking for will come from the smaller, more entrepreneurial, players rather than the big battalions who are perhaps more interested in incremental improvements to established products – let's see if I'm right!

BROADCAST COVERAGE

1. Good Morning San Diego Weekend

KUSI-TV (IND) CH 51, San Diego | DMA: 28

02/14/2010, 08:00 AM - 09:00 AM

[EC] 00:30:05 Speaking of earthquakes , a team of engineers at UC-San Diego are exploring renewable energy and earthquakes they want to find out how a wind turbine will hold-up under the stress of a big quake. It is the energy of the future, from sunlight to wind, renewable energy has taken hold around the world. Wind power is growing at a rate of 30 percent annually, and much of it is generated right here in California, where earthquakes are a daily occurrence, but also other regions like china, Greece, and so on. There's a fair bit of seismic hazard. So we want to make sure that wind turbines are being designed appropriately to address that seismic hazard. This particular 65-kilowatt turbine was built in the 1980's. Donated by Oak Creek Energy systems it stands 80 feet tall. And is made from the same materials used to build modern day turbines, at a much greater height. New turbines are 3 and 4 times and more as big as this one and they're extremely expensive and their satisfactory operations is very very important. And result in major economic consequences if there is trouble. For instance, late last year, general electric received a one an a half billion dollar contract to build the wod's largest wind farm. Last summer, SDG&E announced it would build California's second largest wind farm by adding to the Campo Reservation Project in the mountains east of San Diego. And one of the richest men in the world, billionaire oilman T. Boone Pckens has invested hundreds of millions of dollars on a giant wind farm in Texas. 00:32:33

Keywords:Test: UC San Diego; SDG and E; **T. BoonePickens;**

Speakers:Ian Prowell, UCSD Graduate Student; Ahmed Elgamal, UCSD Engineering Professor;

Audience: 32,516 **Spot Cost:** \$404

2. News Channel 3 At 11 PM

WWAY-TV (ABC) CH 3, Wilmington, NC | DMA: 132

02/18/2010, 11:00 PM - 11:35 PM

[CC] 00:11:33 Chris does weather cutting edge technology is on its way to wilmington that could turn the port city into'America's first smart city its called'white space' technology, using the void in the airwaves from the digital TV switch for different purposes altogether, how does it work? As TV switched to digital here in wilmington in September 2008 and the analog signals were turned off a void, or'white space' was created in the broadcast spectrum. Frequencies were freed up. The possibilities are endless, but the most attractive one is city-Wide wi-fi. With wilmington being a national test market for this type of technology it will be a'learn-as-we-go' process, coming up, I'll share thoughts from **oil tycoon T-Boonepickens** about the hold foreign **oil** has on the u-S in tonight's edition of rondowords. And a special report tonight, we'll tell you how the navy destroyer, the US.S Gravely got it's name,00:12:19

Audience: 9,051 **Spot Cost:** \$121