

PickensPlan

T. Boone Pickens Media Coverage 3.7.09-3.9.09

Total of 38 Placements

- Print: 14
- Blog/Online: 11
- Broadcast: 13

Coverage Summary:

The Wall Street Journal ran two pieces that included Pickens. The first was a feature piece on Pickens' conversation with Kimberley Strassel during the ECO:nomics conference. The second was a piece on how the recession and a drop in oil prices are hurting clean energy projects.

The *Abilene Reporter-News* article discusses the impact wind energy has had in saving the city of Sweetwater and helping it grow. The piece mentions Pickens, saying he has used Sweetwater as a poster child for wind energy and featured it in one of his commercials.

The Washington Post has a brief previewing today's EnergyBiz Leadership Forum that mentions Pickens.

Print Placements (Full Articles Below)

- **From Here to There: T. Boone Pickens on his Plan to Wean the Country from Imported Oil** – *Wall Street Journal* – 3/9/09
- **Clean-Energy Sector Looks for Private, Public Help** – *Wall Street Journal* – 3/9/09
- **Clean Energy Has Narrower Loss, Shares Rise** – *Orange County Business Journal* – 3/6/09
- **In Search of a Panhandle Windfall** – *The Texas Observer* – 3/6/09
- **Can Wind and Solar Compete in this Market?** – *Santa Barbara Independent* – 3/6/09
- **SWEET(ER)WATER: Wind Energy Revives the Former 'Fastest Shrinking City in Texas'** – *Abilene Reporter-News* – 3/7/09
- **Local Energy Experts Pick Apart T. Boone Pickens' Plan** – *Pittsburgh Tribune-Review* – 3/8/09
 - *iStockAnalyst*
- **Adios, Lone Star State Dominance** – *Louisville Courier-Journal* – 3/8/09
- **Oil at \$50 Looms as OPEC Plans Cut, Keeps to Quota** – *Bloomberg* – 3/9/09
 - *Chicago Daily Herald*
- **Signs of a Future Hybrid Car Rebound** – *Hybrid Cars* – 3/8/09
- **RUMBLINGS: Mackinac Conference Agenda Grows** – *Crain's Detroit Business* – 3/8/09
- **Eye Opener: March 9, 2009** – *Washington Post* – 3/9/09

Blog/Online Placements (Full Articles Below)

- **T. Boone Pickens Still Bullish on Oil: Sees \$200-300 Oil in 10 Years** – *Blogging Stocks* – 3/6/09
- **Plummeting Rig Count, Floor in Oil & Gas Prices? (BHI, USO, OIH)** – *24/7 Wall Street* – 3/6/09
- **Weekend Lineup** – *Hotline on Call* – 3/6/09
- **Pickens vs. Geithner on Energy Policy** – *The Street* – 3/6/09
- **Dow Jones Misses It** – *The Huffington Post* – 3/6/09
- **Liz Claman Interviews at Green Economics Summit** – *Fox Business* – 3/5/09

- **Pimp My Ride, Flex My Fuel** – *Montana With Kids* – 3/7/09
- **When Will the Oil Price Pop?** – *Seeking Alpha* – 3/8/09
- **Alternative Energy** – *ZACKS* – 3/9/09
- **U.S. Plans for Boosting Alternative Energy Supplies and Conservation** – *Seeking Alpha* – 3/9/09
- **Oil's Price Jumps Toward \$50, Consensus Wrong Again** – *Business Insider* – 3/9/09

PRINT COVERAGE

From Here to There: T. Boone Pickens on his Plan to Wean the Country from Imported Oil – *Wall Street Journal* – 3/9/09

In July 2008, T. Boone Pickens, the founder and chairman of BP Capital Management, launched a self-funded campaign aimed at reducing U.S. dependence on imported oil.

His plan: to use wind power for electricity, freeing up natural gas to run vehicles. He wants the federal government to kick off the program by subsidizing conversion to natural gas for about 5% of the nation's 18-wheeler trucks. An initial infrastructure of 89 liquefied natural-gas plants and 2,000 refueling stations would also be needed. Over time, the network would expand on its own.

Mr. Pickens talked to The Wall Street Journal's Kimberley A. Strassel. Here are edited excerpts from that conversation.

What About Free Trade?

KIMBERLEY A. STRASSEL: You talk to any classical economist and they'll say there's lots of things America doesn't make. We import them. We export stuff. We do well. People call it free trade, competitive advantage. So what's wrong with importing our oil? What is the question about energy independence? Why does it matter?

T. BOONE PICKENS: Is that a free market? Who's kidding who? Do you think OPEC is a free market? That's crazy. Of course it's not a free market. We're in a game where we don't have the cards. And when you're in a game with no cards, get out of the game, if you can. We can. That's my point. Let's move ourselves out of an OPEC world because they -- I never know when they're going to slam the door on us.

There's 85 million barrels of oil produced every day in the world, and we are using 21 million barrels of the 85. Twenty-five percent of it we use. We use it with 4% of the population.

MS. STRASSEL: A lot of your plan depends on wind power. I saw a quote that you gave to our newspaper a little bit ago saying this wind stuff is deader than hell right now. What has the last year done to the prospects of your plan? For the financing for it, for the political will to do it, for all of these things?

MR. PICKENS: You've got two problems with wind right now. This is kind of like back one time when I asked my dad if we could do something, and he said, "Son, there are three reasons why we can't." And I said, "What are they?" He said the first one is we don't have the money, and it doesn't make a damn about the other two. This one is kind of the same deal, but you do have two. The first one is that there is no financing.

Go back two years ago when we started on a huge wind project. It was really too big. But it's still a sizable deal. It's 1,000 megawatts. We were trying to do 4,000 megawatts. But two years ago, you had them lined up wanting to finance it because natural gas was selling at \$9 and wind is priced at the margin and the margin is natural-gas power. So at \$9 it was a piece of cake. Now natural gas is \$4. So it's out of the money.

Now what will happen is it will come back together. This is a geologist talking. You're really optimistic if you're a geologist because you drill so many dry holes that you have to remain upbeat all the time. Hell, I've got two years. I don't start receiving turbines until 2011. So I've got to have it financed and be ready to go and breaking ground in the summer of 2011, which is two years away. That's a lot of time.

Don't Say No

MS. STRASSEL: How do you make this work, though, given other problems? I mean so much of your plan, for instance, is based on natural gas. There is no will right now to drill for more natural gas in the offshore part of the U.S. There is also very little infrastructure out there for natural gas; if you buy a car, you want to know you can fill up across the nation. I mean that's a huge investment, too, at a time of economic distress.

MR. PICKENS: We had an old guy in our county, Roberts County, Texas, where my ranch is. It's 596,000 acres -- a big county, but it only has 971 people in the county. He was 90 years old and he was born and raised in that county. They had a 90th birthday party for him at the county seat at the gymnasium at the high school. So we all went in and he cut the cake and everything. Then we lined up and shook hands with him. Really a great guy.

The fellow in front of me, I could hear what he said to him. He said, "Mr. White, congratulations. You were born in this county and you've lived here for 90 years."

He said, "I don't like to even go out of the county, son. There's plenty of room for me right here. I love this county."

And the guy in front of me said, "Well, by golly, in 90 years, though, you've seen a lot of changes haven't you?"

He said, "Yep, and I was against every goddamn one of them."

Don't fall in that category. It's kind of like planting a tree. You know, the best time to plant a tree would have been 20 years ago. But the second best time, if you didn't plant it then, is today. We haven't had an energy plan in 40 years. So don't talk yourself out of it -- "Well, we don't have the infrastructure, and well, we need to drill some more wells," or whatever. This will happen. I believe in America. I believe we can solve our problem. And I'll tell you what, whatever we do, it beats the hell out of buying oil from the Mideast. Now that's all there is to it. So let's get at it and get going.

Now, to answer your question, we have plenty of natural gas in this country. Am I opposed to drilling? No. I'm for anything that's American. I'm opposed to foreign oil. So we've got plenty of natural gas. Today we've got four to five billion cubic feet of gas that has no market.

Clean-Energy Sector Looks for Private, Public Help – *Wall Street Journal* – 3/9/09

By Jeffrey Ball

Santa Barbara, Calif.

Hit hard by the recession, the clean-energy industry is on the ropes. Governments are injecting stimulus money in hopes of keeping it alive, but what the industry ultimately needs is a far bigger dose of private investment.

In the space of a few months, the recession has slammed the brakes on what had seemed a full-tilt push for new ways to power the planet while emitting less pollution. It has thrown a wrench into the plans of once-booming but still-nascent companies that produce everything from wind power to solar energy to biofuels. The weak economy has whacked the industry in two ways: It has prompted investors to pull back their capital, and it has reversed the rapid run-up in energy prices that for the past few years was fueling much of the industry's growth.

A return to high energy prices probably would spur clean-energy investment again. But one of the forces that was driving up energy prices was the expectation of tougher government limits on greenhouse-gas emissions, which would have burdened the industry with higher costs. In the near term, the recession is likely to slow momentum for those mandates. Politicians are less likely to sock voters with policies that will make energy more expensive when those voters are worried simply about keeping the lights on.

Last week, at ECO:nomics, The Wall Street Journal's annual conference on the business of the environment, clean-energy developers large and small swapped tales of how the recession and the resulting drop in energy prices have hobbled their plans.

"It's wicked timing," William Roe, chief executive of biofuels developer Coskata Inc., said at the conference. Coskata, based near Chicago, is trying to find funding for a plant it is trying to build. But these days, "when you talk to a bank," Mr. Roe said, "all you get is a smile and a pat on the head."

Even T. Boone Pickens is feeling the pinch. The Texas oilman has been spending millions of dollars to drum up support for his "Pickens Plan." It envisions developing big new wind farms to generate electricity as a way to free up U.S. natural gas to power truck fleets -- and, in turn, to curb U.S. demand for imported oil. But Mr. Pickens has been forced to scale back his own plans to develop a massive wind farm in Texas.

Two years ago, Mr. Pickens was hoping to build a 4,000-megawatt wind farm in his home state, and investors were "lined up wanting to finance it" because energy prices were so high, he said. Now, with natural-gas prices having fallen by more than half, it's unclear when the project will grow beyond its first 1,000-megawatt phase.

As oil prices surged and greenhouse-gas emissions took a higher place on the political agenda, spending by public and private sources to develop renewable energy and improve energy efficiency surged to \$155 billion in 2008 from \$34.1 billion in 2004, according to New Energy Finance, a London consulting firm. When the recession dried up financing for big projects and deflated energy prices, the clean-energy race ran out of gas.

The economic-stimulus plans rolling out everywhere from the U.S. to Europe to China seek partly to breathe new life into the global clean-energy campaign. But because the global energy system is so huge, even billions of dollars of short-term government money won't matter much unless it's able to get hundreds of billions of dollars in long-term private investment flowing into clean energy again.

The \$787 billion U.S. stimulus plan contains some \$94.1 billion over 10 years for clean energy, for everything from plugging energy leaks in old houses to building more wind turbines, according to a study by HSBC. But the public money will work only if it can get private investment "off the sidelines and get the commercial banks to lend again to good projects," Matthew Rogers, the Department of Energy official who oversees the department's stimulus spending, said at the conference Friday.

The International Energy Agency estimates that annual global spending on renewable energy and energy efficiency would have to average \$542 billion through 2030 to prevent atmospheric concentrations of carbon dioxide, a greenhouse gas, rising to a level many scientists say would trigger particularly dangerous consequences from climate change.

One thing government could do is lay out policies to convince private investors that clean energy is still a smart long-term investment. It appears likely to do that, eventually. But the coming year is likely to feature heated and historic debates over how the details of those policies should shake out.

One likely fight will be over the prospect of forcing companies to pay to emit carbon dioxide, probably through a "cap and trade" system. Under such a system, the government would print permits entitling industry to emit a set number of tons of greenhouse gases every year; companies would buy and sell those permits, launching a race to curb emissions at the lowest cost. Exactly how that policy is drawn would determine how much it would raise electricity prices and which Americans would bear the brunt of that bill.

For now, the clean-energy industry is reaching for any lifeline it can get. At the Journal's conference, when Mr. Rogers finished speaking and stepped off the stage, dozens of clean-energy entrepreneurs swarmed around him, handing him their business cards in hope of a shot at some short-term government relief.

Clean Energy Has Narrower Loss, Shares Rise – *Orange County Business Journal* – 3/6/09

By Dan Beighley

Shares of Seal Beach-based Clean Energy Fuels Corp., a provider of natural gas for trucks, were higher Friday after the company reported a smaller loss that beat expectations.

Its stock was up about 4% in afternoon New York trading on a market value of \$250 million.

The company backed by billionaire oilman T. Boone Pickens makes and operates natural gas fuel stations for fleets of vehicles like buses and taxis.

Demand for its services has been on the rise with increased environmental concerns and interest for less dependence on foreign oil, according to the company.

Excluding charges, Clean Energy on Thursday reported a loss of \$4.3 million, better than the 17.3 million loss analysts were looking for.

Revenue came in at \$29.6 million, which was flat from \$29.7 million a year earlier.

For the quarter, Clean Energy said it delivered 18.7 million gallons of fuel compared to 18.2 million for the same period a year earlier.

Pickens is Clean Energy's principal shareholder, founder and a director. He started Clean Energy as a tiny part of Dallas-based Mesa Petroleum in the late 1980s. He split it off in the late 1990s.

The company is part of Pickens' push toward alternative sources of energy to become less dependent on foreign oil. Last year, he called for \$1 trillion in government and private investment in windmill.

In Search of a Panhandle Windfall – *The Texas Observer* – 3/6/09

By Stayton Bonner

While I waited for the safety instructor, my eyes wandered to a laminated photograph on the wall. Among motivational posters of sunset kayakers and snow-peaked mountains, a nervously grinning man held up the drooping carcass of a 9-foot diamondback rattlesnake by the shaft of a pitching wedge.

"Goddamn," said my fellow trainee. I'll call him Roy. He walked over and took a picture of the snake picture with his cell phone. Roy wore dusty jeans, boots and a camouflaged baseball cap. He looked to be about 17. A large tattoo covered his right arm.

Though I was just visiting, I was required to attend a safety course for newly hired construction workers before touring what will soon be the world's largest wind farm, near Roscoe. Black plastic cigarette canisters stood like sentinels amid the site's dust-spattered mobile home offices, clustered down a dirt track just off Highway 84. Wind turbines (pronounced "turbans") towered over flat cotton fields.

"You know where you want to work yet?" Roy asked.

"I'm just here for the day," I said.

"I hope they let me climb towers," he said. "To hell with the oil rigs."

"A rattlesnake's strike distance is two-thirds of its body length," a man said. We turned from the photograph. Jim Mercer, our instructor, had arrived. Tan and fit, he wore rectangular glasses, a black baseball cap, and a bright yellow reflective jacket of the sort favored by crosswalk guards. Before coming to Texas, Mercer worked sheet metal in Arizona and as a private contractor in Iraq, where a bomb had damaged his hearing. He talked a little too loudly.

I had assumed that a landscape as flat as the Panhandle couldn't be dangerous. Mercer was about to prove me wrong.

"I got angry with my wife and threw her cat in a rattlesnake den," Roy said, apropos the photo, as Mercer set up a slide projector on the plywood conference table. "They were nesting in a culvert down the road. The rattling was deafening after they got that cat."

"Guess he didn't come back out, huh?" Mercer asked with a tight grin.

"Nope," Roy snorted.

It's common to hear tough talk on dangerous job sites like oil fields and ranches. Bravado and black humor serve as outlets for anxiety. Mercer shook his head and turned on a projector.

"You know what the No. 1 killer of construction workers is today?" Mercer asked as he unsheathed his cell phone from a belt holster.

"This little baby right here. Talking and driving. Talking and texting. Four 14-year-old girls were texting when they ran daddy's SUV straight into a horse trailer the other month on a nearby farm-to-market. They were all killed."

Comprising 97 square miles, the Roscoe wind farm is owned by German energy company E On Climate & Renewables. D.H. Blattner & Sons Inc., a Minnesota construction company, was hired to erect the site's turbines and administer employee-safety courses. At full power, the Roscoe installation will produce 782 megawatts, enough energy to power around 230,000 homes.

Most of Roscoe's turbines are Mitsubishi 1-megawatt models, 12 feet in diameter at the base and 308 feet tall from ground to blade-tip. At night, flickering lights atop the turbines warn approaching aircraft.

Each tower is composed of three hollow metal shafts welded together one atop the next. Wearing climbing harnesses clipped to safety lines, construction workers ascend metal rungs inside the tower. The turbine is capped by a nacelle (a boxlike structure holding an electrical generator) and the rotor (consisting of the hub and blades).

“Those blades are 97 feet long and weigh around 8,000 pounds apiece,” Mercer said, absentmindedly fingering a pack of Marlboro reds in his breast pocket. “Two cranes work together to lift them. The wires actually sing while lifting the blades.”

In May 2008, the U.S. Department of Energy issued a report projecting that wind farms could produce 20 percent of the country’s electricity by 2030. Domestic wind energy currently accounts for just over 1 percent of U.S. grid capacity. The 20-percent goal could produce an estimated 156,000 new jobs.

Many would be located in the Great Plains, from Texas through North Dakota. That wind corridor is home to some of the world’s strongest and most consistent air currents. It also encompasses “tornado alley.”

A slide advises workers to seek underground shelter if a twister hits.

“Underground shelter?” Mercer scoffed. “Yeah, right. Best you can find out here is a culvert or bar ditch. But you know what else is heading for that low point? Every animal out here. I’m not bedding down with rattlers, porcupines and skunks. And look at these offices. They’re mobile homes. Tornadoes hate Wal-Marts, Kmart and mobile home parks. Me? I’m jumping in my Ford and hauling ass.”

Mercer recounted a story about a turbine worker caught in the field during a tornado. The tower’s first section had been erected, but the rest was lying on the ground. As the tornado advanced, the worker crawled inside a 100-foot, open-ended metal tube and hooked his safety harness to one of the shaft’s climbing rungs.

“You ever blow across the top of a beer bottle?” Mercer asked. “Imagine the beer bottle top is 12 feet wide and your breath is raging 200 miles per hour.”

For the Great Plains wind corridor to provide 20 percent of U.S. energy by 2030, the national power grid will have to be overhauled. The grid, owned and maintained by a loose coalition of regional electrical companies and established to serve rural areas, wasn’t built to handle the juice produced by wind farms.

“If Thomas Edison came back today, he’d find some of the same things he’d initially put in,” T. Boone Pickens told me.

As a substantial investor in turbines and natural gas, Pickens stands to make a tidy profit from his widely publicized plan to shift the burden of American energy dependence away from foreign oil.

Pickens isn’t the only billionaire entrepreneur with his eye on a windfall. During September’s initial economic downturn, Berkshire Hathaway Inc. founder Warren Buffett added several wind-friendly energy companies to his portfolio. Unlike fossil fuel prices, which fluctuate, wind production costs are predictable.

But serious roadblocks impede Buffett and Pickens. The Roscoe wind farm is so big because it lies near the northernmost boundary of ERCOT, the Electric Reliability Council of Texas, a regional power grid serving 85 percent of the state. In nearby Sweetwater, high-capacity transmission lines were built years ago to transmit electricity from natural gas power plants to Dallas-Fort Worth, but have increasingly begun carrying wind energy. The Sweetwater area is now home to the country’s three largest wind farms not because it’s the state’s windiest region, but because it happens to be connected to the right load capabilities.

Transmission-line expansion is on the horizon. The Texas Public Utility Commission recently unveiled plans to begin installing new Panhandle lines in 2011.

Exploring the region in the 16th century, Spanish conquistadors named the area the Llano Estacado, or “staked plains.” Waist-high grasses waved like a shallow ocean from horizon to horizon. The conquistadors drove stakes into the ground to keep their bearings.

Though still home to high winds, the Great Plains’ native grasses have largely been replaced by cultivated fields, highways and oilfield pump jacks.

Back at the construction site, the slide show presents a bright yellow crop duster spraying a cotton field.

Like most wind farms, the Roscoe site is planted on leased farmland. Property owners allow companies to build turbines in exchange for royalties from the energy. The metal and fiberglass turbines spin over neatly drawn boxes of cotton fields, farm-to-market roads and giant irrigation sprinklers.

“OK, you’re far more likely to see one of these babies than a twister,” Mercer said, referring to the crop duster. “Remember, we’re guests on the farmers’ land. They can do whatever they want. One local boy uses an old biplane to spray. If you see one of these guys popping smoke, then get the hell out of there. Some use a DDT derivative to kill the boll weevils. You see a crop duster spraying, you immediately leave and don’t come back for 24 hours.”

A train flashed on the screen.

“Six or seven trains cruise through here going anywhere from 50 to 90 miles per hour,” Mercer said. “You think they’ve got any crossing guards out here? No way. Also, thanks to Homeland Security, the train companies don’t have to disclose what they’re freighting. These guys could be hauling anything from corn syrup to hydrosulfuric acid. If a spill happens and you’re downwind, walk at a right angle until you’re clear of its dispersion path.”

The screen showed pictures of Native American pottery.

“Okay,” Mercer sighed. “If you unearth any artifacts, work must stop until field research can be done.”

I’d heard stories of workers failing to report pottery found on site. Calling in a research team to catalog antiquities halts production and costs money. I’d also heard rumors of high turnover rates among turbine workers because of meth addiction, a rural Texas scourge.

“Look, I only lie to the IRS and women in bars,” Mercer said. “The fact is that there’s not much Indian stuff out here. As for drugs, you’d better have done all your partying in high school. We have regular, mandatory tests.”

The program continued with slides of spider bites and scorpion stings. “Don’t wear a wedding ring on site,” Mercer said, flashing a jewelry-free hand. “One bite, and your finger can swell up like an overcooked microwave hot dog.”

He warned of killer bees that have migrated into the area from South America. Four workers were recently attacked by a swarm.

“That’s another reason to wear the reflective jacket,” Mercer said. “Bees don’t attack bright colors because they associate them with flowers.”

We saw a truck mired to the axles in mud.

“Even the ground out here can kill you,” Mercer said. “We work in cotton fields that have been plowed down 36 inches below the surface. Your truck will sink and possibly flip if you go too far off the road.”

The safety course ended with slides showing burly, hard hat-wearing construction workers doing jumping jacks and reaching for their toes. Roy shook his head and grinned.

“Laugh if you want, but stretching is proven to reduce soft tissue injuries,” Mercer said. “Everyone on site is required to perform calisthenics before the working day begins.”

After the course, I toured the wind farm with site manager Jerry Hawkins. In his late 60s, Jerry has white hair, glasses and a deeply lined face. We both wore hard hats, plastic safety goggles and bright, reflective jackets, even inside his extended-cab Chevy truck.

“Company policy,” Jerry said.

We rattled down dirt roads, white dust lingering in our wake. At a crossroads, the door of a bright blue portacan slammed open and shut like a crippled bird trying to take flight. Flagged red signs screamed, “Warning! Power lines overhead!” We passed an empty turbine construction site.

“The wind’s blowing so hard this afternoon that they’ve stopped work on the towers,” Jerry said. Wooden boxes 15 feet tall housing electrical equipment and emblazoned with the red Mitsubishi symbol stood next to unfinished towers rising 100 feet. Three 97-foot blades affixed to a rotor lay splayed on the ground next to a Winnebago-sized nacelle. To hold all this weight steady in high winds, the turbine shafts are sunk in giant concrete foundations. From the highway, it’s impossible to appreciate their immense size.

The Roscoe wind farm is an international project. Spearheaded by E On, the project utilizes parts from Japan, Denmark and Spain. Compared with Europe, where wind energy technologies have been developing rapidly since the 1970s, domestic R&D has been relatively stagnant. That’s changing. General Electric Co., E On, Siemens and Mitsubishi Corp. all maintain offices in nearby Sweetwater. Foreign companies are driving development in the Panhandle with an eye toward expanding across the country.

Jerry and his wife have a home in Wichita Falls, about three hours away. Because the wind farm job was too good to pass up, he’s living temporarily in a Sweetwater RV park and commuting.

“This is the way we’re heading,” Jerry said, nodding to the rows of half-completed turbines. “They’ve completely changed Sweetwater. There used to be nothing out here. Now their high school has even got an Astroturf football field.”

Turbine farms from Texas to Canada could revitalize America’s rural economy. But in addition to the outdated power grid, other major hurdles exist. For one thing, there’s no functional storage system, so turbine-generated electricity has to be utilized in real time. The wind often blows hardest in the morning and evening, when demand is lowest. And what happens when the wind doesn’t blow?

Despite such challenges and a sagging economy, the U.S. wind energy market is moving ahead. During the next few years, Congress will likely implement some type of carbon-credit trading program similar to Europe’s to curb U.S. industrial emissions. Companies exceeding their pollution quotas would be required to buy green energy, like wind or solar.

“They’ve had me working some night shifts lately,” Jerry said. “They’re in some kind of rush to get all these things up.”

The afternoon sun was oppressive. There was nowhere to hide on the plains. Jerry played a gospel music CD in the truck, the air conditioner on full-blast, and sang along quietly while we drove. A water truck passed by, moistening the roads to hold down the dust.

"I'm a member of the Christian Classic Cruisers," Jerry said. He opened the glove box, pulled out a booklet, and showed me pictures of his 1920s-era Chevrolet. He, his wife and their toy poodle drive the antique car to charity events, raising money for underprivileged children.

"We've got that poodle instead of any grandkids," Jerry said. "The dog goes everywhere with us."

We stopped near a power substation, seemingly comprised of Frankenstein lab props. Wind energy converted by the turbines is amassed here before being transmitted down the line to the ERCOT grid. The air crackled like a giant bug-zapper. Cows grazed an adjoining field. A nearby shed housed old farm equipment.

Continuing on, we paused under a row of spinning turbines.

"Hear that?" Jerry asked.

The turbines made a steady whoop-whoop, like a hotel lobby's revolving door.

"I don't even notice the noise anymore," Jerry said. "Once you pull a quarter-mile away, you can't hear them at all."

We rolled up to a crew working on a turbine. The wind had let up enough to let the men get back to work. A bright orange hard hat bobbed at the top of a partially completed shaft. The worker looked like a circus performer preparing to be shot from a giant cannon. An immense yellow crane hoisted bearings into the sky.

"That's the foreman there," Jerry said, pointing to a gray-haired man smoking a cigarette in a Dodge pickup with the windows rolled up. "I'm going to see if we're working tomorrow. I'd sure like Saturday off."

Jerry walked over to the man, who rolled down the window and smiled. I noticed spotlights and a generator at the turbine base. The men worked for 10 minutes and then stopped again. Jerry came back to the truck.

"What happened?" I asked.

"Wind picked up," Jerry said. "Looks like we're calling it a day. It's about 5 anyway."

"Are you working tomorrow?"

"Yep," Jerry said. He shook his head and smiled. "At least I don't have to pull the night shift. It's good to get a break."

Austin's Stayton Bonner received a state grant to write about wind energy development in the Panhandle.

Can Wind and Solar Compete in this Market? – *Santa Barbara Independent* – 3/6/09

By Charles Donelan

The final presentation on Thursday's afternoon calendar at ECO:nomics was "Fresh Juice," a confab that included Thomas Werner, CEO of SunPower, and Douglas Pertz, president and CEO of Clipper Windpower. Clipper has its headquarters in Carpinteria, although their manufacturing is done in Cedar Rapids, where they have a 330,000 square foot production and assembly facility. These companies are two of the leading creators of green jobs in the United States, but they are being squeezed right now by the contraction of the debt markets. Clipper has had to lay off employees in Cedar Rapids, and Sun Power has made lay offs recently as well.

The session leapt straight into the line of fire, with both executives addressing current obstacles to operations directly. While Clipper has shipped turbines in the last six months, they have not taken any new orders in that time, according to Pertz. Werner opened his remarks by invoking the concept of multiple compression, emphasizing that while his company's revenue is up, its market capitalization has nevertheless shrunk due to the fact that, for the moment at least, "project finance doesn't exist." He went on to say that climate had not cooperated with his enterprise either, explaining that "its hard to convince people in Germany [thus far SunPower's biggest market] to put solar systems up when they are digging out from under a huge snow storm."

Pertz cited some impressive metrics from Clipper before adverting to the judgment of T. Boone Pickens, who he quoted as having said "this wind stuff is dead as hell" just a few hours before. Pertz said that unfortunately, he was inclined to agree. In response to the follow-up question, which was "when you're dead as hell, what do you do?," he summarized the strategy as follows: "We cut back, we work harder, and we get through it. We wait for the stimulus to free debt markets up, and in the meantime, we invent new ways to get financing." Pertz added that the latter step would be necessary in any event, because "out of the finance sources for renewable energy available last year, a third of them are already gone."

Both executives were asked to put their respective technologies in relation to fossil fuels on cost. Pertz said that, with government subsidies, wind was within a few cents, and clarified that wind was around \$0.21 per kilowatt hour, versus a fossil fuel market price of \$0.15 per kilowatt hour. Werner began by admitting that for him, this was a tough question, and then quoted a figure of approximately \$0.34 per kilowatt hour for solar.

At this point the moderator from the Wall Street Journal posted a slide of an opinion poll that showed that non-specialist average citizens thought nearly exactly the opposite. Right at the top of the Perceived Economy by Power Source chart was solar, which well over 20 percent of those polled believed was the most cost-efficient of all power sources. When asked how they planned to manage such unrealistic public expectations, both men seemed surprised at the question. With all the real pressure facing energy companies today, it seems public misconceptions may have lost some of their ability to intimidate CEOs. Nevertheless the chart led the discussion in an interesting direction.

Pertz was first in with the comment that, with political change in the "wind," it might only be a matter of time before price differences are no longer a problem. Werner followed up with one of the day's most telling remarks, saying that the public's misperception that wind and sun were less expensive sources of energy than coal, oil, and natural gas, was based on the truth, which is that the wind and the sun are in fact free. "Our fuel is free," he went on. "What's not free is the cost of building out the solar energy system. But the build-out has never been free. What do you suppose it cost to build the first coal fired electricity generator? Did that project pay for itself?"

Both Pertz and Werner agreed that, from a policy standpoint, what needs to happen soon is something that will address the scale of the renewable energy initiative, preferably an effort on the part of the federal government that increases interaction between Washington and the state power commissions. Werner added that, as far as reaching a more economically viable scale was concerned, solar and wind were not competitors but rather complementary technologies. He pointed out that the two technologies draw on natural phenomena that often occur at different times of day. All this led to a lengthy and technical discussion of various strategies and

technologies of power storage and distribution. The current grid is apparently not "smart" enough to bring renewable online easily today.

Pertz left the audience with the observation that he expected wind to be integrated effectively into the power system soon, but perhaps not within the next four to five years. He cited that Clipper still has plans to build the world's largest wind farm — 5 gigawatts — in South Dakota.

Werner answered the "when?" question with a similar timetable — "five to 10 years" — and with a pledge that renewable energy would represent not only a green alternative, and sufficient power quantity, but also would provide a higher quality of power than ever before.

SWEET(ER)WATER: Wind Energy Revives the Former 'Fastest Shrinking City in Texas' –
Abilene Reporter-News – 3/7/09

By Doug Myers

SWEETWATER -- The label infuriated some, saddened others.

It was nearly seven years ago when this town received the unwanted title -- based on 2002 census estimates -- of the "fastest shrinking city in Texas."

The irritating label, warranted or not, came at a painful time.

As a long-standing drought -- one that began in the 1990s -- exasperated agricultural producers and dried up water sources, an alarming number of residents fled for jobs elsewhere. With the oil industry struggling, companies were no longer drilling through the layers of white gypsum in the rolling plains around Sweetwater.

It may not have been as bad as when an 1885 blizzard killed 90 percent of the area's livestock or the 1986 tornado that killed one person and caused \$15 million of damage, but it proved to be a major setback.

How times have changed.

It's much sweeter to live in Sweetwater these days.

New hotels have been built. A Wal-Mart arrived. Houses have increased in value. Rental property has filled up. There are more restaurants. School enrollment has rebounded.

"It's about as good as I've ever seen it," said Sweetwater City Manager Edward Brown, who has lived here 35 years. "It's very encouraging."

Prospects are looking up even more -- at least for those who want to bring more jobs to town -- with the proposed \$3.5 billion Tenaska Trailblazer electric plant about nine miles east of Sweetwater.

"If it (Tenaska) does become a reality, the face of Sweetwater will be changed forever," said Jacque McCoy, executive director of the Sweetwater Chamber of Commerce.

It's yet another example of the resiliency the town and county has shown over the years -- the ability to bounce back and become even stronger even after the toughest of times.

Sweetwater did it after the 1885 blizzard. And again after the 1986 tornado and was named an All-America City for its efforts. And it's doing it again.

"Compared to 10 years ago it's a different place," said Kevin Bailey, a 31-year-old salesman at Warehouse Furniture on Broadway Street who has lived in Sweetwater most of his life.

Even Dallas oil tycoon T. Boone Pickens, who opened an office in downtown Sweetwater in mid-2008, bragged about how progressive Sweetwater is. Last summer Pickens used the town as a poster child for wind energy and filmed a national TV commercial as part of his Pickens Plan energy initiative.

Similar excitement for Sweetwater and Nolan County's much-improved economy can be seen and felt on the busy streets of Broadway and Lamar and in its historic downtown business district as the persistent West Texas images of cactus, mesquite, red dirt, cotton and rattlesnakes fade away for at least a few minutes.

While its economy is reinvigorated and its population has seemingly stabilized, apparently down nearly 1,000 residents since the 2000 census, Sweetwater has had an economic jolt that should raise the eyebrows of President Obama's stimulus package advisers.

Rebound

"If you're buying (a house), you're going to pay a little bit more than you would a few years ago," Brown said.

Typically homes that were selling in the \$100,000 to \$125,000 range are now selling for \$125,000 to \$175,000, Brown said. Home sale prices have grown from an average of \$47,225 in 2000 to \$84,625 in 2009, said Scott Morgan, of Morgan Real Estate.

Those associated with the wind industry have bought, in some cases, "lower-end housing" and allowed locals to use the proceeds to move into better housing, Brown said.

As a result, the faces of those in Sweetwater have changed, Brown said, so that when folks go into the local Brookshire's "there's a lot of people you don't know."

A large reason for the rebound, locals say, is the construction of roughly 1,300 wind turbines in Nolan County and related work.

Although wind farm construction has slowed due to a lack of transmission lines to carry electricity to metropolitan areas, at least 20 wind energy-related businesses have sprung up in Sweetwater in recent years.

"Something (wind) that we considered a thorn in our side has put such a boost in our economy," said the chamber's McCoy.

It's a far cry from when author Dorothy Scarborough, who spent part of her childhood in Sweetwater, penned "The Wind" in 1925. The novel, which became a 1928 movie starring Lilian Gish, focused on a heroine driven insane by incessant wind and drought around Sweetwater during the 1880s. Nationally, it was highly acclaimed. Locally, it was roughly received.

Nolan County Judge Tim Fambrough said much has happened since he first met with AEP officials in 2001 about the 100-wind turbine Trent Mesa Project.

"That was the start of many, many projects," Fambrough said. "It took a lot of meetings and perseverance."

And, McCoy said, more jobs will be on the way -- once proposed transmission lines are built.

"A lot of the buildings that have been vacant on this main street (Broadway) are now occupied," McCoy said, adding they are mostly wind service-related businesses.

From his perspective in real estate, Morgan said the Sweetwater economy has been on the upswing since January 2005 "coincidentally -- or perhaps because of -- the opening of Wal-Mart."

"Sales tax revenues shot up, and real estate development sprang up along the I-20 corridor surrounding the Wal-Mart," Morgan said, referring to hotels, stores and fast-food restaurants.

"Momentum continued with the wind farm development, increased oil prices, and lo and behold, the lakes filled up for the first time in years."

Morgan said Sweetwater's success has continued with the conversion of the closed 50,000-square-foot People for Progress building -- originally an elementary school built in the 1920s -- into a headquarters for MHMR.

Morgan added the community recently pulled together to begin restoring the downtown Texas Theatre that should be thought of "as a little Paramount to the west," referring to Abilene's jewel of downtown.

McCoy said Sweetwater has enjoyed gains because longtime successful businesses such as Ludlum Measurements, U.S. Gypsum and Buzzi Unicem (formerly Lone Star RC Cement) have played important roles in stabilizing the economy.

Consequently, Sweetwater ISD Superintendent Terry Pittman said local schools have been able to rebound well, as enrollment is up to about 2,250 students. The district had plummeted from about 2,800 students in 1997 to 2,100 in 2006.

Pittman remembered that enrollment dipped as the drought was ongoing, Archer Daniels Midland closed, and Dallas-Fort Worth and Austin were booming.

Now, Pittman said: "We're not losing or gaining. We're happy now with no loss -- just to stay stable."

Roundup benefits economy

Sweetwater's economy also benefits from its annual World's Largest Rattlesnake Roundup, which begins Thursday and runs through Sunday.

More than 30,000 people are expected to attend as gas stations, restaurants and beer stores prepare for the rush.

In anticipation, McCoy said she has spent time urging local residents to "be patient, be friendly, be nice."

However, Brown and others say, concern remains about agriculture -- which have been a "driving force" of the Sweetwater area economy -- facing some tougher times because of a lack of rain.

"It's hard right now," Brown said, noting there hasn't been much rain since October.

Sweetwater and Nolan County's ever-diversifying economy has helped ease the economic burden that would have caused hardship in the past, officials said.

Local Energy Experts Pick Apart T. Boone Pickens' Plan – *Pittsburgh Tribune-Review* – 3/8/09

By Rick Stouffer

Billionaire Texas oilman T. Boone Pickens' energy plan looks good on paper, but experts say a closer examination indicates good looks aren't everything.

Substituting wind power for natural gas to fuel power plants, then using natural gas to power vehicle fleets nationwide are ideas no one but oil company executives would veto.

Yet oilman Pickens touts his ideas as a boon to the national economy, and he has spent \$58 million of his own money on promotion. It would cut oil imports by nearly 40 percent, bolster national security by keeping oil dollars at home, and significantly improve the environment by lowering pollution.

But some experts who have peeked under the Pickens Plan overview have found shortcomings with the oilman-turned-wind farmer's proposals, including that one of the biggest benefactors of a plan estimated to cost well over \$1.2 trillion is the plan's originator.

"Clearly the biggest benefactor of the Pickens Plan is T. Boone Pickens," said Lester Lave, a Carnegie Mellon University economics and finance professor, and co-director of the university's Electricity Industry Center.

Efforts to reach Pickens for comment weren't successful.

But at a Wall Street Journal conference in Santa Barbara, Calif., last week, he said surging oil prices will return. "If you don't think we'll see \$200 to \$300 oil in 10 years, you are kidding yourself," he said in a MarketWatch report.

Pickens' plan foresees thousands of windmills stretching from the Texas Panhandle north to the Canadian border. America's Great Plains contain six of the eight best states for wind power potential, according to the American Wind Energy Association.

The Pickens Plan projects more than 20 percent of the nation's power being generated within 10 years from wind, with an unspecified amount of solar power also added to the mix.

"A lot of people are on the wind-solar-biomass bandwagon these days," said Mary Novak, an energy consultant in Boston with IHS Global Insight. "Thirty states (including Pennsylvania) are pushing for between 10 percent and 15 percent of in-state power to be produced from renewables, primarily wind. But 20 percent over 10 years is a bit of a stretch; we're forecasting 12 percent by 2020."

Pennsylvania's renewable portfolio standard mandates 8 percent of energy from a variety of renewable sources, including wind.

Wind's big problem is its unpredictability, it doesn't always blow, Lave said.

"Wind turbines rarely are putting out their full output, and many times aren't putting out any output at all — probably on the hottest day of the year when it's most needed," Lave said.

The CMU professor believes the amount of natural gas saved substituting wind for natural gas would be less than expected, because natural gas would be the backup fuel used to fuel power plants when wind power ceased.

"We've also found that if you must transmit power over long distances, it adds to the cost of power," Lave said. Moving power from Wyoming to Southern California more than doubled the power cost, he said.

Natural gas-powered vehicles isn't a new idea — the technology's been around for more than 60 years. Just 2.2 percent of the natural gas used in this country goes to transportation, according to government figures.

IHS Global Insight's Novak said that substituting natural gas for gasoline and diesel on a nationwide scale comes with a host of problems, not the least of which is stretching the country's resources.

"Our total consumption now of natural gas is about 20 quadrillion BTUs (British thermal units)," Novak said. "Transportation demands probably would require another 20 quadrillion BTUs." Converting 20 quadrillion BTUs to cubic feet is about 19.6 trillion cubic feet.

Natural gas takes up much more storage space than oil, Novak said. The added work of adapting vehicles to natural gas, construction of refueling stops and other needs doesn't make sense when there are other alternatives, including electric plug-ins.

"Boone's just not up to date on what it would take for natural gas tanks and compression stations," Lave said.

Natural gas producers favor a plan that would rapidly increase use of their resources.

"We are absolutely in favor of natural gas-powered vehicles," said Murry Gerber, CEO of Pittsburgh-based natural gas exploration-production and distribution company EQT Corp., formerly Equitable Resources Inc. "Pennsylvania can be an exporter of natural gas in just a few years if government clears the barriers to development."

Gerber favors promoting, through a subsidy or state Public Utility Commission regulation, construction of a network of natural gas pipelines along major highways, to feed natural gas fueling stations.

The concept of spending \$1 trillion to expand and modernize the nation's infrastructure has the backing of coal companies and electric utilities. Coal remains the nation's primary fuel for generating power, with more than 50 percent of all power coming from coal.

Utilities are promoting modernizing and expanding the transmission system to eliminate bottlenecks that prevent their product from getting to where it's needed.

"The key to the Pickens Plan is transmission," said Consol Energy spokesman Tom Hoffman. "A Department of Energy study in 2008 said the country could get to 20 percent of energy from wind provided there was 13,100 miles of new transmission lines built. That's where the real problem lies."

Consol, both a major coal producer and a large natural gas producer through its CNX Gas Corp. subsidiary, sees more transmission capacity as an open door to more usage by coal-burning utilities such as Greensburg-based Allegheny Energy Inc.

"That's a lot of transmission, with the problem being that politically, it would be very difficult to accomplish," Hoffman said.

Critics point out that one of the biggest benefactors of the Pickens Plan is Pickens. The Texan's Mesa Power LLC is prepared to pump \$12 billion into what would be the world's largest wind farm, located northeast of Amarillo, Texas. He's on the board of the country's largest provider of

natural gas for vehicles and his BP Capital hedge fund has bet big money of natural gas producers.

Pickens points out with a fortune pegged at \$4 billion, he's not looking to add to his own coffers.

"This isn't for me. This is for my — and your — children and grandchildren," Pickens said, in a statement. "We're at a unique crossroads where we have the ability to confront this problem head on and do something that is critical for the future of our country."

Adios, Lone Star State Dominance – *Louisville Courier-Journal* – 3/8/09

By Bryan Burrough

WASHINGTON -- In 1845, the second-largest independent country in North America, the Republic of Texas, held its nose, took a deep breath and merged with its upstart eastern neighbor, the United States. (As a Texan myself, I understand the occasional regret that we took y'all's name instead of the other way around.) For the next century, Texas didn't give America much trouble. By and large, it was known for cattle with large horns, men with large hats and its citizenry's penchant for orneriness, braggadocio and shooting one another.

All that began to change in the late 1940s, when America suddenly discovered that an awful lot of Texans had somehow become very, very rich -- and very, very interested in national politics. The East Coast establishment's dismay at this news was captured in a six-part series of front-page stories in *The Washington Post* that began 55 years ago this winter. Authored by the Pulitzer Prize-winning White House correspondent Edward T. Folliard, the package promised what an editor's note called a first-ever look at "The Big Dealers, the fabulous money men of Texas who have been pouring part of their millions into American politics. ... The unique thing about them is public ignorance of their motives, purposes and ideas."

Thus began more than half a century of Texas political power that would see the first Texan, Lyndon B. Johnson, take a seat in the Oval Office; a second, George H.W. Bush, 25 years later; and in short order a third, George W. Bush. Along the way, the Texas "Big Dealers," a class of rightwing oilmen more commonly known as the Big Rich, would thrust upon the nation a series of princelings, beginning with their in-house attorney, John Connally, and leading through men such as Tom DeLay, Dick Arme and Phil Gramm. Never let it be said that *The Post* doesn't give you plenty of warning.

But now, barely a month into the Obama administration, even the proudest Texans must admit: The days of Lone Star Power are over. You may greet this news with tears or with relief, but there's no denying it. Now that George W. Bush has hightailed it back to Dallas, there is no Texan of any real significance left on the national stage. Kay Bailey Hutchison is still hanging on, and Texas has that governor, Rick whatsisname, the guy with the haircut, but the most visible Texan in Washington right now is probably the Libertarian Ron Paul. I don't think I need to say much more than that.

The twangy voices of political Texas, once so loud and proud, have been hushed. Molly Ivins is gone; great lady, sorely missed. Progressives such as Ronnie Dugger and Jim Hightower still soldier on, but not like before. The closest thing to a public intellectual Texas can now claim is Kinky Friedman, a Lone Star icon whose political pronouncements -- you'll recall he was a viable candidate for governor a while back -- make Ron Paul look like Lincoln. Offhand, I can't even name another Texas congressman. Can you?

It's been a long time since Texas was irrelevant. Few remember it now, but before World War II it was regarded as little more than a supersize Mississippi, a backward, agrarian society whose ultraconservative businessmen were best known for the Texas Regulars, a third party they formed in 1944 to challenge Franklin D. Roosevelt. The party's defining platform plank called for "restoration of the supremacy of the white race." Those were the days of Gov. Pappy O'Daniel, a hillbilly singer and flour salesman who won the statehouse in 1938 on a simple platform: the Ten Commandments. The state's most notable legislation during the 1940s made membership in the Communist Party punishable by death. And you thought Washington was a tough town.

Texas might have remained a marginalized curiosity, but oil changed everything -- everything. Until the Great Depression, control of Texas oil remained largely in the hands of Yankee corporations. There were some wealthy Texans, but no Big Rich. During the Depression, however, the cash-strapped major oil companies all but stopped looking for oil, preferring to simply buy what they needed elsewhere. Into this vacuum charged hundreds of individual Texas oilmen, known as wildcatters, who between 1930 and 1935 proceeded to discover the largest oilfields ever found in the Lower 48, including the biggest, East Texas, and the runner-up, at Conroe, north of Houston.

Once the dust settled, four men had found the most: H.L. Hunt, a onetime Arkansas gambler and practicing bigamist who cut a deal to buy the heart of the East Texas field; his Dallas neighbor Clint Murchison, who made his fortune running illegal "hot oil" during the Depression; Murchison's boyhood chum Sid Richardson, a Fort Worth wildcatter who hit it big in far West Texas; and a cantankerous Houston oilman named Hugh Roy Cullen, a fifth-grade dropout who doled out political advice to anyone who would listen -- and to quite a few who wouldn't.

It was Cullen of whom Wendell Willkie was speaking when, during an exchange of pointed correspondence during his 1940 presidential run, he noted with a sigh: "You know the Good Lord put all this oil into the ground, then someone comes along who hasn't been a success at anything else, and takes it out of the ground. The minute he does that he considers himself an expert on everything from politics to petticoats."

It was these four oilmen whose millions built the foundation of Texas political power. Murchison and Richardson used suitcases of illegal cash to help get LBJ elected to the Senate in 1948. Three years later Cullen bought a radio network with an eye toward making it a proto-Fox News. When it went belly up, he took to lobbying checks into political races around the country; Cullen was the largest single donor to American candidates in 1952 and again in 1954. Hunt went a step further, starting the first genuine conservative media network, Facts Forum, which launched scads of newsletters, radio and television programs. When he got religion in the late 1950s, Hunt started LIFELINE, one of the first media outfits to try mixing right-wing politics with sermonizing.

The Big Rich emerged at a key moment in the nation's political history, a period that saw the birth pangs of modern conservatism. In the years before William F. Buckley founded the National Review in 1955, theirs were some of the loudest -- and wealthiest -- conservative voices in the land. "Virtually every Radical Right movement of the postwar era," The Nation argued in 1962, "has been propped up by Texas oil millionaires."

In the short run, the Big Rich squandered their political capital. After the press deduced how much money they had shoveled to Joe McCarthy -- sometimes known as Texas's third senator -- his demise was theirs. In the long run, however, the Big Rich got Texas rolling down a path that by the 1960s would give birth to the modern Texas GOP, one of the first great Republican machines of the postwar South. It was Cullen whose money and organizational drives in the 1940s and '50s helped transform the Texas Republicans from a cadre of nattering nobodies to a new home for thousands of newly minted conservatives. They got the conservative John Tower elected the state's first GOP senator in 1961.

Ever since, Texas oil money has been a reliable backbone of the conservative movement. Not that all that cash easily translated into influence. After taking millions from ultraconservative oilmen over the years, Lyndon Johnson actually went and got all liberal: Before Murchison died in 1969, he wouldn't even take LBJ's calls. The first George Bush was never conservative enough for most oilmen, but then many considered him a Yankee carpetbagger to begin with, about as much a Texan as Winthrop Rockefeller was an Arkansan. The younger Bush, however, was the real deal, an actual Texan wildcatter who shared the Big Rich's values and views pretty much across the board. Hunt and the others never knew George W., but they would have loved him.

And now, well, it's over. The Bush administration's bonfire of the inanities has made being a Texan something you don't brag about. None of the East Coast Texans I know want to talk too much about their heritage these days -- surely a first. Nationally, about the only Texas oilman who can still make waves is T. Boone Pickens, who captured a certain amount of national attention last year with all those commercials about alternative energy. Folks listened to Boone there for about five minutes when oil was at a million dollars a barrel, but now that the price has fallen back to earth, he has grumped his way back to Amarillo. I don't know too many writers knocking on his door these days, but that could be just the fact that he lives in Amarillo.

I'll miss all those Texans around Washington. The big boots, the big belt buckles, the big talk, the vaguely horrified look on the faces of network correspondents forced to do standups amid the cow pies and convenience stores ringing the Crawford White House. You think Joe Biden is gonna wake up one morning and shoot a load of buckshot into a Texan's face anytime soon? Ah, good times.

Texas will rise again, of that I have no doubt. I don't know when, and I don't know who, but it will. Remember Santa Anna. He thought he'd stomped the Texans at the Alamo, yet it took barely two media cycles for Sam Houston to spring off the canvas and chase him back to Mexico. So smile if you want. I'm telling you, they'll be back.

Bryan Burrough is a special correspondent at Vanity Fair and the author of "Barbarians at the Gates: The Fall of RJR Nabisco" and, most recently, "The Big Rich: The Rise and Fall of the Greatest Texas Oil Fortunes."

Oil at \$50 Looms as OPEC Plans Cut, Keeps to Quota – Bloomberg – 3/9/09

By Grant Smith

March 9 (Bloomberg) -- OPEC's record production cuts are draining the glut in world oil markets, leading traders to bet that \$50 crude is two months away.

Ever since oil began its 69 percent plunge from a record \$147.27 a barrel in July, traders have been looking for a bottom. Now that the Organization of Petroleum Exporting Countries reduced supplies 13 percent since September, inventories are falling 1.4 million barrels a day, according to PVM Oil Associates Ltd., the world's biggest broker of energy trades between banks. OPEC will limit exports again when the group meets March 15, according to a survey by Bloomberg News.

OPEC states have more of an incentive than ever to restrict output because the combination of declining prices and the global recession will reduce earnings 59 percent this year to \$402 billion, according to the U.S. Energy Department. Crude demand will drop for a second year, the first back-to-back decline since 1983, the International Energy Agency said.

OPEC's cutbacks are "enough to address the surplus," said Harry Tchilinguirian, the senior oil analyst at BNP Paribas SA in London. "If they do more and try to pursue a price target too

aggressively, there's a risk of over-tightening the market when the economy is weakening, stalling the recovery."

Expectations for a rally gained as oil for April delivery rose for a second day, advancing as much 7.3 percent to \$48.83 a barrel on the New York Mercantile Exchange. The contract, which rose 1.7 percent last week after jumping 12 percent the previous week, traded at \$47.61 at 11:18 a.m. local time.

Futures will rebound to average \$49.56 a barrel in the second quarter, according to the mean of 25 analyst forecasts compiled by Bloomberg since December.

Options Double

The number of contracts that give traders the option to buy crude at \$50 before May 14 more than doubled last week, to 16,952 on the Nymex. The price of the contracts rose 8 percent.

Oil may reach \$60 a barrel should OPEC cut production, said Pierre Andurand, chief investment officer at BlueGold Capital Management LLP, the London hedge fund that returned 31 percent this year. Boone Pickens, the billionaire hedge fund manager, said he expects \$75 in 2009, in a CNBC interview last week.

OPEC ministers from Venezuela, Algeria and Qatar said stricter limits may be needed at the March 15 summit in Vienna. While Saudi Arabia, the world's largest exporter, has yet to express a view, King Abdullah and Oil Minister Ali al-Naimi said last year that \$75 is a fair price for producers and consumers.

'Cut Likely'

"A cut by production countries is more likely," Algerian Oil Minister Chakib Khelil said in a March 2 interview in Madrid. "It's very much tied to the economic crisis, which is much deeper than everybody thought."

Angolan Oil Minister Jose Maria Botelho de Vasconcelos, OPEC's president, said in an interview with Spiegel Online published today that the organization will cut if necessary at the March gathering.

In the Bloomberg survey, 31 of 41 analysts said OPEC will limit output for the fourth time next week. Of those, 13 expect a reduction of 500,000 to 1 million barrels a day, 12 say 1 million barrels and two estimated 1.5 million. The rest declined to provide an estimate. Ten of the 41 analysts anticipated no change in the quota. Bloomberg surveyed the analysts March 3 and March 4.

The 12 OPEC nations provide 27.775 million barrels a day, or about 33 percent of global consumption. The members -- Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, Venezuela and the United Arab Emirates -- control 76 percent of the world's reserves.

U.S. Stockpiles

U.S. crude stockpiles have leveled off after increasing 17 percent between October and January. Supplies dropped in the last week of February, only the fourth decline since September.

The drop in global inventories is shrinking profit earned from storing crude, paid from a so-called contango, where prices for delivery in the future are higher than costs for immediate consumption. The potential \$17.93-a-barrel profit available in December to speculators who bought and stored oil for a year has plunged 57 percent for London's Brent oil.

Dubai crude, a benchmark for OPEC oil exports to Asia, now costs more for immediate delivery than in the months ahead. The so-called backwardation is a sign of tightening crude supplies. In the last two weeks, BP Plc, the world's third-largest oil company, sold and unloaded more than 2 million barrels stored on the supertanker Eagle Vienna it had moored off Scotland's Orkney Islands.

'Contango Disappearing'

"The market is going to have strong upside, 10 or even 15 percent, even if OPEC doesn't cut," said Johannes Benigni, chief executive officer of Vienna-based consultant JBC Energy. "The contango is slowly, but surely, disappearing and that shows the earlier cuts are working."

Still, the deepening global economic slump may erode oil demand faster than OPEC can cut as chemical plants shut, cargo ships sit idle and motorists stay at home. U.S. unemployment rose to 8.1 percent in February, the highest in 31 years, indicating the recession is worsening.

The IEA in Paris forecasts a 1 million-barrel-a-day drop in consumption this year because of the recession. In the second quarter, demand will contract by 600,000 barrels a day to 84.2 million a day, as refiners perform seasonal maintenance work, the agency said.

Inflation Threat

In the U.S., higher energy costs threaten to spur inflation as the government spends \$9.7 trillion to end the worst economic crisis since the 1930s. Every \$10 rise in oil increases the share of global GDP spent on crude by about 0.5 percentage point, according to Longview Economics in London.

"OPEC might be in control of oil prices to some extent now," BlueGold's Andurand said in an interview. "OPEC should be cautious on the production side as the economy is getting worse."

Oil prices surged fivefold in five years before peaking at \$147.27 in July. In the same period, OPEC output rose 23 percent to a record 32.775 million barrels a day. As the sub-prime crisis spread, freezing credit, prices collapsed 78 percent to a low of \$32.40 in December. OPEC responded with three production cuts.

Oran Meeting

At the group's Dec. 17 meeting in Oran, Algeria, the group reduced quotas by 2.2 million barrels a day, extending curbs enacted in September and October. Members completed about 87 percent of their cuts last month, data compiled by Bloomberg show. Crude prices have climbed 40 percent from December's low.

A rally would help BP, Exxon Mobil Corp. and the rest of the industry, which needs to invest \$350 billion a year on the next generation of oil and gas fields, according to the IEA.

Higher prices would also ease budget strains from Russia to the United Arab Emirates. Venezuela will have to devalue its currency because of lower oil revenue, according to Goldman Sachs Group Inc. Iran's budget deficit may balloon to \$46 billion, a parliamentary report said in February.

"Forty dollars a barrel has some difficulty, even for Saudi Arabia and Kuwait," said David Kirsch, an analyst with Washington-based PFC Energy, a consulting company. "Some countries can survive at that level, but all of them are uncomfortable."

Signs of a Future Hybrid Car Rebound – *Hybrid Cars* – 3/8/09

Hybrid car sales may currently be in the doldrums, but the forces for a major hybrid takeover of the auto market in about three to five years are already in the works.

This week, Mike Jackson, the CEO of AutoNation complained that he has 600,000 hybrids “that no one wants”—an exaggerated figure—sitting on car lots across his company’s network of 300 auto dealerships. Hybrids were red-hot sellers in the first half of 2008, but are now caught in the auto industry meltdown. The American car market has dropped to an annual pace of nine million sales. That represents a slicing of the auto market almost in half compared to 2007.

Hybrids are generally faring better than the overall car market, but the slowdown comes on the heels of a meteoric rise in hybrid popularity in recent years. From 2000 to 2005, hybrid sales doubled almost every year. Toyota and other hybrid makers couldn’t keep up with demand, especially when gas price spiked in 2005 after Hurricane Katrina and mid-2008 when the price of oil jumped to \$145 a barrel.

Betting on Higher Gas Prices

Carmakers apparently learned from that experience. Despite the current downturn in hybrid sales—and the first annual drop (by about 10 percent) of the hybrid market in 2008—nearly every major car company in the world is moving rapidly toward greener vehicles.

Toyota has committed to 10 new hybrids globally by 2012. GM is planning to introduce 26 new hybrids by 2014, according to *Automotive News*, a trade publication. Every major car company, without exception, has outlined aggressive timelines for hybrids, plug-in hybrids, electric cars, fuel cell vehicles and more efficient small gas-burning cars.

Toyota is intensifying its move toward hybrids because it believes that today’s low gas prices are temporary. “We know that oil prices will have peaks and valleys, but over time the general trend direction is going to be up,” said Jim Lentz, president of Toyota Motor Sales USA, in an interview with *HybridCars.com*. “That trend will be up to a lesser degree in the next four to five years, but starting 2015 and beyond, that peak will increase at an accelerating rate.”

Countdown to the Next Energy Crunch

The current downturn in the auto industry and energy markets may in fact help set up the conditions for a major takeover of hybrids when the economy improves. The *Houston Chronicle* reported this week that the number of oil rigs actively exploring for oil and natural gas in the United States dropped by 73 this week to 1,170, as weak energy demand hampers oilfield activity. The US oilfield count is down more than 40 percent since the end of August. There have been similar decreases in investment in all types of automotive fuel sources, from tar sands to ethanol.

Also this week: OPEC, the supplier of 40 percent of the world’s crude oil, said lower energy prices may lead to a supply crunch by 2013. “The failure of the industry to invest will result in a supply crunch by 2013 and beyond,” said OPEC Secretary Abdalla el-Badri.

We may be already seeing glimpses of Mr. Lentz’s predicted peak and Mr. el-Badri’s supply crunch. Light, sweet crude for April delivery rose \$1.91 to settle at \$45.52 Friday on the New York Mercantile Exchange. It was the second time crude settled above \$45 in one week, which hasn’t happened since the first week of the year.

Interdependence of Jobs, Oil and HybridsThe increase was set in motion by more bad economic news. The Labor Department reported this week that the US economy shed about 650,000 non-

farm sector jobs in February. (Fifty-thousand Americans are already out of work due to the closing of about 1,000 auto dealerships.)

With this news, the value of the dollar dropped against global currencies. Oil is traded in US dollars, so buyers armed with more valuable euros, yen and yuan traded up the price of oil. Analysts believe OPEC will call for more production cuts at its meeting on March 15, which could lead to slightly higher prices at the pumps. On Thursday, Texas billionaire oilman T. Boone Pickens predicted US crude oil prices will hit \$75 by the end of 2009.

Gas prices moved in step with oil markets this week when the average price of a gallon on unleaded self-serve regular moved to \$1.94, up from \$1.88 last Friday, according to AAA. California's average price of gas is \$2.23 a gallon. "There are a lot of projections that this summer, gas will be back to \$2.50 a gallon," said Lentz. "At \$2.50 a gallon, we're selling [hybrids] at a very high rate again."

If hybrid sales do indeed pick up with \$2.50 gas and a dismal economy, imagine what happens in 2013 if consumer confidence and credit has returned, the price of a barrel of oil is back to triple digits—and carmakers are prepared with full production capacity for conventional hybrids, plug-in hybrids and electric vehicles.

RUMBLINGS: Mackinac Conference Agenda Grows – *Crain's Detroit Business* – 3/8/09

ALSO: 1908 Founders Week Cup on the auction block; Call center workers sue; Rotary offers Japan trip

From engaging the next generation of Michigan employees to gubernatorial debate, the agenda is filling up for the Detroit Regional Chamber's May 27-30 Mackinac Policy Conference.

New to the lineup is Rebecca Ryan, founder of Madison, Wis.-based Next Generation Consulting Inc. She is to discuss how to interlace the needs of baby boomers, Generation X and millennials into companies' employee cultures.

Also on tap is a look at the 2010 governor's race, and attendees who purchase tickets to the chamber's political-action committee reception will get a chance to see gubernatorial candidates debate issues. Other session topics include leadership, business investment and philanthropy to build communities and regions; business innovation to diversify; how other states have transformed their economies and what Michigan can apply to meet its needs; and the changing face of the automotive industry.

Texas energy magnate T. Boone Pickens will be at the conference to outline his vision for achieving energy independence and how Michigan can fit into that strategy.

1908 Founders Week Cup on the auction block

A piece of U.S. automotive history is on the auction block in Detroit: The long-lost Founders Week Cup from the inaugural The Fairmount Park Motor Race in 1908.

The Philadelphia race was the first to feature all U.S.-made automobiles, and that first winner was driver George Robertson driving a Locomobile entered by Irving Morse.

The trophy was kept by Morse's granddaughter Louise Barrows at her Birmingham home until she died at age 90 in November.

The three-foot, sterling silver trophy made by Bailey, Banks and Biddle is estimated to be worth \$15,000 to \$25,000 by the auctioneer, Detroit-based DuMouchelle Galleries, and is to be sold at auction on March 22. Irving Morse managed Locomobile branches and later was a director of Ford Motor Co.'s Lincoln and aviation operations.

Call center workers sue

Some people take the company time clock pretty seriously.

Southfield-based AT&T Michigan last week became the defendant in a lawsuit on behalf of customer service representatives at its local call centers for "preliminary and postliminary work activities" that went unpaid before and after their official work shifts.

The lawsuit estimates time spent on unpaid work activities averaged about 30 minutes per day per person.

Plaintiffs Jesse LaForest, an employee at an Oakland County call center, and Scott Fisher brought the action against the Michigan Bell Telephone Co. at U.S. District Court on behalf of themselves and all sales and service consultants, sales associates, retention service agents, collection specialists and inside sales representatives for the company.

The lawsuit also alleges the company required work after the shift ended and during meals and breaks, without overtime compensation, in violation of the Fair Labor Standards Act.

Minneapolis-based Nichols Kaster P.L.L.P. brought the action on behalf of the employees, along with Pitt, McGhee, Palmer, Rivers & Golden P.C. in Royal Oak.

Rotary offers Japan trip

The Rotary Foundation is offering an all-expenses-paid, one-month trip to Japan for young professionals interested in learning how their professions are practiced in another country. Applications to join the Group Study Exchange are due Sunday. The trip runs Sep. 30-Oct. 31.

For more information, visit www.rotary.org, click on "service and fellowship" and then (under the fellowship tab) select Group Study Exchange.

Eye Opener: March 9, 2009 – *Washington Post* – 3/9/09

By Ed O'Keefe

Happy Monday! Over the weekend The Eye received several e-mails from loyal readers and food industry observers passing along blog posts that suggest the Obama administration will name a new director for USDA's Food Safety Inspection Service today (The Eye first wrote about possible FSIS directors in late January). White House and USDA aides say however that no such announcement is coming today. But thanks for the tips and please send similar news articles, blog posts, tips, hunches, comments and events listings to federaleyew@washingtonpost.com.

Posting may be a bit lighter today as The Eye goes to Maryland in pursuit of an answer to the next "Ask Your Government" question. Submit your questions for the Obama administration and/or federal agencies by joining The Federal Eye "Ask Your Government" Google Moderator Group. (Read or watch previous "AYG" answers here.)

As you can see in the video clip above, last night's "60 Minutes" reported an astonishing fact: "Most every Friday now, the FDIC is seizing several banks." So said Scott Pelley as he tagged

along with FDIC agents that quietly seized a bank outside Chicago on a recent Friday night. His report provides a fascinating look at the critical, sensitive, secretive work of a small band of government employees.

If you think you're going to have a bad Monday, you're not Treasury Secretary Timothy F. Geithner. The New York Times, jumping on the "Geithner works alone" bandwagon, reports that "In the six weeks since Mr. Geithner took over as Treasury secretary, he and a skeleton crew of unofficial senior advisers have been racing to make decisions that will shape the future of the banking, insurance, housing and automobile industries. But even as he maintains a frenetic pace — unveiling plans, testifying before Congress and negotiating new bailouts with the likes of Citigroup, General Motors and the American International Group — there are signs that events are getting ahead of him.

Oh, and then they made fun of him on "Saturday Night Live":

Some important must-reads from Sunday's Post:

1.) Pentagon's Unwanted Projects in Earmarks: R. Jeffrey Smith and Ellen Nakashima report that several Congressional Democrats have "stuffed" various appropriations bills with hundreds of millions of dollars of projects "that the Pentagon did not request," creating unwanted work and supplies for DOD.

2.) Education's Chance of a Lifetime: Columnist David Broder recounts a recent conversation with Arne Duncan, concluding that the education secretary "has an opportunity to do more for a generation of youngsters than any education secretary in history, and my strong sense is that he is going to make the most of it." Duncan said Saturday that "\$44 billion in federal stimulus aid to schools will be available to states in the next 30 to 45 days."

3.) Contracting-Overhaul Snags in Iraq: While the president called for the Defense Department to stop outsourcing some services last week, "A look at solicitations last week on the Web site FBODaily.com showed more than 40 notices about new and modified contracts for Iraq and Afghanistan," reports The Post's Walter Pincus. He notes that a solicitation for "a seven-member media team to support the public affairs officer of the 25th Infantry Division, now serving as Multi-National Division-North in Iraq" is an example "of the borderline cases that will be a challenge for government officials charged with writing new rules and enforcing them."

In other news...

- Obama Loyalists Left Out in the Cold: Al Kamen's "In the Loop" hears that "a substantial number of loyal Obama campaign staffers are still out of work, milling about, waiting for jobs in the administration. The unemployed include not only low-level doorbell ringers but also top personnel in battleground states."

- Oversight of Bank Bailouts Criticized: The Post's Amit Paley scoops that a new House investigation criticizes the Obama administration for failing to police deals that led U.S. banks participating in the \$700 billion federal bailout to lend billions of dollars overseas.

- Hill Panel Begins Review of Defense Acquisition System: The seven-member Panel on Defense Acquisition Reform, announced Friday by Rep. Ike Skelton (D-Mo.), is to release a report on its findings after six months. It will not be the first, reports The Post's Steve Vogel.

- Watchdog Over Stimulus Spending Toes a Delicate Line: A Wall Street Journal profile of stimulus watchdog Earl Devaney finds that fraud typically gobbles up around 7% of all big contracts.

- Holder Chided for Language on Race: Obama took his AG to task for his "nation of cowards" comments during a NYT interview.

- **NASA Satellite Launches:** The Post's Joel Achenbach reports the Kepler space satellite has one big question to answer: How many Earths are out there?
- **D.C. Region's Buildings Are 4th Greenest in U.S.:** EPA has released its 2008 list of the 25 metropolitan areas with the most Energy Star buildings. and Washington came in at No. 4, behind Los Angeles, San Francisco and Houston for big cities with the most Energy Star buildings by the end of 2008, reports The Post's Alejandro Lazo.
- **Coast Guard Modernization Stalls:** That's because Congress has not passed an authorization bill for the service in two years, reports Gov Exec's Katherine McIntire Peters.
- **Terror-War Fallout Lingers Over Bush Lawyers:** In the case of former DOJ lawyer John C. Yoo, the New York Times asks: What is a government lawyer's responsibility if legal advice he gives turns out to be, in the view of many authorities, grievously flawed? Can he be blamed for damaging, and arguably illegal, acts carried out with his imprimatur? Should he suffer any punishment?
- **Worth a Look:** As The Eye continues to report on the 2010 Census, make sure to check out a new blog all about it: MyTwoCensus.com. The bookmark-worthy site is operated by a team of writers concerned about next year's headcount.
- **Today's Big Event:** The EnergyBiz Leadership Forum continues today at the Renaissance Mayflower in downtown Washington, D.C. Oracle president Charles E. Phillips Jr. and T. Boone Pickens address the crowd today. Also -- don't forget the next Young Government Leaders "Third Thursday" Happy Hour on March 19th from 6 p.m. to 8 p.m. at Vapiano's in Dupont Circle. Send your events listings to federaley@washingtonpost.com.

BLOG/ONLINE COVERAGE

T. Boone Pickens Still Bullish on Oil: Sees \$200-300 Oil in 10 Years – *Blogging Stocks* – 3/6/09

By Joseph Lazzaro

The U.S.'s country & western culture has a saying that goes, 'I was country, before country was cool.'

Well, billionaire oilman T. Boone Pickens was "bullish on oil, before being an oil bull was cool." And, despite the bursting of the leverage-influenced oil bubble, during which oil plunged from \$147 to below \$40 in less than a year, Boone-Pickens is still bullish on oil, long-term.

Sees \$75 oil in 2009

Pickens sees \$75 oil by the end of 2009, Reuters reported, and \$200-300 oil in 10 years. Oil Friday morning rose 89 cents to \$44.50 per barrel. Oil hit a record high of \$147.27 per barrel in July 2008.

"If you don't think we'll see \$200 to \$300 oil in 10 years, you are kidding yourself," Pickens told marketwatch.com Friday. "You think OPEC is a free market? We have no control over what is going on."

Pickens also reiterated that the nation needs to free itself from imported oil via renewable energy and alternate fuel sources, which he is involved with in business ventures, and via increased energy efficiency and conservation. The United States currently imports almost 70% of its oil, up from about 25% in 1970.

Oil/Economic Analysis: Many economists would view Pickens' prediction of \$75 oil by the end of 2009 as a good thing: That high a price would imply decent demand, which would suggest economic growth is occurring, at least globally, if not in the United States. Given current employment, commerce, and GDP trends, that would be decidedly good news.

Further, Pickens is on-the-mark regarding energy policy in the United States: The U.S. must move full-speed-ahead to rid itself of imported oil, then oil entirely, by conservation, increased efficiency, and alternate fuels. Foreign oil represents an enormous transfer of U.S. wealth, \$200-600 billion annually, to foreign governments/economies, it complicates (at minimum) U.S. foreign policy, and oil is a fossil fuel that must be phased out, due to global warming. The Obama administration is off to a good start regarding an energy policy: Congress and the president need to implement a practical, innovative policy as soon as possible to put the nation on the energy independence track.

Plummeting Rig Count, Floor in Oil & Gas Prices? (BHI, USO, OIH) – *24/7 Wall Street* – 3/6/09

Just about every economist says that the employment rates, ergo the unemployment rate, is a lagging indicator. The same is arguably true for the total number of rigs in oil and gas. Baker Hughes Inc. (NYSE: BHI) issued its new rig count for the month. This is still lagging, but the count of rigs has continued to drop by a substantial amount. Some might even call it shocking.

The Baker Hughes data showed a massive drop in rig counts. The global rate fell 7% from January to February, and the rate was almost a 20% decline from February 2008 to February

2009. The number of rigs fell to 2,753 rigs in February from 2,974 in January and down from 3,417 in February 2008. Those are global numbers and the U.S. situation looks to be the real bad apple here. In the U.S., the drop was 15% from January and 25% from February 2008.

As oil prices rise, more rigs are installed or turned back on. That continues after the peak as drillers try to capture higher energy prices. But now that energy prices have cratered, the rig count is still going lower and lower. Eventually, enough rigs get cut down and idled that supply is affected. Demand might be much lower, but when supply is cut over and over you eventually end up with a supply-demand gap that at least in theory drives up prices.

United States Oil Fund ETF (NYSE: USO) is up 2% with energy prices today, and it has risen since the rig count data was released. The ETF has had a hard time tracking the actual move in oil prices, but that is a different issue entirely. The Oil Services HOLDERS (NYSE: OIH) has rebounded from lows, although it is up only 0.7% at \$67.38.

Has oil bottomed out? That is an answer that is up to traders and somewhat up to roll-dates. T. Boone Pickens just yesterday called \$60 before under \$40 in oil prices.

As the Zen master answers whether an event is good or bad: "We'll see."

Weekend Lineup – Hotline on Call – 3/6/09

Here are the scheduled guests for the Sunday public affairs shows and other weekend programs:

SUNDAY:

Meet the Press hosts Sens. Lindsey Graham (R-SC) and Chuck Schumer (D-NY), and features a roundtable with CNBC's Erin Burnett, U.S. News & World Report editor-in-chief Mort Zuckerman, ex-Speaker Newt Gingrich and author Liaquat Ahamed.

Face the Nation hosts OMB Dir. Peter Orszag, House Min. Leader John Boehner, Washington Post's Michael Fletcher, and Washington Post's Kathleen Parker.

This Week hosts TBD.

Fox News Sunday hosts Sen. John McCain (R-AZ) and VA Gov./DNC Chair Tim Kaine. Rep. Aaron Schock (R-IL) is the Power Player of the Week.

State of the Union hosts Orszag and House Min. Whip Eric Cantor (see below for guests on SOTU's Reliable Sources segment).

OTHER WEEKEND SHOWS:

Washington Week features TBD (PBS, FRI, 8pm).

Conversations With Judy Woodruff features TBD (Bloomberg, FRI, 6pm).

Political Capital features Senate Foreign Relations Cmte Chair John Kerry (D-MA) (Bloomberg, FRI, 6:30pm).

Real Time features Newark Mayor Cory Booker (D), CNBC's Erin Burnett, businessman T. Boone Pickens and Princeton prof. Peter Singer (HBO, FRI, 10pm).

Situation Room features Sen. Russ Feingold (D-WI), Rep. Peter King (R-NY), economist Mark Zandi, ex-British PM Tony Blair, and author/Washington Post reporter Thomas Ricks (CNN, SAT, 6:30pm).

Huckabee hosts 14-year-old CPAC sensation Jonathan Krohn, actor Gary Sinise, and musician Aaron Tippin with Huckabee's The Little Rockers (FNC, SAT, 8pm).

Dwayne "The Rock" Johnson hosts SNL with musical guest Ray LaMontagne (NBC, SAT, 11:30pm).

Chris Matthews Show features Time editor Richard Stengel, CNBC's Trish Regan, Washington Post's Kathleen Parker, and Chicago Tribune's Clarence Page (NBC, SUN, check local listings).

Wall Street Journal Report features RBS Greenwich Capital senior economist Michelle Girard, UBS Wealth Management Americas' Mike Ryan, ExxonMobil CEO Rex Tillerson, and author/Harvard prof. Niall Ferguson (SUN, check local listings).

Newsmakers hosts PhRMA CEO Billy Tauzin (C-SPAN, SUN, 10am/6pm).

SOTU's Reliable Sources segment features ex-"Evening News" co-anchor Connie Chung, Washington Post's Sari Horowitz, and Washington Post's Scott Higham (CNN, SUN, 10am).

GPS features Nat'l Democratic Party of Egypt assis. Sec. Gen. Gamal Mubarak, author Ian Bremmer, author/Harvard prof. Niall Ferguson, author David Frum, and author Barbara Ehrenreich (CNN, SUN, 1pm).

Q & A features Campus Progress dep. dir. Erica Williams (C-SPAN, SUN, 8pm).

Roll Call TV features ex-Trans. Sec. Rodney Slater, CongressNow's Geoff Koss, Roll Call's Anna Palmer and Roll Call's Emily Heil (Comcast Network, SUN, 8pm).

Pickens vs. Geithner on Energy Policy – *The Street* – 3/6/09

By Chuck Marvin

A battle over energy policy is emerging between two financial titans and spilling into the public forum of the financial news media.

U.S. Treasury Secretary Timothy Geithner and energy investor T. Boone Pickens both made public remarks this week that showed two very different views regarding America's national energy policy.

Geithner threw the first punch Wednesday during an address to Congress over the federal budget.

Geithner said that U.S. oil and gas companies should not receive federal subsidies, including tax incentives for exploratory drilling for new energy resources, because their operations contribute to global warming.

"We don't believe it makes sense to significantly subsidize the production and use of sources of energy that are dramatically going to add to our climate change," Geithner said to the Senate Finance Committee. "We don't think that is good economic policy and we think changing those incentives is good for the country."

Geithner made no distinction between oil drilling and natural gas drilling in his address to Congress.

Pickens responded to Geithner's comments on Thursday in an interview on CNBC. Pickens predicted that crude oil prices could surpass \$75 a barrel before the end of this year, and said that more domestic drilling is needed to keep prices down and to reduce America's dependence on foreign oil.

U.S. energy companies "are on their back right now" because historically low energy prices have reduced the number of rigs in the field by "500 or 600 already," Pickens said.

"You want to get those people back to work, and you don't do it by raising taxes," Pickens said.

Pickens also said that the climate change forum must recognize the distinction between crude oil and natural gas. "Natural gas is 80 percent cleaner than diesel fuel, and diesel is foreign oil," Pickens said. "What do you want to do, subsidize OPEC?"

Pickens also delivered the latest statistics of the "Pickens Monthly Oil Report" during the interview. The U.S. imported 62% of the oil it consumed during the month of February. The imported oil amounted to \$13 billion in cash that the U.S. sent to its foreign oil suppliers, Pickens said.

For companies with skin in the energy game, the stakes of the Geithner/Pickens fight are high.

If Geithner succeeds in stripping tax subsidies from the hands of domestic drillers, companies like Exxon Mobil(XOM Quote - Cramer on XOM - Stock Picks), Chevron(CVX Quote - Cramer on CVX - Stock Picks) and ConocoPhillips(COP Quote - Cramer on COP - Stock Picks) will have fewer incentives to drill in the U.S. and will likely move more of their operations overseas.

However, companies like First Solar(FSLR Quote - Cramer on FSLR - Stock Picks) and SunPower(SPWR Quote - Cramer on SPWR - Stock Picks) would likely benefit from increased spending for renewable energy sources.

If Pickens proves victorious, oil and gas drillers will likely continue to operate in places like the Gulf of Mexico's outer continental shelf. Given that Pickens is also working to build the world's largest wind energy farm, renewable-energy stocks would probably do well under Pickens' energy scenario too.

Pickens introduced the "Pickens Plan" to reform U.S. energy policy last summer when crude oil prices were still well over \$100 a barrel. A key component of his plan involves converting America's automobile fleet to be powered by natural gas instead of crude oil-based gasoline.

Dow Jones Misses It – *The Huffington Post* – 3/6/09

By Carl Pope

Santa Barbara, CA -- The "ECO:nomics" conference was billed as an opportunity to learn about the economic opportunities of a new green economy and "creating environmental capital," and Dow Jones/The Wall Street Journal certainly pulled together a stellar resource pool -- not only Al Gore and Amory Lovins but also Ford CEO Alan Mulally, Anne Mulcahy of Xerox, Boone Pickens, Google CEO Eric Schmidt, the heads of three of the nation's biggest electrical utilities (Duke, AEP, PG&E), and Bill McDonough.

But while the Journal's deputy managing editor, Alan Murray, conceded that this year's conference took place in an entirely different economic climate than last year's, it seemed that for the Journal and Dow Jones it was "forward to the past." Huge chunks of time were given to environmental skeptics like Bjorn Lomborg and Vaclav Klaus but, far worse, the Journal team interviewing the luminaries seemed firmly stuck in the paradigm of "now that we have a global economic crisis, surely we can't afford this environmental stuff anymore."

Even when McDonough repeatedly explained that good design meant that his green buildings were a better economic investment than conventional ones, Journal editorial board member Kimberly Strassel just as repeatedly kept asking, "But in today's economic climate aren't clients unwilling to pay the extra costs of going green?"

Ford's Mulally was repeatedly pushed back to his "we make cars that are the best in their class, and we listen to our consumers" talking points, but no one asked, "What is it about the market that a company that makes cars that are the best in their class still might not survive?"

The attendees at my luncheon table panel were very disappointed -- they clearly had moved beyond the "economy vs. environment" frame and were frustrated that the conference organizers seemed determined to resurrect it.

Liz Claman Interviews at Green Economics Summit – Fox Business – 3/5/09

On Thursday, The Wall Street Journal hosted the second annual ECO:nomics summit in Santa Barbara, Calif. The ECO:nomics summit is invitation only, and has evolved to become one of the premiere summits for business and the environment.

This year's topic of discussion was "Creating Environmental Capital," and guests included Al Gore, Alan Mulally, CEO of Ford (F: 1.8002, 0.1002, 5.89%), Eric Schmidt, CEO of Google (GOOG: 299.64, -8.93, -2.89%), and energy tycoon T. Boone Pickens.

FOX Business's Liz Claman spoke to Google CEO Eric Schmidt, who said that it is fortunate that the recent stimulus package passed quickly.

"If you look at the stimulus package about a third of this tax cuts are tax incentives and about two thirds are stimulus spending," Schmidt said. "Much of which goes into Medicare and Medicaid and states which are in dire, dire straits."

Schmidt continued by saying there are other details of the stimulus package that he is not "wild about," but the important thing is that it will help basic infrastructure and provide significant tax reductions for working people.

However, he acknowledged that under President Obama, there are very large deficits, and there are going to have to be some tax increases.

Alan Mulally, CEO of Ford, joined FOX Business for an exclusive interview today, saying that the first quarter this year will be lower in sales than the fourth quarter last year.

"As we've discussed we think we still have sufficient liquidity to make it through this recession as we assumed," Mulally said, adding that the company was expecting a gradual rebound in the second half, and as sufficient liquidity to make it through.

Mulally addressed the trend towards more hybrid vehicles in the marketplace, saying that he had discussed the "technology roadmap" moving forward with Boone Pickens.

"The internal combustion engine has a lot of opportunity to continue to improve its efficiency," Mulally said, adding that hybrids are paving the road to all-electric vehicles.

Mulally said one of the most important topics of conversation at ECO:nomics was having one standard for fuel efficiency across the U.S. in order to streamline things. "You can imagine how complex with the cost it would be to have different requirements for different states," he said, adding that he "absolutely believes" in fuel efficiency and is committed to making it successful, no matter vehicle size.

Liz Claman will join FOX Business on Friday with more interviews from ECO:nomics.

Pimp My Ride, Flex My Fuel – Montana With Kids – 3/7/09

U.S. plans for boosting of alternative energy supplies and conservation

Quoting from President Barack Obama's campaign speech, "We can't drive our SUVs and eat as much as we want and keep our homes on 72 degrees at all times... and then just expect that other countries are going to say OK. That's not leadership. That's not going to happen."

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The year of 2009 was rushed in with President Obama announcing that U.S. energy independence would be his administration's second priority right behind getting the U.S. economy back on track.

In order to do that, the President will have to keep his campaign pledge to push for the country to use 60 billion gallons of "advanced" bio fuels and substantially reduce carbon emissions by the year 2030. According to an article in Bio Diesel Magazine the current usage of on-highway diesel fuel in the U.S. is 33 billion gallons per year. If all of the vegetable oil and animal fat were used to produce biodiesel, we could only replace about 14 percent of the current demand for on-highway diesel.

Compare that to the fact that we have consumed just 197 billion barrels of U.S. oil since the first domestic oil well was drilled in Pennsylvania in 1859. President Obama also promised to require all new vehicles sold in the country to be "flex fuel" vehicles, which will be able to use fuel containing mostly bio fuel by the end of his first term.

Jack Lee, 4Refuel's President and CEO, says that his company's fuel management system goes a long way in answering President Obama's mandate on the use of alternative fuels as well as to reduce carbon emissions.

Bill Bishop, 4 Refuel's Vice President of Marketing, says that greenhouse gas emissions are averted through the company's on-site fuel management approach. Innovative use of biodiesel will assist with greenhouse gas reductions. "If you start using say a B20 blend, you'll get about a 15 percent reduction in greenhouse gas emissions," Bishop says.

There are un-quantifiable benefits to appealing to customers' increasing awareness of becoming "ecologically friendly". 4Refuel feels that their business model can and should be replicated in the U.S. They disclose that their model will re-energize end users of fuel with overall cost savings while at the same time aiding in the reduction of green house gases with the use of bio fuels.

4Refuel believes it will also be a win-win situation for both petroleum distributors and the environment.

In January 2009, the Senate Finance Committee approved \$31 billion in tax credits and financial incentives to boost alternative energy supplies and promote conservation. Their plan included most of the \$20 billion in energy tax breaks approved by the House Ways and Means Committee, plus more incentives to help alternative energy companies. Most of those energy related items are contained in the \$787 billion Stimulus Package signed into law by President Barack Obama on February 17, 2009.

Establishing the new "Green Plan" will come at a great cost to the average consumer's pocket book. President Obama, with Congressional approval, will have to increase taxes on gasoline and diesel fuel in order to create the necessary cash to pay for all the projects he is proposing in order to become energy independent.

One of the ways to raise financing will be to increase the present Federal Road Excise Tax on gasoline and diesel. The National Surface Transportation Infrastructure Financing Commission has already recommended an increase of 10 cents per-gallon on gasoline and 14 cents per gallon on diesel, as well as indexing the federal excise tax to inflation.

During their meeting on February 26, 2009, the panel also backed the adoption of a controversial system to begin charging motorists based on how many miles they drive by the year 2020. However, this plan may not be seen through to fruition because President Obama has already stated his opposition.

To increase the Federal Road Excise Taxes will a very simple task to accomplish as it will only take simple majority approval by Congress, which is now being controlled by the Democrats. The justification for these additional taxes could be based on the current administration's attempt to discourage the use of fossil based fuels as the primary energy source for our automotive and industrial needs.

For the moment, fossil fuels will remain the answer as we search for alternate energy sources to replace a larger percentage of the products refined from crude oil. Solar power, nuclear, wind and even natural gas will only be able to replace a small percentage of our total energy requirements in the next decade.

The "National Clean Energy Project" forum, chaired by Senator Harry Reid, was held in Washington on February, 23, 2009. It was attended by such governmental luminaries as former President Clinton, Former Vice President Al Gore, Speaker of the House Nancy Pelosi and Energy Secretary Steven Chu.

Their report outlined a plan to develop a secure, reliable, interoperable, national, and clean electricity grid to power America's coming clean energy economy. Particular policy recommendations focused on the principle bottle necks for building grid projects.

One of the participants was former oilman T. Boone Pickens, who is now promoting wind power to generate electricity. He was interviewed by Neil Cavuto for Fox News Network. Mr. Pickens announced that the panel was going to formulate a new energy policy for the first time in forty years.

Notably absent from the forum were representatives from either the major oil companies or their trade organization the American Petroleum Institute. Their intentional exclusion tells the tale of what is yet to come in the world crude oil markets.

You will soon see more flex fuel automobiles and large trucks running on natural gas driving on the highways and byways in the U.S. In other words, Americans better get ready to pimp their cars or trucks for the new century.

When Will the Oil Price Pop? – Seeking Alpha – 3/8/09

By Jim Kingsdale

Six month ago - when the world economy looked significantly rosier - I posted an analysis of projected supply and demand for oil going forward to 2015. The analysis was based on the assumption of continued demand growth, continuing decline of old oil fields and expected new production from announced oil megaprojects. I adjusted the megaprojects estimates for delays and I concluded that: "if these estimates are at all closely correlated with reality we should expect oil markets to be tighter than at present through 2012 followed by even more need for demand destruction from 2013 through 2015."

I also offered an alternative scenario that included an unadjusted but smoothed curve of the Wikipedia expected annual megaproject supply which showed very substantial new projects coming on stream in 2008 and 2009. Based on this scenario for new oil supplies I concluded: "These "unadjusted" numbers show ample supply of oil through 2009 followed by shortfalls in 2010 and very important shortfalls starting in 2011 - possibly even catastrophic shortfalls in 2012 and thereafter if decline rates are more severe than 4.5%."

I also showed an alternative model using an adjusted smoothed version of the megaprojects curve to account for likely delays in project startups, delays in reaching peak production, and the addition of new small projects in the out years. Based on such adjustments I concluded: "There will be unremitting stress in the oil price going forward and prices will escalate after 2010."

In actual fact, the 2008 - 2009 economic debacle is expected to reduce global oil demand by millions of barrels per day (thus increasing global spare oil production capacity) and to simultaneously defer many megaprojects and smaller production plans further into the future. So it now seems appropriate to look at the changed landscape and prepare an updated estimate for oil supply, demand, and price through 2015.

The question posed in my earlier post (9/1/08) was "when will the price of oil pop to perhaps \$300 - \$500?" Now, as we live through a global depression, the question has become "when will the \$35 - \$50 oil price move through some "equilibrium" \$70 - \$90 price point and then pop back into the \$100+ range, indicating a return of scarcity pricing?" To answer that question I've gone back to the original data and tried to update it to account for the depression-related impacts of the global demand downturn and delays in both new megaproject startups and in EOR (extraordinary oil recovery) work-over production.

Here is a new projection that aims at estimating spare global capacity going forward. Spare capacity in early 2008 was generally believed to be about 2 mb/d, virtually all of it in Saudi Arabia. Here's my estimate now:

Please note all the numbers in the above chart are simply my own assumptions aimed at answering the question: "what happens if the global depression peaks in late 2009 with growth in economic activity and global oil demand starting to recover slowly in 2010 and growing more or less normally after that - all assuming oil decline rates grow slowly and that new production from

megaprojects and work-over efforts comes in at a lower rates than had been projected before the cancellation of many such efforts due to the lower oil prices now in place?”

My assumptions reflect three hypotheses about oil supply/demand.

1. Oil demand will be some 2 mb/d lower in 2009 than 2008, reflecting my guess that current estimates of a 1.5 mb/d decline from the IEA will turn out to be too low. (Another analysis is here.) I estimate that oil demand will bottom out sometime in 2009/2010 and will grow from there.

2. Depletion of old fields will continue to increase steadily since it is a geological reality that is unaffected by above-ground considerations (other than by EOR projects that mitigate natural declines, about which I make no assumption).

3. New additional oil production from megaprojects and new EOR activity will be substantially weaker than had formerly been believed because so many projects have been put on hold due to lower prices. It will probably take 1 - 3 years of much healthier oil demand than is currently the case and much higher pricing to bring back those projects and there will be considerable time lags before they can come on stream.

One example of the deferral of new oil production projects is the Canadian oil sands. A study recently published in Oil and Gas Journal (3/2/09, pp. 20-23) indicates that instead of production growing from about 2 mb/d in 2008 to a previously estimated 5.5 mb/d in 2015, the new reality is that oil sands production growth will be about 300 kb/d through 2015. Economist David McColl is quoted as saying, “..over the next few years oil sands production growth will be almost at a standstill.”

Aside from oil sands production, the change in future production gains globally from new projects and work-over efforts is hard to quantify. The assumption I made is that production from new megaprojects will slow from the previously assumed magaprojects growth through 2011 based on weak oil prices and then pick up as projects that had previously been assumed to take place in the 2009 - 2011 time frame become shifted into the 2013 - 2015 area.

This analysis suggests there will be ample oil supplies in 2009 and 2010 but that tightness will come back to the market by the end of 2011 and very high prices will start to take hold by late 2012. The model projects extremely insufficient supply by 2013 which would require scarcity pricing of well over \$100 - perhaps over \$250 - to rectify.

Some of the general background assumption I made include:

1. There will be no rapid increase in oil production from Iraq or Nigeria. Political developments in both countries, including particularly the removal of American forces in Iraq by the end of 2011, offer little reason for optimism that above-ground conditions will improve markedly enough to result in a rapid escalation of oil production in either country despite substantial development interest, particularly in Iraq, from many IOCs.

2. There will be little reduction in oil demand from increased automobile efficiency through 2015. It appears that Plug-in Hybrids will not be available in any quantity for at least several more years. Thus, the number of 100+ mpg cars on the road has little chance of becoming significant before 2015 at the earliest. Moreover the bad economy and low gasoline prices have greatly reduced demand for fuel efficient cars now available on the market. Moreover, car sales in general are so low that replacement of old cars with new ones is much slower now.

3. Global oil demand will be boosted by continued rapid growth in China, India and other developing countries. Meanwhile, the bulk of demand destruction in OECD countries caused by economic declines will be over by the end of 2009 as the banking crisis is resolved and the down-

sizing of OECD economies is completed. OECD demand will begin to come back slowly in 2010 - 2011 .

A Bleaker Scenario

Some analysts have been warning that the cancellation of new oil production projects will slow future oil production at a much faster rate than my model contemplates. What if they are right? What if much more scheduled new oil production capacity is deferred and it takes much longer for higher future oil prices to bring back on stream the megaprojects that have been deferred from 2009 - 20011 plans?

Here is an alternative model that shows both a slower rebound in global oil demand and also greater deferral of new oil production and a slower rebound in oil supply in out years coming from new megaprojects:

Compared with the more "optimistic" scenario first presented, this one indicates a far more negative supply situation occurring in 2012 and much more desperate global oil shortages in 2013 - 2015.

I would note that the global demand growth assumptions in this model from 2011 - 2015 are rather mild compared with the 1.5 - 2 mb/d growth that was experienced from 2004 - 2007.

Even Bleaker

What about the possibility that the economy does not recover in 2010. Suppose this is the really big depression? Let's say the global economy keeps declining right through 2011 and doesn't begin to level off until 2012. What would happen to oil supply, demand and price? Here are the numbers that might reflect that scenario:

Surprise! This far, far bleaker economic scenario has relatively little impact on year end spare oil capacity through 2015. Yes, a much more disastrous economy results in a bit more spare oil capacity by 2011 - about 500 kb/d. And it yields a slightly positive spare capacity number by 2012 instead of a negative capacity number. But spare capacity is still very negative by year end 2013 and increasingly thereafter. Similarly, the differences in years 2013 - 2015 are simply degrees of disaster. The implied oil price is huge in both economic scenarios.

What this analysis shows is the definitive effect that the decline rate - which does not change - will have on global spare capacity and the price of oil between now and 2015. The decline rate makes all the difference. No matter how bad the economy becomes over the next few years, no reduction in oil demand (which becomes less elastic over time) can off-set the ever-steady rate of decline in the production of old fields in determining the level of global spare oil capacity.

So the differences in economic performance imply only minimal differences for the price of oil. Whether spare capacity at year end 2011 is down to 2.1 mb/d or 2.6 mb/d is not important. In either case, it is a minimum of spare capacity (and clearly moving toward negative territory) and implies an oil price of over \$100 per barrel. And the difference in 2012 spare capacity between - 1.15 and .6 mb/d is the difference between a disastrous shortage and an acute shortage. They both imply a price of over \$200 a barrel. Similarly the numbers in either economic scenario for the years 2013 - 2015 imply absolute disaster.

A Second Global Depression?

An obvious question suggested by the above analysis is whether the enormous oil price increases implied in any of the economic scenarios presented above may cause the global economy to halt its recovery and fall into another depression. I can't see any interpretation of the data that would lead to a different conclusion.

So anyone who thinks that a new global bull market in stocks will take off from the ashes of destruction evident in 2009 - 2010 might want to temper her optimism because these numbers

suggest two things to me. One is that there may be an important bear market rally once the economy stops falling down. Energy stocks should be major participants in such a rally. But the other thing is that after 2011 or so, with enormous oil supply deficits staring us in the face and threatening to just get worse, it might be better to own the commodity than to own equities.

Peak Oil: 2008

One implication of the above analysis is that it looks like peak oil production occurred before 2009, given that the expected future flows of oil from new oil production projects will be less than the decline in old fields each year, at least through 2015. With declines increasing slightly every year, the only possibility that peak oil has not already occurred is that at some point beyond 2015 the high price of oil will bring on enough new megaprojects and EOR projects to more than compensate for continually increasing declines in old fields.

What are other analysts saying?

Robert Hirsch, one of the first experts to warn about peak oil in his famous 2005 analysis of the peak oil problem, essentially agrees that peak oil production has passed. He wrote in the February, 2009 Energy Bulletin, that: "World liquid fuels production reached a plateau in mid-2004 and has fluctuated within a relatively narrow range in spite of mighty efforts to increase world production. In mid-2008, benefitting from the work of Campbell, Laherrere, Skrebowski, Aleklett, Simmons, Robelius, Gilbert, Bentley, Al Hussein, Deffeyes, Koppelaar, Birol, and others, I came to believe that world liquids production might stay on the existing plateau for the next 2-5 years and then go into a 3-5% per year decline."

Merrill Lynch estimates that non-OPEC production has peaked according to a 2/3/09 Reuters report. It quotes Merrill analysts saying, "in Merrill's base case scenario it estimates output decline rates of 5%, and it sees non-OPEC oil production stuck in the current 49 to 50 million bpd range in the same period. Should the credit crunch push decline rates to 6%, however, non-OPEC production could decline precipitously towards 47 million bpd by 2015 from the current levels. The commodity super-cycle is not over, just resting.

In summary, assuming the ongoing recession does not turn into a multi-year event where global oil demand is pushed down structurally for the next five years, the steep decline rates in OPEC and non-OPEC countries alike could put upward pressure again on oil prices as soon as 2010 or 2011."

Dr Mahmoud Salameh of the Oil Market Consultancy Service is quoted as saying, "The global peak, he argues, "may have already been reached in 2004 if we factor in what I describe as 'OPEC's inflated proven oil reserves'."

The same article reports that Chris Skrebowski believes that peak oil will be reached in 2010-2011. "Skrebowski says the issue is the need to bring on-stream new flows to replace the depletion of existing capacity. The "easy oil" that makes up most of existing capacity is declining fast and the new capacity coming on stream - often from "not-so-easy" oil - will not be replacing it fast enough from 2011 onwards."

T. Boone Pickens has been widely quoted as saying that the maximum global output of oil is 85 mb/d, in which case peak production has already occurred. Boone repeated that prediction last week. Whether his number includes natural gas liquids, ethanol and other "all liquids" is not clear.

I posted a report on 12/1/08 about the peak oil predictions of Peter Wells and Charley Maxwell. Wells, who uses a bottom-up data base similar to Wikipedia's megaprojects, believes that non-OPEC production has peaked. OPEC, he says, has the theoretical capacity to increase production from Iraq, Venezuela, Iran, Kuwait and Nigeria. However, among these countries only Kuwait is actually likely to increase production. While Wells uses 2015 as his target year for global peak all liquids, recent pullbacks from production projects might well have caused him to re-think his prediction to be more in line with the numbers I presented above.

Maxwell sees oil supplies peaking in 2011 with all liquids peaking within a few years of that. His most recent predictions of oil prices is consistent with the two analyses of supply and demand I posted above.

Technology: a Key Unknown Variable

All of the above must be tempered by noting that new and potentially disruptive technologies are lurking in labs around the world. Whether they be new batteries, ultracapacitors or other energy storage devices that could enable cheap, efficient cars or new cellulosic ethanol sources or other now unknown technologies for making synthetic fuels, the world is truly dependent on new technologies for getting us out of the oil bind that lurks in the inevitable decline of old oil fields.

If some such technologies were to become available tomorrow it would hard to cycle them through the economy fast enough to have much effect on the above analysis for several years. But you never know.

Alternative Energy – ZACKS – 3/9/09

By Jonathan Kolb

Assuming that GDP growth is slightly negative for the next 3 to 4 quarters while the credit markets gradually strengthen, let's consider the outlook and opportunities for the Alternative Energy industry over the next 6 to 12 months. Many companies engaged in the solar power market offer profitability with strong average long-term annual earnings growth expectations of approximately 40%, stock price valuations significantly discounted from their recent historic highs, and a favorable political environment.

Industry Outlook for Alternative Energy Stocks: Speculative - Bullish

The electric power industry is one of the world's largest industrial segments. With a global market share of approximately 25%, the United States is the leading producer of electricity, followed by China, Japan and Russia. Total global electricity consumption volume grew at a CAGR [compound annual growth rate] of 3.1% from 1980 to 2006, the most recently available information, according to the Energy Information Administration of the United States Department of Energy.

Meanwhile, over the same period, total global installed electricity capacity increased at a slower rate of only 2.8%. Given industry forecasts of continuous increases in demand, this supply shortfall must be met by additional energy sources. Worldwide demand for electricity is expected to increase from 14.8 trillion kilowatt hours in 2003 to 27.1 trillion kilowatt-hours by 2025, according to the United States Department of Energy's International Energy Outlook. (Source: Energy Information Administration, US Department of Energy)

Investment in electric generation, transmission and distribution to meet growth in demand (excluding investment in fuel supply) is expected to be approximately \$11 trillion by 2030, according to the International Energy Agency. However, the desire for energy independence, fossil fuel supply constraints, infrastructure limitations and environmental concerns all pose challenges to meeting this growing worldwide demand for electricity.

Electricity generated by burning fossil fuels such as coal, natural gas and petroleum accounts for approximately 80% of commercial power production, nuclear reactors produce approximately 9% of commercial power, 6% is contributed by conventional hydroelectric conversion, while renewable resources such as solar, wind, biomass, geothermal, and hydroelectric power generation supply the remaining 5% of commercial power.

In recent years, however, the use of renewable resources in the U.S. has been increasing in response to the growing concerns over reliance on fossil fuels. As opposed to fossil fuels, which draw on finite resources and may eventually become too expensive to retrieve, renewable resources are generally unlimited in availability. Legislation in several states seek to require

power production from renewable sources to be approximately 15% of commercial electric power. Bipartisan support for weaning the U.S. off its dependency on foreign oil is led by President-elect Barack Obama's pledge to create five million new jobs by heavily investing in renewable alternative energy sources. (Sources of Electricity in the US [2006] - Energy Information Administration, US Department of Energy)

The alternative energy industry includes solar panel manufacturers and wind farm operators, as well as software designers working on "smart" power grids and electric utilities with solar, wind, hydro and/or geothermal assets. While hydroelectric power generation currently has the largest installed base, solar and wind power generation have emerged as the most rapidly growing renewable energy sources.

While wind power has a promising long-term future with frequent proposals for new wind farms, there are very few publicly traded wind power companies. In the case of ethanol, high and rising corn prices have brought ethanol stocks out of favor with investors.

Solar Energy

Solar energy can be used to convert sunlight into heat, called solar thermal energy, or directly into electricity, known as photovoltaic (PV) energy. Solar thermal applications can be distributed, such as roof-mounted systems for heating swimming pools, or can be centralized where sunlight is concentrated to heat a medium that drives a turbine to generate electricity in large scale plants.

Electricity generated from solar thermal electric power plants requires large concentrators and turbines, which are not suitable for residential locations. We refer to solar power as the use of interconnected solar cells, as opposed to solar thermal technology, to generate electricity from sunlight. The interconnected cells are packaged into solar panels, which are mounted in areas with direct exposure to the sun, such as rooftops.

Solar power technology has been used to generate electricity in space program applications for several decades and in commercial applications over the last 30 years. Increasingly, government incentive programs are accelerating the adoption of solar power. Since 2001, the global market for solar power installed capacity has grown at a compound annual growth rate of approximately 40%, driven by strong growth in Germany, Spain, and the U.S.

According to SolarBuzz (a research and consulting firm), the global solar power market, as defined by solar power system installations, generated \$17.2 billion in revenue in 2007 (the most recently available information), up 56% over 2006 global revenue. Such total global solar market installation revenue is expected to be within a range of \$18.7 billion to \$31.4 billion by 2011. On a generation output basis, 2007 global solar cell production also increased 56% year-over-year to 3,436 megawatts (MW); meanwhile, worldwide installations grew 62% to a record high of 2,826 MW. Germany is the global leader for PV installations (1,328 MW in 2007), followed by Spain (640 MW), Japan (230 MW) and the United States (220 MW).

T. Boone Pickens & the "Pickens Army"

In President Obama's Inaugural Address on January 20, 2009, T. Boone Pickens, Texas oilman, Chairman and CEO of BP Capital and Director of Clean Energy Fuels Corp. (CLNE), along with millions of Americans, heard our new President Obama pledge to transform U.S. energy policy. Mr. Pickens is committed to this goal and believes that the president's goals are bold yet achievable.

Mr. Pickens has inspired over 1 million volunteers, known as Pickens' Army, to pressure government for a change in energy policy. In addition, his role at Clean Energy Fuels is committed to convert commercial fleet vehicles to natural gas. Clean Energy Fuels Corp. (Clean Energy) is a provider of natural gas as an alternative fuel for vehicle fleets in the United States

and Canada. The Company offers a solution to enable customers to run their fleets on natural gas. It designs, builds, finances and operates fueling stations, and supplies customers with compressed natural gas (CNG) and liquefied natural gas (LNG).

The Obama Administration has already begun working with Congress to create more new jobs and return to economic growth by investing heavily in renewable energy sources such as solar and wind power, rebuilding the U.S. electricity transmission grid and ultimately reducing U.S. dependence on foreign oil and ending oil.

OPPORTUNITIES

Compared to other renewable energy technologies, solar power's benefits include:

Environmental Advantage: Solar power is one of the most benign electric generation resources. Solar cells generate electricity without air or water emissions, noise, vibration, habitat impact or waste generation. **Fuel Risk Advantage:** Unlike fossil and nuclear fuels, solar energy has no risk of fuel price volatility or delivery risk. Although there is variability in the amount and timing of sunlight over the day, season and year, a properly sized and configured system can be designed to be highly reliable while providing a long-term, fixed price electric supply.

Location Advantage: Unlike other renewable resources such as hydroelectric and wind power, solar power is generally located at a customer site due to the universal availability of sunlight. As a result, solar power limits the expense of, and energy losses associated with, transmission and distribution from large-scale electric plants to the end users. For most residential consumers seeking an environmentally friendly power alternative, solar power is the only viable choice because it can be located in urban and suburban environments.

Retail Rate Benchmark Advantage: Unlike biomass, geothermal, hydroelectric and wind power generation, which are location-dependent and sell primarily to the wholesale market, solar power competes with retail electric rates as it is customer-sited and supplements a customer's electricity purchased at retail rates from the utility network.

Peak Energy Generation Advantage: Solar power is well-suited to match peak energy needs as maximum sunlight hours generally correspond to typical peak demand periods when electricity prices are at their highest. These characteristics increase the value of solar power as compared to other renewable resources that do not align with peak demand periods. **Modularity:** Solar power products can be deployed in many sizes and configurations to meet the specific needs of the customer.

Reliability: With no moving parts or regular required maintenance, solar power systems are among the most reliable forms of electricity generation.

We favor companies offering photovoltaics (PV) and large-scale concentrated solar power (CSP) and nuclear systems over other forms alternative energy such as biofuels, geothermal or hydropower. Alternative energies plays such as Entergy (ETR), FPL Group (FPL), Energy Conversion Devices (ENER), Evergreen Solar (ESLR), SunPower (SPWRA), Canadian Solar (CSIQ), First Solar (FSLR), and JA Solar (JASO) appear favorable to Hoku Scientific (HOKU), Aventure Renewable (AVR) and Raser Technologies (RZ).

WEAKNESSES

The global economic crises will temper alternative energy sales and earnings growth.

The immediate concerns over economic weakness likely takes the short-term focus off progress toward a new energy policy.

Continued weakness in the debt and equity markets, for as long as it lasts, will raise costs of capital for firms in this emerging sector, and may prevent project financing, working capital requirements, and new research and development. Federal funding for a new energy policy will largely dry up.

Alternative energy stock prices generally rise and fall in direct proportion to the price of crude oil. While in times of high oil prices this may also present an opportunity, it also increases volatility in the sector.

U.S. Plans for Boosting Alternative Energy Supplies and Conservation – *Seeking Alpha* – 3/9/09

By Bob van der Valk

Pimp My Ride, Flex My Fuel

Quoting from President Barack Obama's campaign speech,

"We can't drive our SUVs and eat as much as we want and keep our homes on 72 degrees at all times... and then just expect that other countries are going to say OK. That's not leadership. That's not going to happen."

The year of 2009 was rushed in with President Obama announcing that U.S. energy independence would be his administration's second priority right behind getting the U.S. economy back on track.

In order to do that, the President will have to keep his campaign pledge to push for the country to use 60 billion gallons of "advanced" bio fuels and substantially reduce carbon emissions by the year 2030. According to an article in Bio Diesel Magazine, the current usage of on-highway diesel fuel in the U.S. is 33 billion gallons per year. If all of the vegetable oil and animal fat were used to produce biodiesel, we could only replace about 14 percent of the current demand for on-highway diesel.

Compare that to the fact that we have consumed just 197 billion barrels of U.S. oil since the first domestic oil well was drilled in Pennsylvania in 1859. President Obama also promised to require all new vehicles sold in the country to be "flex fuel" vehicles, which will be able to use fuel containing mostly bio fuel by the end of his first term.

Jack Lee, 4Refuel's President and CEO, says that his company's fuel management system goes a long way in answering President Obama's mandate on the use of alternative fuels as well as to reduce carbon emissions.

Bill Bishop, 4 Refuel's Vice President of Marketing, says that greenhouse gas emissions are averted through the company's on-site fuel management approach. Innovative use of biodiesel will assist with greenhouse gas reductions. "If you start using say a B20 blend, you'll get about a 15 percent reduction in greenhouse gas emissions," Bishop says.

There are unquantifiable benefits to appealing to customers' increasing awareness of becoming "ecologically friendly". 4Refuel feels that their business model can and should be replicated in the U.S. They disclose that their model will re-energize end users of fuel with overall cost savings while at the same time aiding in the reduction of green house gases with the use of bio fuels. 4Refuel believes it will also be a win-win situation for both petroleum distributors and the environment.

In January 2009, the Senate Finance Committee approved \$31 billion in tax credits and financial incentives to boost alternative energy supplies and promote conservation. Their plan included most of the \$20 billion in energy tax breaks approved by the House Ways and Means Committee, plus more incentives to help alternative energy companies. Most of those energy related items

are contained in the \$787 billion Stimulus Package signed into law by President Barack Obama on February 17, 2009.

Establishing the new "Green Plan" will come at a great cost to the average consumer's pocket book. President Obama, with Congressional approval, will have to increase taxes on gasoline and diesel fuel in order to create the necessary cash to pay for all the projects he is proposing in order to become energy independent.

One of the ways to raise financing will be to increase the present Federal Road Excise Tax on gasoline and diesel. The National Surface Transportation Infrastructure Financing Commission has already recommended an increase of 10 cents per-gallon on gasoline and 14 cents per gallon on diesel, as well as indexing the federal excise tax to inflation.

During their meeting on February 26, 2009, the panel also backed the adoption of a controversial system to begin charging motorists based on how many miles they drive by the year 2020. However, this plan may not be seen through to fruition because President Obama has already stated his opposition.

To increase the Federal Road Excise Taxes will a very simple task to accomplish as it will only take simple majority approval by Congress, which is now being controlled by the Democrats. The justification for these additional taxes could be based on the current administration's attempt to discourage the use of fossil based fuels as the primary energy source for our automotive and industrial needs.

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You will soon see more flex fuel automobiles and large trucks running on natural gas driving on the highways and byways in the U.S. In other words, Americans better get ready to pimp their cars or trucks for the new century.

Oil's Price Jumps Toward \$50, Consensus Wrong Again – *Business Insider* – 3/9/09

By Jay Yarow

Maybe T. Boone Pickens got it right for once. He said oil would hit \$60 before it dipped below \$40 last week on CNBC. And now oil has held at \$45 pretty solidly. Bloomberg reports that traders expect oil to jump to \$50 in the next few months.

Some of the events driving the price upward: OPEC meets next Sunday, and will likely cut supply even further. The weakened dollar push some traders to invest in commodities. Seasonality is also causing a shift. Each year around this time as summer approaches, the price lifts slightly. And if some of these global stimulus packages kick into effect, maybe industrial production will rise again necessitating more oil.

BROADCAST COVERAGE

1. Bloomberg Live

DMA: N/A

Bloomberg (---) National

03/08/2009 09:00 PM - 10:00 PM

Available formats: QuickView, DVD, CD, digital link, videotape, transcript, NewsBoard

[CC] 00:44:13Any market there rises nearly 40% since November is dramatic. It is all over the shop. It is not for the faint hearted. The commodity sector as far as futures options, people are engaged in there looking at leverage and they don't want to be involved. Not the same story for oil. People feel that crude is on a firm downward trend. I think it to get to 50. For the most part, you will see 75. **T. Boone Pickens** has said 75. I know iran, they have an election, I know what Russia wants. All of those nations when you look at the seasonality, traditionally, it starts to rise this time of year. April, May. I think that you will see through 50 very shortly. I think that this will be a fixed investment and in the long run it will mean higher oil. Its estimate package because of low fuel costs and that is across the whole planet. ... 00:46:07

2. World Business

DMA: N/A

CNBC World (---) National

03/07/2009 12:30 PM - 01:00 PM

Available formats: QuickView, DVD, CD, digital link, videotape, transcript, NewsBoard

00:10:16 (host is interviewing Warren Buffet)...some of the biggest bets on this show are from the likes of **Boone Pickens** who says he likes windor it's the tar sands...when it comes to energy is there a next generation play?...For example In iowa, we have alot of wind farms and we are going to have more ...that is not a big answer to the kind of energy demand that is coming along...I think...we have to do everything we can in alternative areas....I do not see that as a cure-all at all... 00:12:54

3. CSPAN-3 Schedule

DMA: N/A

CSPAN 3 (---) National

03/07/2009 06:00 AM - 08:00 AM

00:47:13 (Lee Scott of Wal Mart is speaking)...we have on March the first thanks to **Boone** and his ability to twist an arm the delivery of our first LNG trucks...so **Boone** please don't call me any more....we have on the road today 5 hybrid assisted trucks.... 00:47:54

4. CSPAN-3 Schedule

DMA: N/A

CSPAN 3 (---) National

03/07/2009 12:00 AM - 02:00 AM

00:45:18 (Rep Markey speaking)...I can end my statement by saying I agree with everything that **Boone Pickens** said and I never thought I'd say that ... thank you so much Chris ... Thank you very much Congressman 00:45:59

01:16:24 Thank you ... thank you Fred Butler..I am going to come back to **Boone Pickens**

01:19:24

5. CSPAN-3 Schedule

DMA: N/A

CSPAN 3 (---) National

03/06/2009 10:00 PM - 12:00 AM

01:17:02 ... up next former Vice President Al Gore and alternative **energy** advocates the **Boone Pickens** discuss **energy** efficiency in the economy ... with several **energy** industry leaders and policymakers ... this event hosted by the Center for American Progress Action Fund ...lasts about two hours thirty minutes ... good morning and thank you all very much for coming on TV by

National Clean **Energy** Projectmy name's Jim Moret .. 01:19:26

01:19:26 and that's again why we are so indebted to **Boone Pickens** Steve Bing and others for having helped us ... 01:20:47

01:52:07 ... I wanted to ...pay a special thanks to T. **Boone Pickens** and is the thing ... among others here who really helped to put a frame around this issue publicly beyond that ... Could you share with us some thoughts from from your perspective ..."I hope there is a camera here and has me between the 2 Nobel Leaders"... 01:52:38

01:57:45 ... and I just want to commend all the people spoke and it is inspiring to think that we can get the job done President Clinton Vice President Gore ... Speaker Pelosi, **Boone Boone Pickens** ... well I make a special of acknowledgement of of Senator Reed who got us going on this project last August... 01:59:22

on this panel ... Save the Children ...McCormick on global food shortages and their effects on the economy ... after that Al Gore and **T Boone Pickens** talk with **energy** industry leaders about alternative **energy** production ... that's followed by a forum on economic stimulus package and its local effects ... 00:02:21

6. Fox Business

DMA: N/A

Fox Business Network (---) National
03/06/2009 11:00 AM - 12:00 PM

[CC] 00:42:23 . All right, Liz Claman is out on the west coast for the Wall Street Journal Economics Conference, a lot of interviews and **Boone Pickens** yesterday, Alan Mulally of Ford. Liz, let's talk about it, a lot of great guests, do you have somebody right now? 00:43:45

7. Special Report With Brit Hume

DMA: N/A

Fox News Channel (---) National
03/06/2009 06:00 PM - 07:00 PM

Spot Cost: \$21,371
Est. Audience: 1,656,555

Available formats: QuickView, DVD, CD, digital link, videotape, transcript, NewsBoard

00:13:32 TZ; Electricity: President Barack Obama's environmental plans depend on a massive increase in renewable **energy**. Getting the electricity to the people who need it could become a major problem. Democrats want to give the federal government the right to build transmission lines through the states whether they like it or not. V; Obama, Joe Biden. V; **wind** turbines. I; **T. Boone Pickens**, Former **oil** company executive, talks about transmission lines. I; George Pataki, R-Former NY Governor, talks about transmission lines. I; Jim Connaughton, **Energy** Industry Lawyer, talks about the transmission lines. V; construction workers. Sen. Harry Reid is introducing a broad bill on renewables that would expand the right of the federal government. V; Reid. SB; Mr. Butler, Chair of State Utility Commissioners, talks about the situation. SB; Sen. Harry Reid, Senate Majority Leader, talks about the situation. Jim Angle reporting. 00:16:39

8. Good Day Chicago

DMA: 3

WFLD-TV CH 32 (FOX) Chicago
03/06/2009 08:00 AM - 09:00 AM

Spot Cost: \$482
Est. Audience: 53,817

Available formats: QuickView, DVD, CD, digital link, videotape, transcript, NewsBoard

00:33:16 **T. Boone Pickens**: **T. Boone Pickens** claims **oil** prices will rise. V; footage of people pumping gas. 00:33:25

9. KQV News

DMA: 23

KQV-AM 1410 (IND) Pittsburgh
03/08/2009 03:00 PM - 04:00 PM

Spot Cost: \$10
Est. Audience: 1,200

00:06:00 Billionaire Texas **oilman T Boone Pickens' energy** plan looks good on paper but experts are telling the Tribune Review a closer examination indicates good looks aren't everything . Substituting **wind** power for natural gas to **fuel** power plants, then using natural gas to power vehicle fleets nationwide are ideas that no one but **oil** company executives would veto yet oilman Pickens touts his ideas as a boon to national economy and he has spent 58 million dollars of his own money on promotion...it would cut oil imports by nearly 40 percent, bolster national security by keeping oil dollars at home, and significantly improve the environment by lowering pollution ... But some experts who have peaked under the Pickens Plan overview have found some shortcomings with the oil man turned wind farmer's proposal according to the Trib. including that one of the biggest benefactors of the plan estimated to cost well over one point two trillion dollars is the plan's originator ...Lester Lay, the Carneige University economics and finance professor and co-director of the university's electricity Industry Center, tells the Trib clearly the biggest benefactor of the Pickens plan is **T. Boone Pickens** ... 00:07:59

10. Roger Hedgecock Weekend
KOGO-AM 600 (ABC) San Diego
03/07/2009 03:00 PM - 04:00 PM

DMA: 28
Spot Cost: \$93
Est. Audience: 12,200

00:08:00 . and in a colloquy, a discussion with the **T Boone Pickens** .who is kissing his backside big time listen to this ...I think this is the one with **T. Boone Pickens** and Al Gore...(Pickens speaking) "How many of these conferences have you gone to.. and you have gotten recognition ..you have scientific support for it... .when do we do something?...you and I agree on this issue...I just wonder when do we get going to fix it?"...(Al Gore speaking)- I really appreciate what you are doing Boone..." 00:09:59

11. The Roger Hedgecock Show
KOGO-AM 600 (ABC) San Diego
03/06/2009 04:00 PM - 05:00 PM

DMA: 28
Spot Cost: \$241
Est. Audience: 24,400

00:08:00 . and in a colloquy, a discussion with the **T Boone Pickens** .who is kissing his backside big time listen to this ...I think this is the one with **T. Boone Pickens** and Al Gore...(Pickens speaking) "How many of these conferences have you gone to.. and you have gotten recognition ..you have scientific support for it... .when do we do something?...you and I agree on this issue...I just wonder when do we get going to fix it?"...(Al Gore speaking)- I really appreciate what you are doing Boone..." 00:09:59

12. Fox34 News At 9
KJTV-TV CH 34 (FOX) Lubbock
03/06/2009 09:00 PM - 10:00 PM

DMA: 143
Spot Cost: \$180
Est. Audience: 8,167

[CC] 00:38:32 Whatever we pass at the federal level trumps all that: ok. And if Mr Obama's aim to cut carbon emissions is to succeed without bankrupting consumers, he has to generate more renewables. But how do you get people to invest in solar and **wind** and the like, if they can't sell the **energy**? **Pickens** says: you've got to figure out a way for them to get money back from this and make a profit of course." Angle says: or else they won't invest and tax payers will have to cover the cost. Or renewables wouldn't get to consumers in sufficient quantities and Mister Obama's plan for cleaner **energy** would be financially unworkable. That's the Obama administration wants the power to do something extremely controversial: force local communities to accept new power lines whether they like it or not. 00:39:44

13. Morning News
CICT-TV CH 2 (Global) Calgary
03/06/2009 07:00 AM - 08:00 AM

Available formats: QuickView, DVD, CD, digital link, videotape, transcript, NewsBoard

[CC] 00:38:20 Certainly a bad day yesterday markets back to their wicked ways some point

we'll bounce bottom and then we'll all say why didn't we buy. Angela: no kidding. At some point are we going to see **oil** at \$75 a barrel? According to our dear friend **Pickens** saying \$75 by the end of the year. He believes OPEC making major cuts will continue to cut because they can't produce at these levels so does believe he'll close out on a stronger note than we are today. Angela: definitely a weak note trading below \$1 yesterday?... 00:39:50