

PickensPlan

T. Boone Pickens Media Coverage 3.27.10-3.29.10

Total of 14 Placements

Print: 4
Blog/Online: 6
Broadcast: 4

Coverage Summary:

Kiplinger has a piece on the abundance of natural gas and the impact this could have on the economy, the environment and national security. The writer, James Glassman, mentions his recent breakfast with Pickens and discusses his plan to run heavy-duty vehicles on natural gas. He agrees with Pickens that the key to energy security and economic growth is transportation.

A *New York Times* editorial calls for the EPA's study on hydraulic fracturing to be comprehensive, transparent and swift. The piece says it is important to enlarge the nation's supply of natural gas, but if public health is an issue, federal oversight should be required.

A *Financial Times* article also looks at hydraulic fracturing and the benefits of natural gas. ANGA Chairman Jim Hackett is quoted in the piece discussing recent comments Steven Chu made on natural gas, saying some parts of the administration understand its benefits. Hackett went on to say "we still need to have a statement from the president that national policy includes natural gas."

Pickens was mentioned during a PBS program on natural gas drilling for his views that natural gas can serve as a transition fuel. The Pickens Plan was also discussed on *Monsters and Money in the Morning* on *WBBM-TV* in Chicago.

Highlighted Placements (Full Articles Below)

Bet on Clean Energy – *Kiplinger* – April 2010

Notable Natural Gas Coverage (Full Articles Below)

Finding Natural Gas, Safely – *New York Times* – 3/29/10

Gas: Worries Surface On Impact Of Extraction – *Financial Times* – 3/29/10

Colo. Gas-Coal Fight Could Preview National Battle – *Associated Press* – 3/29/10

o *BusinessWeek.com*

Print Placements (Full Articles Below)

Cohen's New Identity – *Dallas Morning News* – 3/28/10

Blog/Online Placements (Full Articles Below)

Renewable Energy; Houston Looks To Build Its Green Credentials – *Greenwire* – 3/26/10

Heating Oil Weekly Roundup: T. Boone Pickens's Latest Investment, Scottish Wave Power, and Atomic Cars – *Heatingoil.com* – 3/26/10

What Can We Learn from an Oil Legend's Portfolio? – *Street Authority* – 3/26/10

Solar Power Rundown – *GetSolar.com* – 3/26/10

HIGHLIGHTED COVERAGE

Bet on Clean Energy – *Kiplinger* – April 2010

By James K. Glassman, Contributing Editor, *Kiplinger's Personal Finance*

Consider these natural-gas stocks for the long term.

Last June, the Colorado School of Mines issued an earth-shaking report about a development that could have a major impact on the economy, the environment, national security and your own portfolio. Researchers found that between 2004 and 2008, the potential supply of natural gas in the U.S. -- which had been flat for 20 years -- shot up 64%. A short time later, Tony Hayward, chief executive of London-based BP, the largest oil-and-gas producer in the U.S., estimated that America "now has 50 to 100 years' supply of natural gas."

Technology breakthrough. Suddenly, natural gas -- a fossil fuel used for generating electricity, heating homes, running factories, and powering trucks and buses -- has become all the rage in the energy business. The main reason is a technology called hydraulic fracturing, or fracking, which blows water and sand down into rock at high pressure to create cracks that liberate gas, especially from heavy, dense black rock called shale.

In less than 20 years, such "unconventional gas" -- that is, gas gathered using means other than plain old drilling -- has risen from 10% to 40% of U.S. production, with gas extracted from shale formations through fracking by far the largest part. But the big jump has come only recently.

The new abundance has set off the gaseous equivalent of a gold rush. In December, ExxonMobil (symbol XOM) struck a deal to buy XTO Energy (XTO), a leader in drawing natural gas from shale, for \$41 billion. In January, France's Total (TOT), the fifth-largest energy company in the world, bought a 25% interest in the holdings of Chesapeake Energy (CHK) in the Barnett Shale, a 5,000-square-mile area that covers Fort Worth and at least 17 counties in Texas.

The advantages of natural gas are clear. It's relatively clean, cheap and doesn't have to be imported. When it's burned for energy, it produces two-thirds of the carbon that oil emits and about half that of coal.

But for an investor in natural-gas stocks, the growing supply would seem more likely to be a detriment than a benefit. After all, when the supply of something rises, the price falls. That's certainly been the case with natural gas, which in mid February sold for about \$5.50 per million Btu after peaking at more than twice that level in the summer of 2008. Part of the decline in price is simply a result of the global recession, but much of it can be attributed to the increased supply.

Low prices -- for both gas and the shares of gas producers -- were what attracted major energy companies such as ExxonMobil and Total. After trading for as much as \$74 a share in 2008, XTO had dropped to about \$41 by the time ExxonMobil made its offer. Devon Energy (DVN), the Barnett Shale pioneer, traded at \$127 in 2008; the stock fell to one-third of that price last year before bouncing back -- but it was still only \$67 in mid February, even though Devon is rumored to be a takeover candidate.

The question for investors, then, centers not on supply but demand. Will the U.S. significantly increase its use of natural gas in the years ahead? With the obvious attractions of natural gas, logic says yes. But in the highly politicized world of energy, logic doesn't always win. For natural gas to succeed in the short term, it may need a boost from federal and local governments.

Recently I had breakfast in Dallas with energy-industry legend T. Boone Pickens, whose "Pickens Plan" calls for government to encourage heavy-duty vehicles to shift to compressed or liquefied natural gas. (Pickens is the chairman of Clean Energy Fuels [CLNE], a publicly traded company that builds fueling stations and supplies natural gas for 320 customers, including trash haulers, that collectively operate 15,000 vehicles.)

Currently, 8.5 million large trucks and buses travel U.S. roads, and nearly all are powered by diesel fuel. Pickens says that if only 3.2% of these vehicles transitioned to natural gas by 2015, demand would rise by 600 billion cubic feet a year and dependence on oil imports would decrease by 18%. Yet, in his State of the Union message the day before my breakfast with Pickens, President Obama did not mention natural gas at all. Rather, he emphasized the importance of nuclear and solar power -- and coal. Coal? Yes, it's a critical product in many key electoral states.

Natural gas may be forced to succeed on its own merits, which are considerable. Currently, gas accounts for 24% of all U.S. energy use, compared with 37% for oil, 23% for coal, 9% for nuclear, and less than 1% for wind, solar and geothermal combined. We import nearly three-fourths of our oil; the other energy sources are almost entirely homegrown.

Pickens is right that the key to energy security -- and economic growth -- is transportation, which accounts for 28% of U.S. energy use. But putting compressed natural gas into your fuel tank is not the only way to use gas to power vehicles. Natural gas also offers advantages in electricity generation, and with the right infrastructure, electricity may eventually become the primary means of powering cars.

Companies to buy. So a bet on natural-gas stocks is a bet on two events: an economic recovery and an energy policy built on economic and environmental rationality. Let's assume we get some of both. What are the best companies to buy? Among the gas exploration-and-production companies, one standout is Devon, for its expertise in fracking, its presence in the Barnett Shale and its takeover potential. "We expect further consolidation in the shale gas market, and I expect it to be led by the well-financed international oil companies," says Chris Sheehan, of IHS Herold, an energy-research firm in Norwalk, Conn. It will take a buyer with deep pockets to acquire Devon. Its market capitalization is \$30 billion, but it still trades at just five times estimated 2010 cash flow. (Price to cash flow -- earnings plus depreciation and other noncash charges -- is the preferred measure of value among energy-production companies.)

John Freeman and John Fitzgerald, highly regarded energy analysts at Raymond James, praise Chesapeake. They say that the deal with Total in the Barnett Shale could lead to similar joint ventures in other areas. Chesapeake also has major holdings in the Marcellus Shale, a vast area of Pennsylvania, New York, West Virginia and Ohio that could have even greater potential than Barnett. Chesapeake's stock trades at four times Raymond James's estimate of cash flow per share for 2010.

Royal Dutch Shell and other major oil companies want to expand their Marcellus drilling, and a possible takeover candidate is Range Resources (RRC), which has leased 1.4 million acres in the area. Standard & Poor's lists one natural-gas stock, EOG Resources (EOG), which is expanding its drilling in the Barnett Shale, among the 15 stocks in its "high-quality capital appreciation portfolio." And consider Natural Gas Services (NGS) and BJ Services (BJS), which provide drilling services to natural-gas explorers. Both are trading far below their record-high share prices.

The easiest way to invest in the sector is through Fidelity Select Natural Gas (FSNGX), an actively managed mutual fund that holds 86 stocks. It's top-heavy, with the ten largest holdings -- led by one of my favorites, Anadarko Petroleum (APC) -- representing more than half of assets. The fund, which carries an expense ratio of 0.85%, returned 11.8% annualized over the past ten years as of February 15. An exchange-traded fund that focuses on this group is First Trust ISE-Revere Natural Gas (FCG). Launched in 2007, the ETF charges 0.60% a year.

Gas is a game changer, but politicians have a lot to say about how we use energy, so the game probably won't change overnight. An investment in natural gas based on rising demand will likely require a long-term commitment, but that's what stocks are for.

James K. Glassman is executive director of the George W. Bush Institute in Dallas. His next investing book appears later this year.

NOTABLE NATURAL GAS COVERAGE

Finding Natural Gas, Safely – *New York Times* – 3/29/10

The Environmental Protection Agency will soon begin a much-needed study of the effects on water quality and public health of a method of extracting natural gas called hydraulic fracturing. An E.P.A. investigation in 2004 was rightly seen as superficial and skewed toward industry, which provided much of the underlying data. This one must be comprehensive and transparent.

It must also be swift. The search for natural gas has widened beyond the usual venues like Texas and the Rocky Mountain West to Pennsylvania and New York State, site of a vast deposit called the Marcellus Shale.

Hydraulic fracturing involves blasting water, sand and chemicals into underground formations to unlock the gas. The technique has been implicated in a growing number of water pollution cases. New York State has been forced to review plans to allow exploratory drilling upstate, including New York City's watershed, because of fears that an accidental release of toxic chemicals could poison the water supply for millions of people.

Representative Maurice Hinchey, a Democrat from New York, had inserted a provision in a spending bill urging the E.P.A. to undertake the study. Mr. Hinchey is also the co-author, with Diana DeGette, a Colorado Democrat, of a bill that would force industry to disclose the chemicals it uses and require regulation of the process under the Safe Drinking Water Act.

Industry has publicly endorsed the E.P.A. review and expressed confidence that it will show that hydraulic fracturing is, in the words of the American Petroleum Institute, a "safe and well-understood technology" that has allowed access to huge new supplies of natural gas.

At the same time, industry opposes the DeGette-Hinchey bill, claiming that the chemicals it uses are proprietary secrets and that new regulations would deter production. Mr. Hinchey and Ms. DeGette should stick to their guns. It's important to enlarge the nation's supply of natural gas, a relatively clean fuel. But where public health is an issue, federal oversight is plainly required.

Shale Gas: Worries Surface On Impact Of Extraction – *Financial Times* – 3/29/10

By Sheila McNulty

Even as the oil and gas industries band together to promote natural gas as the fuel of the future, questions are emerging about whether US regulations will limit its potential.

A way has been found of combining the technologies of "horizontal drilling" and "hydraulic fracturing" to extract gas from tightly packed shale rock, raising estimates of US supplies, at current usage rates, from 30 to 100 years.

To the gas industry, the benefit is clear: energy security and via the least polluting of the fossil fuels. Natural gas is about 50 per cent less carbon-intensive than coal and 30 per cent less than oil. Infrastructure exists to carry it throughout the country, which gives it an edge over renewables.

Andrew Clyde, partner at Booz & Company, the consultancy, says natural gas will enable the US to shift away from coal to help it meet greenhouse gas targets and lessen national energy security concerns.

But while coal seems to have secured its future in bills under consideration in Congress, the gas industry was not well prepared to lobby when climate legislation talks began.

Producers have since worked to correct this and have made inroads, with the formation of the 70-plus-member Congressional Natural Gas Caucus, a bipartisan effort to educate, promote awareness on the importance of natural gas in the nation's energy portfolio and develop policy.

Remarks by Steven Chu, the energy secretary, to the IHS Cera energy conference in Houston this month, that gas produces fewer emissions than other fossil fuels, has given the industry hope.

He also said natural gas was important for enabling renewable energy, as it can provide power when sun or wind are unavailable.

Jim Hackett, chief executive of Anadarko, the oil and gas producer, and chairman of America's Natural Gas Alliance, says the fact Mr Chu spoke up for natural gas showed that some parts of the administration understand its benefits.

But, he cautions: "We still need to have a statement from the president that national policy includes natural gas." While he waits, other efforts, to ensure the role of natural gas in energy policy, continue.

Oil and gas companies are facing scrutiny on Capitol Hill about the impact of shale gas, as concerns grow about the potential impact on the environment and human health.

The process involves drilling down for up to 20,000 feet and sideways for up to 4,500 feet. Water laced with chemicals and fine sand is pumped through, fracturing the shale rock. The sand remains propping it up so the gas can escape.

"'Fracking' is controversial and is likely to be so over the next few years," says Joseph Coote, head of the Global Energy Practice at consultancy Arthur D Little. "It is suggested that the US may contain upward of 100 years of supply, but this may come at a significant cost and create public uproar challenging the pursuit of these reserves."

Henry Waxman, Democrat chairman of the House energy committee, has sent eight companies information requests about the chemicals they use and the Environmental Protection Agency announced in March that it will investigate the potential adverse impact that hydraulic fracturing may have on water quality and public health.

Noting the trend, ExxonMobil, when it agreed in December to buy shale specialist XTO Energy for \$41bn, included a clause allowing it to walk away if regulation makes extraction uneconomical.

Still, Exxon says it expects the deal to close in the second quarter. Royal Dutch Shell, too, continues to make shale gas a priority. According to Russ Ford, executive vice-president for Onshore Gas, "Shell has placed a big emphasis on North American gas; it's an area of growth for us. We've invested about \$15bn since 2004 in the onshore."

Spectra Energy, a natural gas infrastructure company, is also betting its future on shale. "I don't think gas is going away. We now have more than 100 years supply," says Dorothy Ables, chief administrative officer.

Individual state governments in places benefiting most from shale gas, such as Louisiana, are firmly behind the industry.

Scott Angelle, Louisiana secretary of natural resources says: "I believe there is an agenda to move us off fossil fuels prematurely. But we do have this natural gas resource. It is clean. It is abundant. It is cheap. The conversation must be real. There is no panacea. We cannot go to renewables overnight."

By Colleen Slevin

A plan to clean up Colorado's air is pitting two powerful industries -- natural gas and coal -- against each other in what could be a warm-up for a national fight over how to confront climate change.

The plan, moving quickly through the Legislature, would require Xcel Energy Inc., the state's largest utility, to either replace several aging coal-fired power plant units in the northern Front Range with cleaner natural gas plants by 2018 or refit those smokestacks with emissions-restricting technology or other green fuels before the U.S. Environmental Protection Agency imposes tougher air quality rules.

The bill has bipartisan support and the backing of Democratic Gov. Bill Ritter. Environmentalists who long fought more drilling by Colorado's natural gas industry are working alongside their erstwhile foes.

"Kudos to Xcel, Gov. Ritter, Colorado's natural gas producers and environmental leaders for pioneering the road to a clean, robust and independent energy economy. All of America should follow its lead," Robert F. Kennedy Jr., president of the environmental group Waterkeeper Alliance, wrote in The Denver Post on Thursday.

Xcel says some of its coal plants along the Front Range could operate with retrofits and others could be replaced by natural gas, provided the utility gets a good price from gas providers. The bill would allow Xcel to lock in prices in deals lasting up to 20 years; if market prices drop below negotiated rates, Xcel could still charge customers a higher price.

Xcel says expected EPA restrictions on haze, mercury and ozone could cause customer rates to rise 4 to 6 percent but that a comprehensive plan to address all the pollutants could cost less.

The coal industry is fighting back. The American Coalition for Clean Coal Electricity is spending nearly \$2 million on advertisements warning consumers gas is more expensive than coal. Lobbyists and unions also argue it could cost jobs in coal mines and plants, which are more labor intensive than natural gas ones.

With health care legislation now passed, coalition spokeswoman Lisa Camooso Miller said Congress could now turn its attention to passing some kind of limits on carbon. Rather than give an edge to gas, the coal industry wants the federal government to help the private sector develop commercial-scale technology to capture the carbon produced by burning coal. Such processes only exist on a small scale currently.

"We believe that you can have affordable electricity and a clean environment. It's already happening now," she said.

The bill's backers note that most of Colorado's coal is exported and that its mines could continue operating.

Colorado's proposal was developed with help from gas producers in the state, including Anadarko Petroleum Corp. and EnCana Corp., said Jim Hackett, Anadarko's CEO and chairman of America's Natural Gas Alliance, a Washington-based trade group.

Hackett believes new domestic gas discoveries will lower its price and make it an attractive alternative to coal. He also hopes other states and Congress look to natural gas when considering controls on carbon emissions.

"I think it's the right answer for Colorado and it's the right answer across America," Hackett said.

The coal industry wants the federal government to help it develop commercial-scale technology to capture the carbon produced by burning coal. Such processes currently exist on a small scale.

Under rules proposed by the EPA in January, counties could be forced to clamp down on emissions from industry and automobiles or face government sanctions, most likely the loss of federal highway dollars.

The EPA plans to select specific emissions figures by August. Counties and states will then have up to 20 years to meet the new limits; by early 2014, they'll have to submit their plans to do so.

Despite concerns about environmental damage that can be caused by gas drilling, Pam Kiely, a lobbyist for Environment Colorado, said cleaning up the air is an urgent priority and that gas can help.

"We're optimistic with the protections we have in place (that) Colorado is ready to do this right," Kiely said.

PRINT COVERAGE

Cohen's New Identity – *Dallas Morning News* – 3/28/10

By Alan Peppard

Noted Dallas photographer Stewart Cohen has just released his book of portraits of 50 compelling people titled *Identity*.

Among those featured are Prince Albert of Monaco, T. Boone Pickens, Philip Glass, Dominick Dunne, Spalding Gray, Liz Smith, Kinky Friedman, Jack Kilby and Ed Ruscha.

An artist's reception and book signing will be held April 8 at Photographs Do Not Bend gallery on Dragon Street.

BLOG/ONLINE COVERAGE

Renewable Energy; Houston Looks To Build Its Green Credentials – *Greenwire* – 3/26/10

The Greater Houston Partnership, a business-advocacy organization, is working to ensure that Houston will continue to hold on to its prominent energy status even as the nation looks to move away from fossil fuels.

The partnership established an energy collaborative five years ago to build on its oil and gas core by attracting companies involved in alternative energy. "Houston intends to be the energy capital of the future," said John Hofmeister, former president of Shell Oil Co. and chairman of the collaborative.

"Here's what makes Houston unique. It is the intellectual capital that exists here across the entire range of energy producers, with the exception of, maybe, nuclear," Hofmeister said. "There is a natural interest in extending the reach beyond hydrocarbons."

Oil and gas executive T. Boone Pickens says that although technology has allowed companies to access previously unthinkable natural gas resources from shales, the amount of oil and gas in the world is finite. The "hydrocarbon era" will end near 2100, he predicts, and so it is necessary to look to other energy sources. As a state, Texas has ramped up its efforts to be prepared and is the current leader in wind power production.

Houston has worked to establish its green credentials by buying more alternative power than any other city in the United States and building up the country's third-largest hybrid fleet. And the collaborative is pushing to make the city into a carbon-trading hub, facilitating financing of carbon offset programs and helping connect buyers and sellers.

Still, the city has a way to go: There are 3,468 energy-related firms in the greater Houston metropolitan area. Four hundred of those are involved in alternative energy.

Amy Myers Jaffe, an energy expert at the James A. Baker III Institute for Public Policy says there is no immediate hurry. "It's a myth that we're getting off fossil fuels," she said. "Someday, renewables will reach critical mass. But we are not there yet" (Sheila McNulty, *Financial Times* [subscription required], March 25). – DFM

Heating Oil Weekly Roundup: T. Boone Pickens's Latest Investment, Scottish Wave Power, and Atomic Cars – *Heatingoil.com* – 3/26/10

By Michael Hoven

T. Boone Pickens made billions in the oil business and then turned his attention to natural gas and wind power, making him an unlikely figure in the environmental movement. Now he's looking at water, says Shiela McNulty at *Energy Source*, a blog of the *Financial Times*. Pickens "is now the US' biggest private holder of permitted groundwater rights," and as water resources become scarce he could stand to make another billion.

Wave power is a potentially promising source of renewable energy, but it's also a potential bust. Either way, Scotland's making a big investment, reports Chris Morrison on *BNET's Energy* blog, putting \$4 billion into 10 different wave and tide projects. It's a big gamble, but if Scotland pulls it off it could show the way for everyone else.

The North Pacific is home to a four-million-ton gooey mess of plastic that may be impossible to clean up. But that hasn't stopped people from trying, and Alyssa Danigelis at *Discovery News* reports that Project Kaisei is trying not only to capture the debris but figure out how to turn it into fuel.

Could you ever drive a nuclear-powered car? In a roundabout way, yes, says Bruce Mulliken at the website Green Energy News. If the future of driving turns out to be electric cars, then your car will actually be powered by whatever energy source generates that electricity—in some cases, that could be nuclear power.

What Can We Learn from an Oil Legend's Portfolio? – *Street Authority* – 3/26/10

By Brad Briggs

T. Boone Pickens is the quintessential Texas oilman: outspoken, complex and savvy. He began his career as a "wildcatter," drilling in areas not known to contain oil, and eventually formed Mesa Petroleum in 1956, which would grow to be one of the largest independent oil producers in the world before being acquired by a private equity group and renamed Pioneer Natural Resources (NYSE: PXD). During the course of his career, Pickens initiated headline-grabbing takeovers and amassed a fortune of about \$3 billion.

And whether it's his decidedly conservative political views, his calls for increased production of wind energy and the promotion of natural gas as an alternative to fossil fuels through the "Pickens Plan," or his belief in "peak oil," which claims that world oil production will soon cross the point of no return and begin declining, Pickens is not without his detractors. But one thing is for certain: The man knows oil. At 81, Pickens may have retired from the day-to-day operations of oil exploration, but when he speaks about energy, people listen.

Now, just because people listen doesn't automatically make him an authority. But consider this: Pickens serves as the chairman of BP Capital Management, a hedge fund investing primarily in energy. Like many hedge funds, it caters to the well-heeled and charges exorbitant fees. The mere fact that wealthy individuals are willing to fork over 20% of profits to Pickens and his managers speaks volumes.

Unfortunately, most of us do not have the \$5 million minimum requirement to invest in the fund. What we do have, however, is the Securities and Exchange Commission. Let me explain: every institutional investor (hedge funds, mutual funds, pension plans, etc.) is required to disclose its holdings to the SEC quarterly in a 13F filing. These filings are available to the public and can level the playing field a bit for smaller investors willing to do a little digging.

In order to spare you the headache of sifting through these filings, here's the most recent breakdown of BP Capital Management's holdings:

Company (Ticker)	% of Portfolio	Holding Value	P/E
Transocean Ltd (NYSE: RIG)	12.8%	\$28M	7.0
Hess Corp. (NYSE: HES)	10.7%	\$24M	27.3
Devon Energy (NYSE: DVN)	9.4%	\$19M	17.7
Occidental Petro. (NYSE: OXY)	7.7%	\$18M	21.6
McMoran Exploration (NYSE: MMR)	7.1%	\$15M	N/A
Chesapeake Energy (NYSE: CHK)	6.6%	\$14M	11.7
Forest Oil (NYSE: FST)	6.3%	\$13M	7.3
Cabot Oil & Gas (NYSE: COG)	5.0%	\$12M	21.2
Sandridge Energy (NYSE: SD)	4.9%	\$12M	N/A
Questar (NYSE: STR)	4.8%	\$10M	18.5

Weatherford (NYSE: WFT)	4.4%	\$10M	31.5
Suncor Energy (NYSE: SU)	3.5%	\$10M	N/A
Smith Intl. (NYSE: SII)*	3.0%	\$8M	50.8
Anadarko Petroleum (NYSE: APC)	3.0%	\$7M	N/A
Transatlantic Petro. (NYSE: TAT)*	2.4%	\$7M	N/A
Fluor Corp. (NYSE: FLR)*	2.4%	\$6M	12.3
Gastard Expl. (NYSE: GST)	2.4%	\$5M	N/A
Foster Wheeler (Nasdaq: FWLT)*	2.2%	\$5M	9.1
Canadian Natl. Res. (NYSE: CNO)*	1.5%	\$3M	42.3
*Denotes new buys			
Total		\$224.5M	

The hedge fund had five new buys in its fourth-quarter 2009 filing, dated Feb. 16, 2010. Two of the new buys, Fluor (NYSE: FLR) and Foster Wheeler AG (Nasdaq: FWLT) stand out in particular. Both heavy construction companies stand to benefit from a global turnaround by winning contracts for oil and gas refineries, power plants and other infrastructure projects.

So far, BP Capital's stake in McMoRan Exploration (NYSE: MMR) has performed the best year-to-date, gaining +74%, mainly on the back of a major discovery in the Davy Jones field in the Gulf of Mexico.

Pickens' largest holding, offshore oil driller Transocean (NYSE: RIG) is perhaps the most compelling name in the portfolio. The economic downturn combined with falling oil prices led to a decrease in demand for offshore drilling and created a surplus of rigs that were coming online just as the downturn hit. The world's thirst for oil will likely return as soon as recovery sets in, but make no mistake, most of the oil left is deep offshore within the earth and will not be easy to extract. Transocean's massive, complex machinery, deployed in areas as far-reaching as the Gulf of Mexico, Brazil, Australia and Angola, will be needed to get it out.

The company has a reputation as the biggest and best in the business: Its fleet of 70 drillships and semisubmersibles more than doubles the size of its next-largest competitor. It also has a \$30 billion backlog locked up for the next five years, which provides a nice blanket of security.

At just above \$80 a share, Transocean is trading at half the level it was in 2008, when oil was at \$150 a barrel. And while we may not see oil spike to the levels it did back then, it's all but certain that demand will increase as the global economy recovers, developing countries demand more fossil fuel and land reserves are depleted.

Transocean changes hands for just seven times earnings, a -62% discount to the S&P's multiple of just under 19. Earnings are expected to grow +17% during the next five years, yet the stock commands a PEG of just 0.5. Add it all up, and Transocean appears to be a deep value that could reward patient shareholders with huge gains.

Solar Power Rundown – GetSolar.com – 3/26/10

By Adam Sewall

Alright, kids — time for your daily dose of solar energy news and information. Normally, I promise to keep the side comments to a minimum. But I couldn't help it this morning, so you'll just have to bear with me as we paw through news on: New York's solar power market; the past and future of a traditional energy hub,

Houston; and the prospects of Desertec, a solar power project that could strengthen economic ties between Europe and the countries of northern Africa. Let's get started:

The New York Solar Energy Industries Association is calling for a higher solar rebate level to "reverse the dramatic slowdown in the New York solar market," via Solar Industry. Since the state's Public Service Commission (PSC) revised downward the amount available for solar rebates from New York State Energy Research and Development Authority (NYSERDA), interest in solar energy has slowed: "NYSERDA reported that average PV applications for January and February were \$1.5 million per month – a drastic reduction from the 2009 average of over \$5 million per month. Total PV program applications in the first two months this year were down 70% from the same period in 2009." Money is still on the table, though, and with spring on its way, there's no better time to be considering a New York solar installation for your home or business.

The Financial Times — the somewhat stuck up British cousin of the Wall Street Journal — yesterday ran an excellent profile of Houston, Texas. Items covered include: the recent boom in U.S. onshore shale gas; the Houston arts scene; and a few salty quotes from oil man T. Boone Pickens. While we'd certainly like to see renewable energy technologies deployed at a scale on par with the oil and gas industry, the article suggests it may be a while: "there are 3,468 energy-related firms in the Houston metropolitan area, of which only roughly 400 are involved in alternative energy. Wind or solar energy and biofuels depend on government subsidies and are a long way from reaching critical mass." We'll see about that... Regardless, the article is definitely worth a read.

Despite the recent announcement of new partnerships with the likes of First Solar (NASDAQ:FSLR), Europe's Desertec solar power project may face a cloudy future, according to Chris Morrison of BNET Energy Blog. In effect, the project envisions importing solar-generated electricity from northern Africa, making use of yet-to-be-built undersea transmission lines.

Among the concerns and obstacles? (1) The transmission lines would be vulnerable to attack. (2) Europe would still be relying on foreign sources of energy, namely the countries across the Mediterranean to the south. And (3) human rights activists may balk if Desertec ends up deploying assets in Western Sahara, a country whose sovereignty has long been disputed by Morocco.

I'm not entirely convinced these facts will derail the project. Why? (a) Undersea transmission lines are a heck of a lot less vulnerable to terrorist attacks than over-land ones. (b) I understand that Europe dislikes relying on Russia for much of its natural gas, but this notion of energy independence is kind of getting out of hand. What's needed is a new focus on energy interdependence. As far as I can tell, the Desertec project would help Europe diversify its energy portfolio. (c) I'm not sure what to make of the human rights argument. Oil and gas companies have for decades operated in contentious and/or volatile regions. While these activities can lead to local power struggles and, in the worst cases, engender violence (see Nigeria, Sudan), my guess is that a workable revenue-sharing agreement could be devised in this instance. Any thoughts or insight from our readers?

And with that, we'll let you go... Have a great weekend — we'll see you back here next week.

BROADCAST COVERAGE

1. NOW

PBS, National | DMA: 0

03/26/2010, 08:30 PM - 09:00 PM

[CC] 00:20:00 (guest is Josh Fox, director)... Brancaccio: meanwhile, the push for domestic energy is attracting the attention not just of people in rural areas but in some densely populated cities. Environmental regulators in Dallas-Fort Worth, Texas, have begun to complain that oil and gas production accounts for more air pollution in their region than all cars and trucks on the road. and there's New York's drinking water, said to be the biggest unfiltered supply in the world. Opponents are fretting about plans for fracking and pumping upstream of the Big Apple. Well, how many wells are they thinking of drilling in this beautiful country? The proposals and the well spacing bills they have for New York and Pennsylvania could be 200,000. There could be 50,000 in the New York City watershed alone. Brancaccio: 50,000 wells? We're in the position right now of trading the, our, a short-term energy fix and, and money for the future of our water in America. I mean, every expert that I talked to told me the only way to clean an aquifer is not to pollute it to begin with. So when we're talking about the New York city watershed where drilling is proposed, you know, if something happens, whether it's due to the hydraulic fracturing process or an accident --And the accidents are very frequent and common, so much so that they, you could call them part of the process. New York City has the world's largest unfiltered water supply, and sections of the New York city watershed and the Delaware River Basin, where I live, which provides water to Philadelphia, that's 15 million people, 16 million people's water. Brancaccio: but we might be able to strike a blow for **energy** independence by bringing up this **naturalgas** and not buy some **energy** from the Middle East, where it's turbulent. But you're saying there could be this enormous other cost if this region in the east has to start paying to treat this water. The only **energy** in the, the only **energy** independence is renewable **energy**, no matter what you, this is a fossil **fuel**. It contributes to global warming and climate change. It will run out. Brancaccio: but **oil** man **T. BoonePickens** sees it as a transition **fuel**. Uh-huh. Brancaccio: that it would get us to the point, it helps us be a little bit more independent from the Middle East now. We're transitioning from fossil **fuels** by using another fossil **fuel**? Doesn't make any sense to me. Brancaccio: so you're not buying this? No. We have the technology now to move to, towards renewables. And, you know, economic hardship is everywhere right now, and it's, of course, it's, it's enormously, it's a terrible situation a lot of people are in. And it's terrible that, that companies prey upon that. The main thing that I got from talking to people in these areas was the immense struggles that they then had with it afterwards. And that was the, the most inspiring thing about making this film, was actually the amazing backbone of America. You don't get to go all around America often and get a real portrait of what's out there. And it was incredibly inspiring. Brancaccio: you found a lot of tough people? Really tough and really caring, and with a sense of humor. And that's what I hope the film can achieve is, actually, the willingness to take on a big problem, but to do it in a way that says, "look, we can do much better than this. This is not good enough." Brancaccio: well, Josh, thank you very much. Thank you very much.00:23:36

Audience: N/A **Spot Cost:** N/A

2. Monsters And Money In The Morning

WBBM-TV (CBS) CH 2, Chicago | DMA: 3

03/29/2010, 06:00 AM - 07:00 AM

[CC] 00:17:26 Gas prices are soaring regular prices going for a \$3. 35 A gallon here in Chicago but if you listen to the oil man there may be a solution . I had dinner on Thursday night in Dallas with **Pickens**.He's on a big plan to help America make **energy** independent and ... with imported today at 65% and growing. His plan in addition you heard him talk about using **wind** power and **windmills** but is on another thing he's got a website where you can learn more the whole idea is that if we would use tax credits and make our 18 wheeler truck the fleet of trucks across the **nation** on new trucks to run on **naturalgas** that we could save 5 million barrels. Of the 13 million barrels o f **oil** we import daily. ... we have **naturalgasoline** with tons of **naturalgas** and it's reflected in our current low prices and new **energy** bill he says will include the **Pickens** Plan . You want to go to the web site and learn more about the **energy** independence but not for passenger cars but for fleet of trucks across the **nation** to you think that cutting back **energy** dependence or **oil** dependence will be a big boost to the economy it'll be a huge boost but also changing behavior it's a difficult thing to do a long-term solution ...the wonderful thing to do. But these solutions are

.. solutions but when they talk about changing the behavior of the way people have grown up and the way they do business to be great for the economy but it's very hard....00:20:00

Audience: 31,795 **Spot Cost:** \$233

3. Monsters And Money In The Morning

WBBM-TV (CBS) CH 2, Chicago | DMA: 3

03/29/2010, 05:00 AM - 06:00 AM

[CC] 00:00:01 You were in Dallas... I was giving a speech and then I had ate dinner with T.

BoonePickens. Is that right? And he taught me a lot about **energy** so I will give you a little more on that.

How old is he now? He is 82 but he looks about 65.00:01:30

Audience: 19,187 **Spot Cost:** \$74

4. Tulsa Times

KETA-TV (PBS) CH 13, Oklahoma City | DMA: 45

03/27/2010, 05:00 PM - 05:30 PM

[CC] 00:16:00 ...At a rally in the student union, university president Burns Hargis called the plan the most ambitious fundraising effort ever by O.S.U. n ot only because of its goal of \$1 billion, but because it's hoped most of the money will be raised privately by and from Oklahoma State alumni. No matter what we're able to do in our lifetime, the greatest thing that we do is giving back to the institutions that helped us along the way. Ahead of today's announcement they already had 437 million in cash and pledges. But that was before another famous alum stepped up to the stage. > My gift today is to match --Now, this is a testamentary gift, this is --I don't have to write a check out today for this, I can wait until I die before you get it, but it --It will be a testamentary gift, as I said, and it will match everything that comes in to it on --It's all testamentary scholarship. You tell them what the gift is, you know more about it. You're the one that --**BoonePickens** for scholarships is going to give another \$100 million. **Pickens** hopes his latest gift to OSUwill inspire other alumni to give gifts large and small to the Branding Success Campaign and encourage them to remember O.S.U. in their wills as well.00:19:36

Audience: 2,722 **Spot Cost:** \$21