T. Boone Pickens Media Coverage 4.22.10

Total of 12 Placements

- Print: 5
- Blog/Online: 6
- Broadcast: 1

Coverage Summary:

Several publications, including *Bloomberg New Energy Finance* and *the Minneapolis/St. Paul Business Journal* reported on latest with Pickens' wind farm. Plans call for breaking ground in the fourth quarter, with the project delivering power by late 2011.

A *Roll Call* piece on climate change legislation discusses the questions that still exist about what will be included in the bill. ANGA spokesperson Dan Whitten is quoted in the piece saying "We're waiting like everybody else."

Highlighted Placements (Full Articles Below)

- **T. Boone's Turbines To Be Planted In Minnesota, Not Texas** – *Bloomberg New Energy Finance* – 4/22/10

- **Minnesota Wind Energy Project Approved** – *Minneapolis/St. Paul Business Journal* – 4/21/10
    - *San Francisco Business Times*

Notable Natural Gas Coverage (Full Articles Below)

- **Groups Push Climate Bill on Earth Day** – *Roll Call* – 4/22/10

Print Placements (Full Articles Below)

- **The Energy Policy Morass** – *American Enterprise Institute* – 4/26/10
- **Conservation Group's Efforts Are Timeless** – *Dallas Morning News* – 4/22/10

Blog/Online Placements (Full Articles Below)

- **MPUC Approves 78-MW AWA Wind Project** – *Renewable Energy World* – 4/22/10
- **Minnesota Gives Green Light for New Wind Power Project** – *Energy Resource* – 4/21/10
- **Xcel Energy Wind Power Purchase Agreement Approved** – *REVE* – 4/22/10
- **Trouble for Oil & Gold in 2010? No Worries** – *24/7 Wall Street* – 4/21/10
- **Investing In Offshore Oil –** *Daily Markets* – 4/22/10

HIGHLIGHTED COVERAGE

T. Boone's Turbines To Be Planted In Minnesota, Not Texas – *Bloomberg New Energy Finance* – 4/22/10

April 22 (Bloomberg New Energy Finance) -- Texas oilman T. Boone Pickens' wind development group has picked Minnesota as one alternate destination for the GE turbines it originally purchased for a massive Texas project.

In mid-2008, Pickens' Mesa Power Group agreed to purchase 667 GE turbines for the planned 4GW Pampa wind farm in the Texas Panhandle. By the end of 2008, however, Pickens began to reassess the planned schedule for the project as natural gas prices slid and credit markets tightened.

During 2009, Pickens publicly claimed that lack of transmission access on the Texas grid had become the main obstacle to advancing the project.

By early 2010, the original GE order had been halved and Mesa was looking elsewhere to place the turbines, perhaps in Minnesota or Canada, a spokesman for Pickens' BP Capital hedge fund told Bloomberg New Energy Finance in January.

This week, more evidence surfaced that Pickens is finding new destinations for the GE turbines originally planned for Pampa. Minnesota state regulators have issued a draft site permit for a new 78MW community-based project proposed near the town of Goodhue. Mesa said in a statement that it will be an investor in the project and provide 52 GE turbines. The Minnesota Public Utilities Commission has also accepted a previously proposed power purchase agreement for the project with Northeast States Power Company, a subsidiary of utility Xcel Energy.

Construction is now slated to begin in the fourth quarter of 2010, and the project is expected to begin delivering power by late 2011. Mesa said it expects to award a construction contract to a Minnesota-based firm 'in the coming weeks.'

The wind farm will be developed by the American Wind Alliance (AWA), a joint venture quietly established by Mesa in 2009 with the support of GE to acquire and develop projects in North America.

The percent stake investors will assume in the project company has not been established yet, said Mesa partner Mark Ward in an interview with week with Bloomberg New Energy Finance. 'GE has no obligation in terms of ownership, but they will have the opportunity to invest just like other potential partners,' said Ward.

While AWA will initially be supported by Mesa and GE, other companies will be invited to join 'as this endeavor grows,' Mesa said in its statement.

According to Mesa's website, AWA seeks to acquire projects with at least 100MW nameplate capacity, a minimum of 12 months of wind data, access to transmission, and demonstrated potential for a power purchase agreement. Additionally, AWA is focusing on projects that are 'suitable for GE turbines,' have secured easements from landowners, and have a 'reasonable ability' to complete project financing before 12 December 2012.

AWA is currently developing seven other projects totalling more than 750MW of capacity, including four projects in Ontario and one each in Minnesota, Michigan, and Missouri. Ward said Mesa expects to be offered feed-in tariffs in Ontario later this summer that would result in long term off-take agreements for 400-500MW of the company's total capacity under development.

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Minnesota Wind Energy Project Approved – *Minneapolis/St. Paul Business Journal* – 4/21/10

By Chris Newmarker

State regulators have cleared the way for a 78-megawatt wind energy project in the southern Minnesota town of Goodhue, according to Mesa Power Group, one of the project's developers.

The Minnesota Public Utilities Commission on April 15 confirmed the Goodhue Wind Project as a community-based energy development project, issued a draft site permit and accepted Xcel Energy Inc.'s agreement to buy the project's electricity.

The development is being led by the American Wind Alliance, a joint venture founded by Dallas-based Mesa Power with the support of Fairfield, Conn.-based General Electric Co. (NYSE: GE). Mesa Power's founder is energy executive T. Boone Pickens, who has become a major renewable energy proponent.

The project will place 52 GE wind turbines on 12,000 acres. It's expected to generate enough electricity to power 31,000 to 70,000 homes. The wind alliance expects to award a construction contract to a Minnesota-based firm in coming weeks.

Plans call for breaking ground in the fourth quarter, with the project delivering power by late 2011.

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NOTABLE NATURAL GAS COVERAGE

Groups Push Climate Bill on Earth Day – *Roll Call* – 4/22/10

By Anna Palmer

Environmentalists are using the 40th annual Earth Day today to step up the pressure for sweeping climate change legislation, but industry stakeholders representing coal, gas and Big Oil plan to be largely silent.

The push for action on a climate change bill comes just days before a rally on the National Mall on Sunday with the likes of Sting performing in anticipation of the expected rollout of a major energy and climate change bill in the Senate.

But just because industry groups aren't making a big push on Earth Day doesn't mean they are standing down on climate change.

K Street behemoths like the U.S. Chamber of Commerce, American Petroleum Institute and Edison Electric Institute are intensely lobbying Sens. John Kerry (D-Mass.), Lindsey Graham (R-S.C.) and Joe Lieberman (ID-Conn.) and their staffs on the details of the compromise bill that the trio will unveil as soon as Monday that is expected to increase nuclear power, expand domestic oil and natural gas production, and cap greenhouse gas emissions.

The groups have a leg up in having their voices heard because the Senators are employing the same big-tent approach on climate change that Finance Chairman Max Baucus (D-Mont.) used with health care reform. Kerry, in particular, has continued meeting with big business interests, trying to keep them in the fold as long as possible to diminish opposition to the bill.

"They are working really hard to get this to a point where it can have some significant bipartisan support," one climate-focused consultant said. "They are on the verge of achieving that."

Lobbyists say the details of the bill are murky at best as the expected unveiling of legislative language has continued to be pushed back.

"We're waiting like everybody else," said Dan Whitten of America's Natural Gas Alliance.

A draft proposal was supposed to be circulated on Capitol Hill as early as Wednesday, but that didn't happen.

It's unclear whether the announcement Monday will unveil actual legislation or a more general outline of principles, according to several lobbyists following the debate.

The measure is expected to rein in electric power utilities, putting a new emissions cap on the industry beginning in 2012, with a similar provision for manufacturers as early as 2016.

So far, the National Association of Manufacturers is staying mum on the bill. NAM spokeswoman Maureen Davenport said the group is "still waiting to see the text."

There are several areas that continue to be under discussion, including whether to expand offshore drilling for coastal states and changes to transportation-sector emissions limits.

Kerry's decision to move forward in tandem with industry isn't favored by all groups.

Public Citizen's Tyson Slocum said Kerry's strategy has been to cater to the polluters instead of working on a stronger bill.

"The clear signal here is to produce a bill at any cost," Slocum said. "I don't think that's the responsible way to do this. You don't want to start enshrining giveaways and loopholes to powerful industries."

While Kerry has been meeting with environmental and industry groups, Kerry's office has not responded to a request made more than a month ago by Public Citizen and Friends of the Earth to discuss the bill, according to Slocum.

Groups pushing for the bill are already planning their next steps.

Members of Clean Energy Works — a coalition of unions, environmentalists, hunters, veterans, farmers and religious groups — are expected to launch a multimillion-dollar climate change television ad campaign, focused on the national security connection with Iran. The campaign is expected to be supported by an online effort as well as billboards.

The ad campaign comes on the heels of a recent Vote Vets — a member of CEW — ad campaign focusing on how the dependence on foreign oil enriches Iran. The group's message: Defund terror and defend America with a new clean energy and climate change policy.

“As this thing heats up, more and more credible surrogates are going to be coming forward with different kinds of ads,” Vote Vets’ Jon Soltz said.

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PRINT COVERAGE

The Energy Policy Morass – *American Enterprise Institute* – 4/26/10

By Steven F. Hayward

The United States has lacked a coherent, serious energy policy for decades. Questions regarding whether to emphasize increased oil production or conservation remain largely unsettled, and the misguided notion of a quick and relatively painless energy revolution has derailed discussion of the difficult tradeoffs that must be considered. Policymakers should remember that energy transitions take a long time, and that moving beyond fossil fuels will only happen when a superior form of energy is developed and scaled for widespread use.

If you think the health care debate is a tangled mess, try wading into the thickets of the energy sector, which is high on the Obama administration's list of targets to subjugate. Few areas of national policy offer as bad a ratio of blather to substance as energy. It is a field where cliché, wishful thinking, and wince-inducing ignorance dominate the discourse. No matter how patiently or repeatedly the myths and realities of energy are explained, a large portion of the public, along with giddy pundits like Tom Friedman, persist in thinking an energy revolution is one government-sponsored gadget away from being willed into existence. Liberals are the worst offenders, but conservatives have their own energy shibboleths that deserve to be candidly recognized as such. The energy industry itself, meanwhile--including old-line fossil fuel

companies, but also rent-seeking manufacturers such as GE and Siemens--contributes to public ignorance and confusion by jumping on the "green energy" bandwagon for mostly bad reasons. Everyone from T. Boone Pickens to Ralph Nader has a plan to "solve" America's energy crisis, while Obama is practicing Clintonian triangulation to see whether Republicans will be cheap dates on an energy bill.

For more than three decades American energy policy has mostly been a muddle, and often a farce. But the time for muddling through is over. As the global economy recovers, oil prices will likely head back over $100 a barrel, with $4 gasoline returning to the United States. American oil production continues its needless long-term decline. Our electricity grid is antiquated and vulnerable to disruptions. As the economy recovers, electricity shortages may begin to appear, even in (or especially in) anemic California. New discoveries of domestic natural gas, however, are revolutionizing our energy outlook, but also complicating ambitions to develop more costly non-fossil fuel energy. Polls reveal significant shifts in long-term public opinion about energy, with majorities now expressing support for more domestic fossil fuel exploration and expanded nuclear power. This is no doubt a large part of the reason for Obama's insincere recent initiatives on oil drilling and nuclear power. But it may be possible to press for more serious steps over the next few years.

The chief reason for the lack of a coherent or serious energy policy is that we've never been able to decide exactly what problem we are trying to solve. At the time of the first "energy crisis" in the early 1970s, the chief concern was the purported scarcity of oil along with worry about securing an adequate supply of electricity for future population and economic growth. The Arab oil embargo of 1973-74 that helped plunge Western economies into recession highlighted the geopolitical risk of dependence on the Persian Gulf for oil. But there was another new force that arose coincident with the awareness of geo-political risk: environmentalism. In the early 1970s we were getting serious about reducing air pollution, predominantly the byproduct of fossil fuels, although the harmful effects of mining and oil exploration on land and oceans were also prominently on the mind of environmentalists and added to their animus against fossil fuels. So from that very early moment the energy debate has broken down along the familiar fault line of whether to emphasize production (more supply) or conservation (less use), with a dollop of "alternative" or "renewable" energy romanticism thrown in.

The first innings of energy policy in the 1970s saw an old-fashioned compromise. We adopted fuel economy mandates for the auto fleet and several other conservation measures (most notably the 55 mile per hour speed limit), but also okayed the Alaska pipeline, enabling the development of the huge North Slope oil field, which went from producing almost nothing in 1973 to nearly 2 million barrels of oil a day by 1988 and accounted for much of the increase in domestic oil production in the late 1970s and early 1980s--the last time American domestic oil production increased. Since then environmentalists have successfully lobbied Congress and several

presidents of both parties to bottle up development of major new fields in Alaska or offshore, putting off limits nearly three-quarters of an estimated 112 billion barrels of oil recoverable with existing technology. Obama's recent announcement of expanded offshore oil drilling is largely a sham, despite the howls of protest from environmentalists. Obama's policy involves a very slow rollout for new leases and locks up many areas that were in play with the Bush administration's lifting of the offshore moratorium in 2008.

Here emerges one of the most glaring insincerities of the energy debate: While it is neither realistic nor sensible to attempt to produce all of the oil we need from domestic sources (more on this in a moment), we could easily produce enough additional domestic oil to replace all of our current imports from the Persian Gulf, i.e., the "people who hate us," probably from new fields in Alaska alone. Expand production from the outer continental shelf, and we could nix imports from Venezuela (currently about 10 percent of our oil), too. Drilling opponents often argue that oil from Alaska's Arctic National Wildlife Refuge (ANWR) would amount to only six months' worth of U.S. oil consumption. This is superficial logic, akin to arguing that the farms of Iowa only produce six weeks' worth of food for American consumers, so why bother planting. While no one knows how much oil may be located in ANWR until serious exploration is undertaken, even a "six-month" field would be substantial. The average oil field may represent only a few weeks worth of total oil consumption, but oil fields aren't produced all at once. Rather, they are pumped out over several decades.

We've done it before. The surge in North Slope oil in the early 1980s enabled us to reduce oil imports by 2 million barrels a day. Oil imports from the Persian Gulf plummeted from 2.2 million barrels a day in 1978 to a low of 311,000 barrels a day in 1985. North Slope production has been steadily dwindling since its 1988 peak; today North Slope production has fallen to about 650,000 barrels a day. Since the 1980s oil imports from the Persian Gulf have risen in almost exact proportion as North Slope production has fallen. Today we are back to importing about 2.3 million barrels a day from Persian Gulf nations, about 13 percent of our consumption.

One remarkable fact is that American oil consumption has remained virtually flat over the last 30 years. Today, we use only slightly more oil than we did in 1978, even though the economy has more than doubled in real terms. This is testimony to the steady improvement in energy efficiency over the last generation, including--yes--our cars and trucks. Since 1975, energy consumption per dollar of economic output has fallen 50 percent. Though efficiency and conservation measures are beloved of environmentalists, it is doubtful any of the government's manifold mandates, tax incentives, or direct subsidies have made a significant difference in the overall trend of energy efficiency in the United States. The basic market drivers--higher energy prices and expanding profits through resource efficiency--account for most of the improvement. So when we hear the handwringing about our growing dependence on foreign oil, now over 60 percent of our total oil consumption, we should be clear that this trend is entirely the result of

declining domestic production and not any soaring demand for oil. Domestic oil production has fallen by more than 1 million barrels a day over the last 10 years. The United States now produces less oil than it did in 1947. This is pathetic. And unnecessary.

The two main reasons oil and other fossil fuels became environmentally incorrect in the 1970s--air pollution and risk of oil spills--are largely obsolete. Improvements in drilling technology have greatly reduced the risk of the kind of offshore spill that occurred off Santa Barbara in 1969. There hasn't been a major drilling related spill since then, though shipping oil by tanker continues to be risky, as the Exxon Valdez taught us. To fear oil spills from offshore rigs today is analogous to fearing air travel now because of prop plane crashes in the 1950s. Technology has similarly put us on the path to virtually eliminating air pollution from fossil fuel use. Since 1980 we've reduced tailpipe emissions from cars by 98 percent, with corresponding nationwide reductions in ambient ozone (–22 percent), carbon monoxide (–77 percent), and lead (–92 percent). The same is true for coal: Since 1970 we've doubled the amount of coal burned to generate electricity (a consequence of the successful environmental campaign to shut down nuclear power development in the 1970s), but sulfur dioxide emissions have been cut in half, with more improvements to come.

Of course, global warming came along as a handy new reason for opposing fossil fuel use. Although the Supreme Court doesn't get it, carbon dioxide is not analogous to conventional air pollutants that are byproducts of fuel combustion, and it can't be reduced through similar technological means. Confusion about this basic point lies at the heart of the enthusiasm for cap and trade legislation soon to be introduced in the Senate. A favorite cliché of the cap and trade boosters is that because cap and trade worked well to reduce sulfur dioxide (this is actually overstated, but never mind), it will work the same way for carbon dioxide. It was possible to reduce SO2 emissions without reducing fuel use, through scrubbers or the switch to low-sulfur coal. But CO2 is the product of complete fuel combustion. There is no such thing as "low-carbon coal," and there is no economically available CO2 "scrubbing" technology, though the coal industry is happy to try to come up with it as long as the government will provide subsidies. It would surely be cheaper to switch from coal to natural gas or nuclear power than to carbon capture from coal.

The point is, unlike conventional air pollution, which was reduced without any constraint on fuel use, the CO2 in the atmosphere can be reduced only by the use of massively less coal, oil, and natural gas. But even if the case for catastrophic global warming weren't in free fall, the energy ambitions of the climate campaign remain so extreme as to make King Canute blush. The target the climate campaigners have set for the United States--an 80 percent reduction in CO2 emissions by the year 2050--would require replacing virtually our entire fossil fuel energy infrastructure. Substituting natural gas for coal would deliver only about a 15 percent reduction in CO2 emissions, and even if we replaced every coal plant with a carbon-free nuclear plant,

we'd still be less than halfway to the policy target. For the United States, the 80 percent reduction target means reducing our fossil fuel use to a level the nation last experienced in 1910. But since our population in 2050 will be nearly five times larger than the population of 1910, on a per capita basis we're talking about going back to the fossil fuel use of about 1875. This is patently absurd.

Fossil fuels will remain preeminent for a simple reason: They are abundant and offer energy superior to so-called renewables or other alternative sources. One pound of gasoline, for example, has 100 times more energy than a one pound lithium ion battery, which is the main reason why electric cars still aren't very practical and aren't likely to be for some time. Renewables--solar, wind, and biomass--are vastly more expensive, often five to ten times more expensive than fossil fuels, and their costs are not coming down very fast. Nuclear power is cheaper than renewables, but still pricier than fossil fuels. And even if renewables fell in price, they couldn't be deployed on a large enough scale to replace fossil fuels completely, which is the professed goal of environmentalists and the Waxman-Markey "cap and trade" bill that passed the House last June. Even if all the mandates and subsidies of Waxman-Markey worked as designed, renewable sources would provide only about 20 percent of our energy needs a generation from now.

For all of the bipartisan talk of developing new energy sources, we're going to exploit most of our available hydrocarbons sooner or later. And one reason this is likely to happen is the nation's fiscal catastrophe. Some estimates of potential government royalties from opening up more fossil fuel production top a trillion dollars. At some point in the future, even liberals will be forced to decide whether they really want to back environmentalists on locking up domestic fossil fuel production and forgo this revenue while finding other means of propping up the welfare state.

Before conservatives and Republicans revive their "drill, baby, drill" chant, however, there needs to be some clarity about the goals of sensible energy policy. Conservatives are not alone in advocating "energy independence"--a phrase that polls well and hence has been invoked by every president since Richard Nixon. But meant literally as energy self-sufficiency--supplying 100 percent of our energy needs from sources within the four corners of U.S. territory--it makes no more sense than total self-sufficiency in textiles, food, autos, or timber. The United States has in recent years imported as much as one-fifth of its wood product, yet there are no calls for "ending our dangerous dependence on foreign timber." The merits of free trade and globalization are just as strong for energy as for any other commodity or economic activity. Energy independence as self-sufficiency is tantamount to energy protectionism and, like all kinds of protectionism, would make us poorer in the end, in part because our costs of production are higher than those of producers in the Middle East and Latin America. (Ironically, one of the many paranoias in the Arab world is that environmentalist opposition to domestic production is actually a cover for the U.S. strategy of using up Arab oil first while it is relatively cheap, while saving our own

resources for the time when oil gets more expensive. There is just enough superficial rationality to this to make it plausible.) Dump our Arab suppliers by all means (though it won't hit their pocketbooks at all), but there is nothing economically wrong or strategically dangerous about continuing to import oil from our largest foreign suppliers, Canada and Mexico.

The phrase "energy independence" ought to be retired along with its cousin, "energy security." What we should be talking about is energy resilience, that is, a diversified portfolio of energy technologies and global supplies that minimizes the economic and political risk of disruptions from any particular region or energy source. To a degree little understood by the public or the political class, the United States is actually less vulnerable to oil price or supply shocks than it was in the 1970s, even though we import much more of our oil. The main reason is that oil accounts for a much smaller share of our energy use than it did in the 1970s, and we have developed backstops to short-term supply disruptions such as the Strategic Petroleum Reserve and the International Energy Agency. In fact, it was IEA actions, through its standby Coordinated Emergency Response Measures (CERM), to supply the United States with gasoline after hurricanes Katrina and Rita disrupted Gulf Coast refineries that prevented serious gasoline shortages and severe price increases in the fall of 2005.

Another reason not to overemphasize the potential for increased domestic oil production is that it will not have a significant impact on world oil prices, chiefly because of surging demand from China and other developing nations. Although the "peak oil" panic is probably overestimated, the era of cheap oil is over. Between rising global demand and higher production costs, a diversification of primary energy sources makes sense. Of course, higher global prices will make possible the economic development of America's vast oil shale deposits--as much as 800 billion barrels worth.

And one area where diversification of supply is already happening--where, ironically, we've been "drilling, baby, drilling"--is natural gas. As recently as five years ago, long-range projections from every public and private forecaster expected that the United States would have to import as much as 20 percent of its natural gas by the year 2025. Price volatility and supply worries led some American companies (Dow Chemical in one spectacular case) to locate new plants in the Persian Gulf rather than in the United States. But in the last five years a revolution in directional drilling technology has unlocked huge new natural gas supplies in the United States, chiefly in old coal beds on private land in the east. (This latter point is crucial: The new gas has been developed largely on private land, immune to the political obstacles of drilling on public land. Environmentalists are doing their best to slow this up anyway, with worries about the effects of the "hydraulic fracturing" that is essential to new production techniques.) It is now conceivable that the United States could become an exporter of natural gas over the next few decades. In any event, abundant supply will diminish the severe price volatility that has roiled the natural gas market over the last two decades.

Natural gas may be a serious alternative to gasoline as a transportation fuel, as T. Boone Pickens and others are recommending, but there are some difficulties. To use gas as a transportation fuel requires it to be compressed, which presents safety risks that gasoline and diesel fuel do not have. Some major fleet operators such as Federal Express have already considered and rejected for the time being converting their fleets to natural gas, chiefly because of the safety risk of having to operate large on-site systems for compressing natural gas. A deliberate government policy or mandate to switch to gas might forestall development of hybrid-electric cars or new biofuels. Gas is also a plausible alternative to coal if we are serious about reducing greenhouse gas emissions, yet all of the proposals on Capitol Hill ironically set about to preserve coal-fired power indefinitely.

The resiliency and adaptability of the American energy sector over the last generation, along with the protection of existing energy interests such as coal, raises a fundamental question: Do we need a national energy policy? Yes, but it shouldn't simply double-down on what we've been doing for the last generation--subsidizing severely limited renewable technologies such as solar and wind power and corn-based ethanol, mandating new energy efficiency standards, or trying to force a new technology that can't hope to make it on its own, such as Jimmy Carter's Synfuels Corporation or more recently various hydrogen schemes. (Hey Governator--how's that "hydrogen highway" working out for you in California?) Unfortunately this is what most proposals on Capitol Hill--Republican and Democratic alike--would do.

There are some areas where national policy is essential. In addition to removing barriers to oil and gas production, there is the electricity grid, which the private sector cannot renovate alone, and next-generation nuclear power. Once again, Obama has played bait-and-switch on nuclear power, promising support for new designs of small, safe, proliferation-proof reactors, but with such a tiny commitment of funding that the program could barely get off the ground even if the morass of the Nuclear Regulatory Commission were reformed. There is an easy way around this: Have the Defense Department, which is exempt from the maw of the Nuclear Regulatory Commission when it designs and deploys its own reactors, order up a bunch of small modular plants for use on military bases. If the technology proves itself, it can be scaled up quickly for civilian use.

But the chief obstacle to most sensible changes remains the obstructionist NIMBY mentality of environmentalists, which extends even to modernizing the electricity grid. (Their talk about a "smart grid" is mostly deceptive: Environmentalists have in mind not the expansion of capacity that would aid the efficiency of the overall system, but big-brotherish mechanisms that would allow a central authority to turn off your air conditioner at peak periods in the summer.) Two years ago, $4 gasoline proved to be the threshold at which opposition to more domestic oil

production eroded. The prospect of $4 gasoline returning soon is probably why Obama decided to try to get out ahead of the game with an offshore drilling announcement. It may require more blackouts such as the Northeast experienced in 2003 or California in 2000 before lawmakers get serious about upgrading the grid.

Above all what needs to be understood is that energy transitions take a long time. As OPEC's Sheik Yamani once remarked, the Stone Age didn't end because we ran out of stones. Moving beyond fossil fuels will happen eventually for the same reason we moved into fossil fuels in the first place--when a superior and cleaner form of energy is developed and scaled for mass use. Lots of entrepreneurs are working on it--my favorite is Craig Venter's algae biofuels project. But a full-fledged transition to a post-fossil fuel world is still a long way off, and we should stop kidding ourselves that all we need is another bill-signing ceremony at the White House to make it happen.

Stephen F. Hayward is the F. K. Weyerhauser Fellow at AEI.

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Conservation Group's Efforts Are Timeless – *Dallas Morning News* – 4/22/10

By Ray Sasser

The best time to plant a tree is 20 years ago. The second best time is today." – T. Boone Pickens.

Boone Pickens knows something about planting trees. He's planted them by the thousands on his Canadian River ranch. Well, he didn't really plant them himself. It's more like he paid for them to be planted, but the idea was his.

I'm mindful of his quote when I think about the Coastal Conservation Association, which has a Dallas chapter fundraising banquet and auction April 29. What's CCA got to do with planting trees?

To fully understand, you had to be around when CCA got its start in 1977. I wasn't there, but the late, legendary Texas sporting artist, Jack Cowan, told me all about it. Cowan missed the first meeting, but he and Fort Worth billionaire Perry Bass attended the second meeting in Houston together.

The speckled trout and redfish that were once plentiful in Texas bays were disappearing, scooped up by commercial fishing nets and served with a side of fries in seafood restaurants.

"There were 20 to 25 guys there, all of them madder than hell," recalled Cowan about his first meeting. "Walter Fondren, the backbone of the emerging organization, was in a frame of mind I would describe as more of a cool, calculating rage. Perry Bass was fanning the flames and writing checks."

From that meeting arose the Gulf Coast Conservation Association, which evolved into CCA, a conservation organization with branch chapters in every coastal state except California. The highest profile players, Cowan, Bass and Fondren, have died, but the conservation tree they planted 33 years ago remains viable today.

That original crew accomplished what seemed impossible at the time. They convinced the state legislature that redfish and trout were more valuable at the end of sport fishing line than on a restaurant plate.

Against all odds, they pushed state legislation that designated redfish and trout as game fish and protected them from commercial fishing. They then raised money to pay for enhanced game warden enforcement of new laws and to build the first saltwater fish hatchery on the Gulf Coast.

Fishing is good again, at least for trout and redfish. Now, said CCA Texas assistant director Erick Burke, the organization has focused its attention on flounder, the third most popular inshore game fish species.

Texas Parks and Wildlife recently dropped the sport fishing flounder limit from 10 daily to five. Commercial fishermen are allowed to gig 30 flounder a night, down from 60. In the meantime, said Burke, for every pound of shrimp caught in shrimp boat nets, there's eight pounds of so-called "by-catch."

The by-catch usually consists of immature fish, including flounder, trout and redfish.

"We're working with TP&W to perfect the spawning of flounder in the hatcheries," Burke said. "They're making progress, and we can foresee the day when Texas bays are restocked with flounder, just like they've been restocked with redfish."

That progress is made possible, said Burke, by CCA Texas' 55,000 members. Last year, they raised about $5.5 million to fund conservation projects, including offshore artificial reefs that benefit blue water anglers.

More information

What: Banquet and fundraising auction to benefit the Coastal Conservation Association

When: April 29; silent auction begins 5:30 p.m., banquet at 6:30, live auction at 7:30

Where: Frontiers of Flight Museum, 6911 Lemmon Ave., Dallas

Tickets: $125 for individuals; calling Sandra Bailey or Cullen York, 1-800-657-6100, or e-mail eburke@ccatexas.org.

Information: www.ccatexas.org

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BLOG/ONLINE COVERAGE

MPUC Approves 78-MW AWA Wind Project – *Renewable Energy World* – 4/22/10

Minnesota state regulators have given the necessary approvals to allow development of a 78-megawatt (MW) wind project near the town of Goodhue. Development of the project is being spearheaded by the American Wind Alliance (AWA), a joint venture founded by Mesa Power Group LLC with the support of General Electric. Mesa Power Group was started by legendary energy executive T. Boone Pickens, one of the nation's most visible proponents of renewable energy, in particular, wind energy.

The Minnesota Public Utility Commission gave AWA the go-ahead on the Goodhue initiative in a recent approval of the project's purchase power agreement, draft site permit and its structure as a community-based project. Mesa Power, as an owner of the Goodhue wind project, is helping finance the project and is also supplying the project with 52 GE wind turbines.

The project encompasses 12,000 acres and AWA expects to award a construction contract to a Minnesota-based firm in the coming weeks with a goal of breaking ground in the fourth quarter,

and delivering power by late 2011. Northern States Power Company, a subsidiary of Xcel Energy Inc., has signed an agreement to buy the project's electricity.

AWA was formed to drive continued growth in the wind industry. To date, AWA has reached agreement on seven other wind power project transactions totaling more than 750 megawatts—four in Ontario, Canada, and one each in Minnesota, Michigan, Missouri.

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Minnesota Gives Green Light for New Wind Power Project – *Energy Resource* – 4/21/10

Minnesota state regulators have approved the development of a 78-megawatt Minnesota wind project near Goodhue, MN, that backers say will help the state meet its renewable energy goals and further economic development efforts locally.

Development of the project is being spearheaded by the American Wind Alliance (AWA), a joint venture founded by Mesa Power Group LLC with the support of General Electric.

Mesa Power Group was started by T. Boone Pickens to drive continued growth in the wind industry. To date, AWA has reached agreement on seven other wind power project transactions totaling more than 750 megawatts-four in Ontario, Canada, and one each in Minnesota, Michigan, Missouri.

The Minnesota Public Utility Commission gave AWA the go-ahead on the Goodhue initiative in a recent approval of the project's purchase power agreement, draft site permit and its structure as a community-based project.

Mesa Power, as an owner of the Goodhue wind project, is helping finance the project and is also supplying the project with 52 GE wind turbines.

The project encompasses 12,000 acres and is expected to generate enough electricity to power 31,000 to 70,000 homes. AWA expects to award a construction contract to a Minnesota-based firm in the coming weeks with a goal of breaking ground in the fourth quarter, and delivering power by late 2011.

Northern States Power Company, a subsidiary of Minneapolis-based Xcel Energy Inc., has signed an agreement to buy the project's electricity.

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Xcel Energy Wind Power Purchase Agreement Approved – *REVE* – 4/22/10

The Minnesota Public Utilities Commission (MPUC) unanimously confirmed the Goodhue Wind Farm Project as a Community-Based Energy Development (C-BED) project.

MPUC issued a draft site permit and accepted Xcel Energy's request to approve the project's Power Purchase Agreement (PPA). Most importantly the MPUC denied a request for contested case status from a group that opposes wind energy development in Goodhue County.

"We are pleased to add another community-based wind resource to our system," said Jim Alders, Xcel Energy director of regulatory administration. "Xcel Energy is already the nation's No. 1 wind power provider and the Goodhue Wind Project advances our commitment to provide clean, renewable energy at a reasonable cost to our customers, while helping us meet aggressive renewable energy requirements."

30 Goodhue Wind project supporters and representatives from construction trades came to the hearing to show their support for Goodhue Wind. The Goodhue Wind project is a 52 wind turbines project located on 12,000 acres in Goodhue County, Minnesota. The Project has the participation of over 215 landowners and community owners.

“I was impressed with the proceedings and thrilled with the result,” says Dennis Gadient, a Goodhue Wind participant and one of its owners. “We had a great turnout from our supporters and I’m excited that our project is one step closer to bringing needed jobs and economic development to our community.”

A copy of Goodhue Wind’s draft site permit is available on the project’s website: www.goodhuewind.com/permit

Goodhue Wind, LLC is a community-based wind development company located in Goodhue County, Minnesota. Our company’s objective is to develop 78 MW or more of wind turbine-based renewable energy. We currently have over 12,000 acres under lease and the participation of 215 landowners and community members. Our development commitment is to produce a wind energy project that is sustainable, generational and environmentally responsible. Our financial commitment is to assure that the financial benefits are shared with our local stockholders, area land owners and the surrounding community.

Mesa Power Group, with the support of GE, founded the American Wind Alliance, which is attempting to drive continued growth in the wind industry by acquiring and then completing the development of wind projects in North America. The American Wind Alliance will initially be sponsored by Mesa Power and GE, but as this endeavor grows, a handful of selected U.S. companies seeking to accelerate their own presence in renewable energy, will be invited to join the Alliance as members. In 2007, T. Boone Pickens created Mesa Power Group to develop and finance wind and other renewable energy power projects across the country.

National Wind is the leader in developing utility-scale (50 megawatts or larger) community wind energy projects. We form powerful community wind energy partnerships with property owners, assuring that the project’s economic benefits are shared with the surrounding community. National Wind and its subsidiary, Wind Energy Developers, LLC, have participated in developing 13 wind energy projects and currently have over 4,000 megawatts in active development. National Wind projects are located in Minnesota, Iowa, North Dakota, South Dakota, Montana, Colorado and Ohio. The company has an additional 1,500 megawatts of wind energy in advanced feasibility study stages and is continually exploring expansion opportunities in other states.

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Trouble for Oil & Gold in 2010? No Worries – *24/7 Wall Street* – 4/21/10

By Jon C. Ogg

Have you noticed how so many commodity rallies in gold and oil get stopped in their tracks on what might seem as secondary or even tertiary cause and effect? This has been something very defined in oil and gold, and in some other commodities as well. This is going to create trading ranges for issues such as the SPDR Gold Shares (NYSE: GLD) and in theory the United States Oil (NYSE: USO) ETF, although we want to address a few instances of this creating buying opportunities on pullbacks in others. Also in gold we look at the ETFS Physical Swiss Gold Shares (NYSE: SGOL) and Market Vectors Gold Miners ETF (NYSE: GDX). In oil we tend to look at Exxon Mobil Corp. (NYSE: XOM) as the easy-money first pick and the turnaround of ConocoPhillips (NYSE: COP) next. Also, as long as the price of oil does not get into a downward trend worse than just the trading range, then the Oil Services HOLDRs (NYSE: OIH) is the pick. A wild card is The Gabelli Global Gold, Natural Resources & Income Trust (NYSE: GGN).

Trading ranges are tricky, but traders and investors can clean up in these environments even without knowing how to short-sell at the top of a range. Much of the thesis will come down to buying dips, something that is in effect until there are real indications that the stock market in general is done rallying. Adam Hewison of INO, our technical analysis affiliate, has two key issues here on the topic of toppy gold and a trading range in oil.

Adam was dead right on his gold calls, where he was calling for longs since well before we were seeing $900 per ounce trades with calls up to $1100 and $1200 or higher. Forecasting gold out a year for any peaks and dips is part alchemy, but there is at least a cushion there as gold would have to run up over $1,200 before any new highs were put in. It may take more than the Paulson-Goldman angle to derail gold.

Hewison's call on oil is one that does seem obvious about a trading range. When oil started violating $70 it seemed obvious that the trade was to hold your nose and buy based upon a trading range. We even noted, "Did Oil Just Bottom?" at the time. The problem is that oil never stays down at the lower end of this $70 to $85 band very long and it seems to recover up to the top of the range more than it falls. While there is concern of a double-dip recession and while

the US may have its big earners clipped with higher taxes after 2010, the global economy is getting better and better outside of a few issues.

With T. Boone Pickens calling for $95 oil and with oil's trend seeming to run up more than down, it seems that the $70 to $85 trading band has more upside-violation than downside violation. So what are the big trades here for 2010 for going what feels like 'way out into 2011′ in stocks and ETFs?

In gold, the SPDR Gold Shares (NYSE: GLD) is the easiest and most liquid instrument out there, followed by the lower-fee but lower liquidity shares of the ETFS Physical Swiss Gold Shares (NYSE: SGOL). If you buy into the trading range mentality, all pullbacks are opportunities. After all, Hewison has always maintained that gold is likely to appreciate handsomely over the long term and called for the return of gold in 2011. As long as gold doesn't see a major downside violation of the trading band and as long as you have no fears of another meltdown in the stock market, the Market Vectors Gold Miners ETF (NYSE: GDX) is what we pick every single time over ANY single gold miner because this is diversified spread among all major miners that protects against strikes, accidents, local regulation and more. What's more, their is a pairs trade that occasionally comes up between the GLD and GDX.

Exxon Mobil Corp. (NYSE: XOM) is the first of the big picks for oil as it stands today due to several factors. The Big Blue of oil is getting larger with the buyout of XTO Energy Inc. (NYSE: XTO). This is going to likely keep a cap on Exxon's dividend, but it has also kept a cap on the shares of Exxon. With shares around $69, the 52-week range is $63.56 to $76.54. Pullbacks are the opportunity here even if the old $90+ highs of 2007 and 2007 are not likely to be seen for some time. The biggest issue we have here is one of market cap, as it just takes billions of dollars of inflows into the stock to move it higher each day.

ConocoPhillips (NYSE: COP) is one that is still attractive as a turnaround play in the oil patch. This is one we called on in 2009 to double by the end of the recession with an implied target of $68.00 at the time. The problem is that Exxon Mobil's underperformance and the handy recovery of Conoco makes the continued bet here that the turnaround will continue into a total turnaround success rather than catching a turnaround in the early stage. With Warren Buffett still unloading shares, making money in this one will not be as easy ahead as it was when it was distressed turnaround. The relative performance makes Exxon Mobil an easier pick outside of the relative market cap issue.

The Oil Services HOLDRs (NYSE: OIH) is the easiest way to play the trends in the oil services sector, although this one has come to the higher end of its range as well. At $130.50, the 52-week trading range is $81.98 to $134.45. With the consolidation taking place in this sector, the ETF is far easier and safer than picking individual service companies unless you think you have a special knack for accurately identifying the next company to be acquired in the space.

A last pick for buying dips is The Gabelli Global Gold, Natural Resources & Income Trust (NYSE: GGN). Who ever said gold doesn't pay a dividend. The key difference here is that this is a closed-end fund rather than an ETF, but it invests in firms operating in gold and natural resources that are in exploration, mining, fabrication, processing, distribution or trading of gold and other gold-related activities. The difference is that it also invests in companies in the exploration, production or distribution of natural resources (gas, oil, paper, food, agriculture, forestry products, metals and minerals) and transport services and equipment makers in the field. Its $0.14 regular dividend has been in place almost since 2005 with an annualized dividend of $1.68 for a yield of 9.35% based upon a $17.95 stock price. With a 52-week trading range of $12.50 to $19.77, we would only look at this when it sees pullbacks.

If you want to know why the United States Oil (NYSE: USO) was eliminated, that is simple. Tracking error and price erosion during major market moves. ETFs and ETNs that do not trade normally make these good for trades-only rather than real investment vehicles.

Much of this may seem like common sense to only buy on dips. The problem is that the dips have been small and the time the dips last has been very short. Chasing stocks, funds, and ETFs after big gains through time usually leaves most investors feeling like the door slammed on their fingers. Opportunities are out there in both gold and oil. There are just more caveats now than there were in the prior months. Many more. There are also dozens of others in the gold and oil sectors when it comes to funds, ETFs, and individual stocks. At this point in the game, barring any new major developments, the major names offer more predictable returns and lower downside than the speculative names.

You can join our free daily email distribution list to hear more about dividend trends, analyst upgrades and downgrades, top day trader and active trader alerts, news on Buffett and other investment gurus, IPOs, secondary offerings, private equity, and more.

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Investing In Offshore Oil – *Daily Markets* – 4/22/10

How to Take Advantage Of The Deepwater Crude Boom

Imagine owning Exxon Mobil (XOM: 68.68 -0.24 -0.35%) twenty years ago… now up 1,208%. Or, shares of PetroChina (PTR: 115.67 -1.67 -1.42%), the world's largest oil company, which are up 889% since this decade began.

This is the kind of investing in offshore oil opportunity we're talking about, because a massive energy breakthrough just took place…

It happened 27,000 feet beneath the seafloor. It involved a stunning new discovery of offshore oil, or deepwater crude as it's sometimes called.

27,000 feet is long way down. It's about the same distance down as some commercial flights are up.

Just five years ago, we didn't have the technology to find or gain access to oil that deep. Now we do. And a few bold explorers are coming across huge, untapped resources…

Take, for example, the biggest offshore oil find in the western hemisphere — and maybe the largest field anywhere — for at least 30 years…

It's an area almost 500 miles long and 100 miles wide… with the potential to hold 100 billion barrels of oil… possibly the largest single oil prospect anywhere in the world. It's so new that the geologists and engineers are still working to figure out how big it is.

But right now, I've heard informed estimates that this new oil bonanza might turn out to be bigger than all the reserves in Iran or Russia. Even bigger than the legendary Ghawar oil field in Saudi Arabia. In fact, it's bigger than almost all the oil fields in Iraq put together.

This is the game changer. Fortunes will be made.

The discovery that I'm talking about is off the coast of Brazil. The initial well located an oil reservoir that the Brazilians have named "Tupi." Just this one field holds 8 to 12 billion barrels of recoverable oil. It's about the size of the giant field at Prudhoe Bay, Alaska. And there's MUCH more to come.

This one offshore oil find is turning the industry upside down. News of a find this big has opened up the playbook for more discoveries… especially so for several well-equipped oil companies and service providers.

In the next page or two, I'll explain why investing in offshore oil could offer you windfall profits. And I'll give you a few ideas on how to play the deepwater crude boom in your portfolio.

This is an industry bound to skyrocket and now's your chance to get a piece of the action. Let's get started…

Offshore Oil Investing - Understanding the Critical Subsea Technology

Could you work beneath 9,356 feet of seawater? That's almost two miles, and no human being can survive in water that deep.

How about going down there in a submarine? Could a Navy nuclear submarine operate that deep? Nope. I can't tell you how deep Navy submarines dive (it's classified). But I can say that 9,356 feet is more than four times deeper than the crush depth of even the most powerful sub.

Human beings aren't meant to go that deep. So, the trick is to build equipment that can do the work that needs to get done. And there are only a handful of companies in the world that can do that.

To top if off, getting to the sea floor is only half the battle. Once you reach the seafloor, you need to go through another 10,000-20,000 feet of rock and salt formations to get to the oil. The chart below gives you a quick feel for it…

In short, offshore oil exploration work will require phenomenal levels of investment. Invest in the companies providing that infrastructure and you're set to grow wealthy. I'll show you how to play it in a second…

But first, if you're still skeptical about the prospects of drilling in water 10,000 feet deep… and then through 10-20,000 feet of salt formations, I can understand. So here's proof that deepwater crude is only a matter of time – direct from one of the world's leading oil men…

Offshore Oil Investing… Because "There's Nothing Left to Drill" On Land!

The world's oil exploration and production is migrating offshore into deep water. Because, as scholar of the oil patch T. Boone Pickens said, "There's nothing left to drill."

T. Boone had a darn good point. There are far fewer onshore opportunities now than there used to be. Most of the biggest onshore oil and gas prospects are either already drilled — North America's been drilled like a pin cushion — or locked up for environmental or political reasons, like the Arctic National Wildlife Refuge in Alaska or Venezuela's Orinoco Belt.

Offshore Oil Investing - Moving Further Offshore, Into Deepwater

It used to be that the shallow coastal areas were good bets. Over the past few decades, the shallow coastal waters yielded immense volumes of oil and natural gas. In the U.S., oil companies have been drilling in the shallow waters of the Gulf of Mexico since the 1940s. They even drilled offshore Southern California in the 1960s. But the good shallow offshore prospects are pretty much drilled by now. So, the industry is moving further offshore into deepwater, defined as more than 1,000 feet.

Deepwater crude is a key focus of the international majors. Why? Well, as I mentioned above, the onshore areas in the U.S. are mostly drilled-up. Other large swaths of land are off limits. And overseas, the big international companies are frozen out of many regions due to resource nationalism and related politics. Most oil-prospective countries have their own national oil companies (NOCs), like Saudi Aramco, or Pemex in Mexico, or Petroleo de Venezuela (PdVSA).

So what does a large, Western oil company have to do? Go offshore, where the new energy frontiers are located, and the competition from NOCs is much less.

The energy industry has new geological models and better geophysical technology and data. Today, we're benefitting from vast improvements in signal processing and data crunching. We live in a time of revolutionary advances in drilling capability.

So here's the bottom line. What used to be trackless, wave-tossed ocean is now prime oil patch real estate. Today we are seeing phenomenal success rates for exploration, along with super high-output wells.

Offshore Oil Investing - The World's Most Significant New Discoveries

Some of the world's most significant new discoveries are coming from deepwater. Earlier, I mentioned the 8 – 12 billion barrel Tupi field that Brazilian state-owned Petrobras (PZE: 16.64 - 0.19 -1.13%) found a few years ago offshore Brazil. In a recent trip to Rio di Janeiro, I actually laid my hands on some of the tools that made the trip down to the bottom of that well, through a mile and a half of water and over 4 miles of rock.

Now that the Brazilians know what they're looking for, the Tupi discovery is only scratching the surface. Almost every month there's another report of new deepwater crude finds from offshore Brazil.

But the deepwater crude is not restricted to Brazil. You also see significant investment and discovery in the Gulf of Mexico, off West Africa, in the Mediterranean, in the North Sea, in the Asia-Pacific Region. And eventually, it's going to move up north into the Arctic.

Close to home, some of the newest deep-water fields in the Gulf of Mexico are scheduled to produce nearly 250,000 barrels of oil per day when they reach peak output. There's much, much more coming from offshore oil investing.

Offshore Oil Investing - Extracting the Deepwater Crude

It's one thing to find deposits of deepwater crude. It's quite another thing entirely to extract all that oil. Once you find the oil, then you have to invent a system for bringing it up and ashore. Somebody has to design the system, engineer the equipment, schedule the massive — miltibilion dollar — construction effort. Just the logistics are a major project in and of themselves.

Then, after it's installed at the bottom of the oceanic abyss, you have to be able to run the project for years. It's an astonishing level of technology.

The engineering and logistical hurdles of operating far from shore, in open ocean, are immense. Then there's also the extreme water depth, and the high temperature and pressure of fluids that come up from below the seabed.

You have to figure out how to handle underwater oil and gas when it's flowing at pressures of tens of thousands of pounds per square inch. You also have to determine how to get it ashore from hundreds of miles out at sea. And, of course, you have to manage the program. You have to be able to drill and maintain wells and equipment over time.

Offshore Oil Investing - More Deepwater Crude Profits Are On The Way

As you can see, finding offshore oil and extracting deepwater crude are complex and expensive tasks. But, if you know the right companies to look at, investing in offshore oil could make you a fortune.

The easiest way to play the boom in offshore oil is to invest in the companies doing the exploration. Ones like Petrobras, the giant Exxon Mobil, and major independents like Hess (HES: 63.57 -1.18 -1.82%).

If you're looking for a little more speculation, try looking at the smaller companies supplying the technology – the ones making the drill bits… the ones building the offshore oil drilling rig ships… and the ones providing the 3-D and 4-D maps of the ocean floor.

We're sure the price of oil will continue to appreciate over the years — in true peak oil fashion. We also believe your best chance to profit is by owning the companies that can get the hard-to-find offshore oil out of the deepwater.

You have my word that these offshore oil-investing opportunities will be exciting and lucrative!

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BROADCAST COVERAGE

1. Fox 26 Morning News

KRIV-TV (FOX) CH 26, Houston | DMA: 10

04/21/2010, 07:00 AM - 08:00 AM

[EC] 00:45:15 **T** . **BoonePickens** wants a court to shut off a water deal that he claims will affect him. The water development board endorsed a new plan. **Pickens** says the plan will take large amounts of water from the Ogalla Aquifer under that land that Pickens and another person owns. 00:45:39

Keywords:T. **BoonePickens**; **T**X Water Development Board

Visuals:T. **BoonePickens**

Audience: 62,042 **Spot Cost:** $535