

PickensPlan

T. Boone Pickens Media Coverage 4.24.10-4.26.10

Total of 7 Placements

Print: 4

Blog/Online: 3

Coverage Summary:

The *Wall Street Journal* published Pickens' letter to the editor today that discusses China's oil imports and their energy plan. Pickens advocates for the greater use of natural gas in the piece, highlighting the NAT GAS Act. Over the weekend, Pickens was mentioned in another letter to the editor in the *Wall Street Journal* written in response to the recent R. James Woolsey op-ed.

Thomas Friedman quoted Pickens' recent testimony before Congress in his *New York Times* column on energy legislation pointing out the \$27.5 billion that was spent on imported oil in January 2010.

The Financial Post also quoted Pickens' testimony discussing the abundance of natural gas in America. The article focuses on a Chinese state-owned oil giant's decision to spend \$4.65 billion to purchase Syncrude, signaling the Asian superpower thinks oil prices are going up, not down.

Highlighted Placements (Full Articles Below)

U.S. Energy Policy Should Help the U.S., Not China – *Wall Street Journal* – 4/26/10

Tea Party With a Difference – *New York Times* – 4/24/10

\$80-\$100 the new \$60-\$80 – *Financial Post* – 4/24/10

Print Placements (Full Articles Below)

A Gusher Would Help, but Not a Gusher of Subsidies – *Wall Street Journal* – 4/24/10

Blog/Online Placements (Full Articles Below)

American Wind Alliance (AWA) 78 MW Wind Project Gets Agency Approval – *Green Energy News* – 4/24/10

T. Boone Pickens' V-Vehicle Isn't Dead Yet – *Fast Company Blog* – 4/23/10

V-Vehicle on the Hunt for \$100M to Build Plastic Car – *Earth2Tech* – 4/23/10

HIGHLIGHTED COVERAGE

U.S. Energy Policy Should Help the U.S., Not China – *Wall Street Journal* – 4/26/10

For six months I have been warning about the danger to America's economy and national security presented by the Chinese utilizing state-owned banks to provide funding for state-owned oil companies to buy or control oil supplies ("China's \$20 Billion Bolsters Chavez," page one, April 19). Since Dec. 1, 2007, China has spent approximately \$175 billion on oil purchases and "loans for energy" deals to secure future oil production.

China's oil imports jumped 33% in January, according to China Daily, and "64.5% of China's oil consumption is likely to be met by imports in 2020." The world is coming out of recession, and the demand for oil in every industrialized country is going to grow. What's the shorthand for this? China has a plan. We have no plan.

We cannot, should not and need not compete with China for oil. About two-thirds of the oil we import is used as gasoline for our 250 million cars, light trucks and sport-utility vehicles, and as diesel for our eight million heavy-duty trucks, which use about a third of that transportation fuel. If we can move that fleet from diesel to domestic natural gas over seven years we would reduce our dependence on foreign oil and would no longer need a drop of oil from the nations of the Organization of Petroleum Exporting Countries.

There is legislation now making its way through Congress that would do just that: The NAT GAS Act (H.R. 1835 and S. 1408). We have natural gas reserves in excess of 200 years due to modern recovery techniques. We can create jobs, clean up our environment, enhance our economy and protect our national security by using clean, domestic natural gas instead of dirty, imported diesel.

Any energy bill that doesn't include using domestic natural gas for heavy trucks isn't a plan for America; it's a plan for China.

T. Boone Pickens

Dallas

Tea Party With a Difference – *New York Times* – 4/24/10

By Thomas L. Friedman

I've been trying to understand the Tea Party Movement. Sounds like a lot of angry people who want to get the government out of their lives and cut both taxes and the deficit. Nothing wrong with that — although one does wonder where they were in the Bush years. Never mind. I'm sure like all such protest movements the Tea Partiers will get their 10 to 20 percent of the vote. But should the Tea Partiers actually aspire to break out of that range, attract lots of young people and become something more than just entertainment for Fox News, I have a suggestion:

Become the Green Tea Party.

I'd be happy to design the T-shirt logo and write the manifesto. The logo is easy. It would show young Americans throwing barrels of oil imported from Venezuela and Saudi Arabia into Boston Harbor.

The manifesto is easy, too: "We, the Green Tea Party, believe that the most effective way to advance America's national security and economic vitality would be to impose a \$10 "Patriot Fee" on every barrel of imported oil, with all proceeds going to pay down our national debt."

America now imports about 11 million barrels a day, about 57 percent of our total oil needs — mostly from Canada, Mexico, Venezuela, Saudi Arabia and Nigeria. As T. Boone Pickens told Congress the other day: “In January 2010, our trade deficit for the month was \$37.3 billion — \$27.5 billion of that was money we sent overseas to import oil.”

If we put a Patriot Fee on all of those imported barrels, we would use less, cease enriching bad regimes, strengthen our own dollar, make the air cleaner and the climate more stable, foster the exploitation of domestic and renewable energy sources, promote electric vehicles, help bring down the global price of oil (which hurts Iran and helps poor Africa), and we could use the revenue to shrink the deficit. It’s win, win, win, win, win, win, win ...

Indeed, the Green Tea Party could say, “We’ve got our own health care plan — a plan to make America healthy by simultaneously promoting energy security, deficit security and environmental security.”

“Think about it,” said Carl Pope, the chairman of the Sierra Club. “Green tea is full of antioxidants,” which some believe help reduce cancer and heart disease. “It’s really good for your health.” And a Green Tea Party, he added, could be good for the country’s health “by harnessing all of its energy and unconventional politics” to end our addiction to oil.

Yes, I know, dream on. The Tea Party is heading to the hard libertarian right and would never support an energy bill that puts a fee on carbon.

So if there is going to be a Green Tea Party, it will have to emerge from a different place — the radical center, a center committed to a radical departure from business as usual. Acting on that impulse, Senators John Kerry, Lindsey Graham and Joseph Lieberman had forged a bipartisan climate/energy/jobs bill that deserves an energetic centrist Green Tea Party to support it.

This critical piece of energy legislation was supposed to be unveiled by the three senators on Monday, but it was suddenly postponed late Saturday because of Senator Graham’s fury that the Senate Democratic leader, Harry Reid of Nevada, and the White House were planning to take up a highly controversial immigration measure before the energy bill.

If this is what the Obama administration is doing — to score a few cheap political points with Hispanics — it is a travesty. The bipartisan energy bill is ready to go. It is far from perfect. Indeed, it is a shame the fossil fuel industries still have such a stranglehold on Congress. But it’s the best we’re going to get, and we have got to get started. However, without a centrist Green Tea Party movement — one that brings the same passion to cutting emissions that the Tea Party brings to cutting deficits — even this effort will never pass.

This bill introduces a carbon price and other means to control the CO₂ emissions of various sectors of the economy, without an economywide cap-and-trade system. The bill’s goal is to cut greenhouse gas emissions by 17 percent below 2005 levels by 2020. But to garner broad support, it will also expand domestic production of oil, natural gas and nuclear power and offer tax breaks to manufacturers who make their facilities more energy efficient and create green jobs.

“No bill that could pass Congress right now or in the immediate future would be sufficient to produce enough clean power to mitigate climate change at the rate we need,” remarked the physicist Joe Romm, who writes the blog climateprogress.org and is author of an insightful new book on this subject, “Straight Up.” “We simply aren’t sufficiently desperate to do what is needed, which is nonstop deployment of a staggering amount of low-carbon energy, including energy efficiency, for the rest of the century.”

The reason a Green Tea Party should coalesce to support this bill, argued Romm, is because it will set a price on carbon pollution and help foster commercialization of clean technologies — like hybrids, batteries and solar — at sufficient scale to enable the U.S. to rapidly ramp up when the seriousness of climate change becomes inescapably obvious to all.

In short, the bill is a step in the right direction toward reducing greenhouse gases and expanding our base of clean power technologies so we can compete with China in this newest global industry. It ain't perfect, but it ain't beanbag. And if we don't start now, every solar panel, electric car and wind turbine we'll have to buy when climate change really hits will come with instructions in Chinese. Go Green Tea Party.

Note

April 24, 2010: This column has been updated to reflect the news.

\$80-\$100 the new \$60-\$80 – *Financial Post* – 4/24/10

By Peter Koven

When Sinopec, a Chinese state-owned oil giant, agreed to plunk down US\$4.65-billion last week for a tiny slice of Syncrude, it sent a clear message to the world: the Asian superpower thinks prices are going up, not down.

According to analysts, the Syncrude purchase suggests that China is pricing in a long-term oil price well above US\$90 a barrel, and possibly over US\$100.

It was a sign that prices could keep rising from here. Oil futures have held up over US\$80 this month as the International Energy Agency hiked its demand forecast to a record 86.6 million barrels a day in 2010. The IEA also warned that a price above US\$80 could have dire economic consequences. Even OPEC has indicated it is uncomfortable with prices much above US\$80.

We've been down this road before. In 2007 and 2008, crude prices blasted through all kinds of perceived barriers: US\$70, US\$80, US\$100, US\$120, before going all the way up to a freakish high above US\$147 a barrel.

The end result of that spike was a dramatic drop in demand for oil, which contributed to the worst economic collapse in decades, not to mention a near-80% drop in oil prices.

The question now is whether rising oil prices are once again poised to choke off global growth in an endless, self-perpetuating cycle.

Steven Kopits, managing director with energy brokerage Douglas-Westwood in New York, studied past recessions and determined that when oil expenditures get to 4% of GDP in the United States, there is either a recession or a reduction in consumption.

Right now, he says that 4% of GDP works out to about US\$82 a barrel, or pretty much where we are today.

"Somewhere at this level, China [demand] is going to be growing some and the U.S. is going to be declining some. That's kind of where we are," he says.

If prices should spike back up over US\$100 in the short term, experts say there is little doubt about what would happen: Demand would again fall, the world would go into recession and oil prices would crater. We saw it in 2008 and could see it again.

"You don't have to look too far down the road to worry that the same thing could happen again," says James Hamilton, a widely followed economist at San Diego's University of California, who tracks the oil market.

"I'm personally surprised to see prices rise so quickly in 2010. There's still a lot of excess capacity in the major industrialized countries and a lot of unemployment. If you look down the road, I think it's quite a reasonable possibility that we'll have to worry about the exact sorts of constraints we were facing in '08."

But most experts do not expect another massive spike-and-crash cycle like the one experienced in 2008, if only because the market now understands that the global economy cannot tolerate the astronomical oil prices we saw then. OPEC, for one, has said that an ideal price is between US\$70 and US\$80. The cartel of oil producers is the one body that can substantially raise production from current levels, and has hinted it may do just that if prices go much above US\$90.

And yet it is hard to find a forecaster who thinks prices have gotten vastly ahead of themselves. From the peak oil obsessives to the more sombre forecasters at the U.S. Department of Energy (who are calling for US\$85 crude in 2011), the consensus is that the world needs to learn to live with high long-term prices that could tick upward from here.

There are many reasons to believe them, beyond the well-documented supply constraints. Asian demand for oil continues to rise, and appears to be less price-sensitive than it is in the United States. The U.S. dollar, although it has rallied somewhat, remains weak, bolstering oil and other hard assets.

Financial players are making big long bets on crude. And in the oil sands, the most important source of non-OPEC supply growth in the future, executives continue to complain about costs and say a price of at least US\$75 to US\$80 will be needed to justify more projects. Another crash below US\$50 is certain to bring a halt to investment, they say.

"There's rarely an oil guy you talk to who says the price is going down," says Darren Dansereau, a fund manager at Calgary-based QV Investors.

The doubters point to China and say that its demand growth is not sustainable. China recently reported that its economy grew a remarkable 11.9% in the first quarter, a level that will not last forever. And there are plenty of concerns that easy money in China has built up asset bubbles in oil and almost everything else, despite government efforts to curtail them.

"There is a lot of money being spent in China building new cities and new factories that are pushing up commodity prices. But the Chinese economy can't keep growing forever if they're not exporting as much as they used to," Mr. Dansereau says.

In the longer term, experts say Western governments and consumers are still not doing nearly enough to wean themselves off of oil, which all but ensures that high prices will stay for a long time, even if demand does weaken. While a few simple steps have been taken (like eliminating most oil-for-electricity use in the U.S.), hybrid vehicles and the ramp up to alternative energy have been slow.

But the one thing that irks people who say more can be done to avoid the agony of high oil prices is natural gas. Thanks to shale deposits that can now be developed at a low cost, North America has emerged as the Saudi Arabia of natural gas, and prices have never been this much cheaper than oil.

Pundits like T. Boone Pickens have called for a new transportation infrastructure built around natural gas to reduce consumption of oil. But progress has been extremely slow, despite oil's quick move back above US\$80.

"Study after study shows we are awash in natural gas. We have well over a 200-year supply by current estimates. We're going to look like fools if we don't use it in transportation," Mr. Pickens said in testimony to U.S. Congress recently.

In the meantime, what seems to surprise experts the most about the oil market right now is how quietly consumers have accepted soaring prices. The IEA summed up those concerns when it talked about prices of US\$80-US\$100 as the new US\$60-US\$80. It did not view that as a good thing.

Economists are now watching carefully to see if oil begins choking off economic growth or, as it did in 2008, blasts right through that level.

PRINT COVERAGE

A Gusher Would Help, but Not a Gusher of Subsidies – *Wall Street Journal* – 4/24/10

With the U.S. government drowning in debt after taxpayers spent billions of dollars bailing out companies unable to compete in a free market, and proposals to waste billions more to subsidize flawed energy schemes threatening our economic security, it was disappointing to see R. James Woolsey write that "we should pay attention to T. Boone Pickens's recommendations to switch to natural gas" to power buses and trucks ("How to End America's Addiction to Oil," op-ed, April 15).

Mr. Woolsey fails to mention that Mr. Pickens wants the federal government to write checks to trucking companies to buy natural gas-powered vehicles they otherwise would never purchase. In an interview on CNBC on April 14, Mr. Pickens said "we've got to give them \$65,000 [for] a new truck. It's going to take us seven years to do eight million trucks."

A \$65,000 subsidy for eight million trucks works out to \$520 billion. And Mr. Pickens's goal is getting natural gas in cars as well as trucks. Why not go all the way and just give every American \$65,000 to buy a natural gas-powered vehicle? Uncle Sam could outdo Oprah Winfrey on car giveaways, and it's free money, right?

Energy and economic security are inextricably linked, and we can achieve these objectives not with pipe-dream fantasies, but by utilizing all energy sources in the optimum and most efficient manner. As a first step, we should reduce U.S. reliance on oil imports (two-thirds of which come from Canada and Latin America) by opening more areas in our country and off our shores to environmentally safe exploration and production of oil and natural gas.

Charles T. Drevna

President

National Petrochemical & Refiners Association

Washington

Let's excise the term "oil addiction." Oil has given Americans unprecedented freedom and prosperity for more than 150 years. Outside of coal, antibiotics and chlorine and maybe a few others, I can't think of any technology I'd rather be addicted to.

Steven Milloy

Potomac, Md.

Sadly for us and for Mr. Woolsey's argument, both the House of Saud and Islamic extremism managed quite nicely when oil prices were at historic lows during the 1990s. Massive subsidies for fuels from waste and algae would drive out of the market not the Saudis, but instead marginal producers, including many in the U.S.

Jerry Taylor

Cato Institute

Washington

Benjamin Zycher

American Enterprise Institute

Agoura Hills, Calif.

Mr. Woolsey is right when he says we need to reduce dependence on oil, and it's not only because Saudi Arabia funds extremist schools. It's because we can't continue to run large trade deficits without eventually having everything in America owned by foreigners. However, Mr. Woolsey fails to mention the obvious, classic solution. The way to reduce demand for oil or anything else and to encourage utilization of substitutes is to raise the price, in this case by taxing it. If, after the first oil crisis 35 years ago, we had established a national policy of increasing the federal 18 cents per gallon gasoline tax by adding an additional dime each year, the price now would be about \$7 a gallon.

Dennis Duffy

Lynbrook, N.Y.

BLOG/ONLINE COVERAGE

American Wind Alliance (AWA) 78 MW Wind Project Gets Agency Approval – *Green Energy News* – 4/24/10

Minnesota state regulators have given the necessary approvals to allow 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 legendary energy executive T. Boone Pickens, one of the nation's most visible proponents of renewable energy, in particular, wind energy. 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.

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. (4/21/10)

T. Boone Pickens' V-Vehicle Isn't Dead Yet – *Fast Company Blog* – 4/23/10

By Ariel Schwartz

Oil tycoon T. Boone Pickens has a knack for picking underdog projects. The plan to build the largest wind farm in the U.S. fell through and was downsized to a few wind farms in Minnesota. And V-Vehicle, Pickens and Kleiner Perkins' secretive auto startup, had its request for \$321.1 million in federal loans rejected by the Department of Energy's Advanced Technology Vehicles Manufacturing (ATVM) loan program just last month. But V-Vehicle, at least, is still trucking along--the startup recently showed off a prototype of its V-Car to members of the media and Louisiana governor Bobby Jindal, according to Green Car Reports.

V-Vehicle banned photos at the event, but we do have some details. The five-door hatchback is reportedly as wide as a BMW 5-series (73 inches), as long as a Toyota Corolla (179 inches), and styled like a cross between the Dodge Neon and Volkswagen Golf. The V-Car's body is made of composite materials, and buyers can reportedly add customized plastic "body wraps" featuring images of their choice. It all sounds a little tacky, but we're hard-pressed to say for sure until photos are released.

The vehicle's interior offers a dashboard made out of brown pressboard-like recycled material, seats covered in recycled orange-brown material, and standard features like air conditioning, power windows, and power locks. As for the V-Car's guts--we're still mostly in the dark. We do know that the car isn't a hybrid or EV and it features a high-efficiency gasoline engine.

But V-Vehicle's future isn't a sure thing yet. The company is still banking on those \$321 million in low-interest loans to get production started at its Monroe, Louisiana production plant. At full production capacity, the company hopes to hire 1,400 people, but that's an ambitious number--the company needs millions in cash before it can even begin to hire a few hundred people. We'll be watching in the coming months to see if V-Vehicle can surprise us all and succeed.

V-Vehicle on the Hunt for \$100M to Build Plastic Car – *Earth2Tech* – 4/23/10

By Josie Garthwaite

One word: plastics. V-Vehicle, the secretive auto startup backed by oil baron T. Boone Pickens and the venture capitalists at Kleiner Perkins, has just pulled back the curtain for the first time on its future fundraising plans, stage of development and certain design elements of its inaugural model, which includes a plastic shell. The new information comes about a month after the Department of Energy decided against V-Vehicle's bid for \$321.1 million in loans to complete engineering integration and set up manufacturing.

Founded in 2006, the San Diego, Calif.-based startup gave test rides in a prototype of the hatchback four-seater Thursday to a small group of local reporters and state officials in Louisiana. V-Vehicle is looking to build the low-cost, gas-powered, car with higher-than-average fuel efficiency in northeastern Louisiana with funding from federal, state and local governments. V-Vehicle has said it hopes the car will be "among the best of all four-passenger gasoline-powered vehicles sold in the U.S. today."

According to the Baton Rouge Advocate's report this morning, V-Vehicle plan calls for building a car out of "patent-pending composite panels," rather than steel. "There's no reason to use steel," Lane told the paper. "Plastic is a perfect shell for a car."

The prototype driven in Louisiana this week had about 5,000 miles on it, and V-Vehicle VP of Product Development Bob Velanovich told the Advocate that 65 additional pre-production prototypes will be built before consumers can get behind the wheel.

The Monroe News Star describes the model today as an all-white compact “about the same length of a Toyota Corolla but with the width of a BMW 5 Series and a surprisingly roomy interior. It has front-wheel drive and 15-inch wheels.” Company officials emphasized that options will be available for buyers to get personalized graphics and logos applied to the car after it leaves the factory.

Lane, who replaced founder Frank Varasano (one of our 25 Who Ditched Infotech for Greentech) earlier this month as CEO of V-Vehicle, reiterated the company’s plans to submit a revised application for funding under the Department of Energy’s Advanced Technology Vehicles Manufacturing loan program. The ATVM program is meant to support U.S. manufacturing of “ultra-efficient vehicles,” including plug-ins, hybrids and more conventional models that deliver fuel economy improvements of at least 25 percent over the average for that vehicle class in 2005.

Earlier this week the Monroe News Star reported that part of the reason V-Vehicle’s original DOE application failed was because the agency wanted to see more private capital and a distribution network put in place. On Thursday, Lane said the company aims to announce its plan for retail distribution within 1-2 months, and is working to add \$100 million in private capital and credit lines to its previous \$90 million in equity financing. But he claimed to the Advocate that this fundraising effort has been spurred by internal financial forecasts, not a requirement from the DOE.
