

PickensPlan

T. Boone Pickens Media Coverage 6.17.10

Total of 16 Placements

- Print: 6
- Blog/Online: 2
- Broadcast: 8

Coverage Summary:

Several newspapers picked up a *McClatchy-Tribune News Service* piece that concludes that Pickens is right in saying that natural gas is cleaner, cheaper, abundant and it's ours. It adds that the U.S. energy policy should increase its focus on natural gas.

The City Wire in Fort Smith, Arkansas quoted Pickens' statement praising the U.S. Conference of Mayors in its piece focusing on the NAT GAS Act. The piece centered around optimism expressed by the president of the Arkansas Oklahoma Gas Corp. that the legislation will pass.

Highlighted Placements (Full Articles Below)

- **Is Natural Gas The Solution?** - *McClatchy-Tribune News Service* – 6/17/10
 - *Lexington Herald-Leader*
 - *Sacramento Bee*
 - *Fresno Bee*
- **AOG Chief Optimistic Despite Stalled NATGAS Bill** – *The City Wire (AR)* – 6/17/10

Print Placements (Full Articles Below)

- **America's Richest Oilmen** – *Forbes* – 6/17/10
- **Natural Gas Likely To Play A Bigger Role** – *Globe and Mail* – 6/17/10

Blog/Online Placements (Full Articles Below)

- **Rudy Giuliani, MSNBC's Dylan Ratigan Eviscerate Joe Scarborough for Blaming Bush for Oil Spill** – *NewsBusters* – 6/17/10

HIGHLIGHTED COVERAGE

Is Natural Gas The Solution? - *McClatchy-Tribune News Service* – 6/17/10

By David Baumann

With oil fouling the Gulf of Mexico and U.S. oil dollars spewing into the Middle East at the rate of \$700 billion per year, America's energy policy is in dire need of practical and cost-effective alternatives to oil.

Financier T. Boone Pickens thinks natural gas makes sense. In his "Pickens Plan" television commercials he states, "natural gas is cleaner, cheaper, abundant, and it's ours."

But is Pickens right?

Is natural gas cleaner than oil? The only byproducts of burning natural gas are carbon dioxide and water. Natural gas does not produce the complex unburned hydrocarbons that are common in burning oil and its derivatives (requiring catalytic converters on cars and trucks), nor does natural gas produce sulfur dioxides or nitrous oxides present in coal emissions. Natural gas produces only half the carbon dioxide for the equivalent heat produced by coal and 70 percent of that produced from burning oil. In terms of greenhouse gases, natural gas is definitely cleaner.

At the same time, of course, no energy source is completely free of environmental side effects, as evidenced in this case by local concerns about water quality where natural gas drilling is occurring. Care must be taken to safeguard water resources in gas-producing areas.

Is it cheaper? At \$4.94 per one million British thermal units (BTUs), the July 10 price on the New York Mercantile Exchange, natural gas is a bargain. We currently pay approximately \$12 to obtain one million BTUs from oil. Oil has historically commanded a premium over natural gas because oil has a higher energy content per unit and is easier to transport.

According to industry officials, even natural gas extracted from shale - a common rock formation that is less permeable and porous than the more traditional sand reservoirs - is economically viable at a price of \$6.50 to \$7. This is still 40 percent cheaper than oil.

Is natural gas more abundant? Today, the total recoverable natural gas reserves in the United States are around 2,000 trillion cubic feet. Of that about three-quarters of the total are from traditional gas reservoirs and approximately 500 trillion cubic feet from shale reservoirs.

Shale gas "plays," or areas where companies are actively looking for natural gas in shale rock, have been under way for more than a decade in Louisiana, North Dakota and Texas. California is another promising location. The newest shale gas play is the Marcellus field in the Appalachian Basin in the eastern United States, sometimes referred to as "the beast of the east."

Recoverable reserves in the three state area - stretching from West Virginia through Pennsylvania to New York - could be as much as 500 trillion cubic feet. This would double the known shale reserves and boost total U.S. recoverable reserves to more than 2,500 trillion cubic feet.

Is it ours? Compared to America's domestic oil reserves, which stand at a three-year supply, the United States has at least a 110-year supply of natural gas within its own borders. We are not dependent on anybody else, anywhere, for any of this.

So it appears that T. Boone Pickens' claims are true. Natural gas is cleaner, cheaper, abundant, and it's ours.

Considering the benefits to U.S. national security and the environment, U.S. energy policy should increase its focus on natural gas. It may not be "the" solution to America's energy problems, but it's part of the solution.

ABOUT THE WRITER

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AOG Chief Optimistic Despite Stalled NATGAS Bill – *The City Wire (AR)* – 6/17/10

Mike Callan remains optimistic about proposed federal legislation that encourages the use of natural gas as a fuel in fleet and personal vehicles.

Callan, the president of Fort Smith-based Arkansas Oklahoma Gas Corp., was an early proponent of the New Alternative Transportation to Give Americans Solutions (NAT GAS) Act introduced April 1, 2009 by U.S. Rep. Dan Boren, D-Okla. NAT GAS is designed to make it easier to buy natural gas vehicles, refuel them, and convert existing cars to use natural gas. The bill would extend and expand tax credits — up to 80% of the incremental price to buy a CNG vehicle — and encourage through tax credits the construction of more natural gas fueling stations. For light-duty vehicles, the tax credit cap increases from \$5,000 to \$12,500. The bill also proposes to increase the refueling property tax credit from \$50,000 to \$100,000 per station.

In a memo Callan wrote as part of an August 2009 story in *The City Wire*, the critical need in promoting the use of domestic natural gas over foreign oil is to develop public infrastructure. Callan noted: “The lack of CNG fueling stations and the unavailability of CNG vehicles creates a conundrum. The investment necessary for both is substantial, and one cannot effectively develop without the other. Simultaneous development of this ‘symbiosis’ is critical to expanding the use of CNG as an alternative to petroleum-based automobile fuels. The federal government’s role in creating this symbiotic relationship is of paramount importance.”

“That hasn’t changed. That’s still it,” Callan said Wednesday (June 16) of the infrastructure problem. “It’s the classic ‘chicken and egg’ problem.”

Something else that hasn't changed is the status of the federal legislation. It's been stuck in committee since April 2009. Supporters continue to gather cosponsors, but no hearings or markups are scheduled. The bill fell victim to the fights over health care reform, cap and trade and other legislative agendas pushed by President Barack Obama during his first year in office.

“Since we talked last (August 2009), I think things just went into a holding pattern,” Callan said, adding that many companies interested in building the infrastructure or converting their fleets are waiting to see what Congress does. “That’s where everybody’s uncertainty comes in, with nobody knowing what Congress is going to do with that.”

AOG is spending money on compressor facilities to take advantage of some existing incentives. The company also is working with tribes in Oklahoma to get them to convert their fleets. AOG is also talking with the city of Fort Smith about what it will take to convert city vehicles.

“They are interested. ... But we’re in the very early stages,” Callan said of talks with Fort Smith officials.

Costs to convert a vehicle range between \$7,000-\$8,000. Advocates of natural gas and studies show that the costs — especially for vehicles expected to remain in the fleet for many year — of conversion are made up in lower maintenance costs and much lower fuel costs. Natural gas now costs about \$1.35 for a gasoline-gallon equivalent.

Callan said the relatively low cost of gasoline has also reduced interest in converting vehicles to natural gas. But he thinks the stability of natural gas prices will win out over time.

“I don’t see that we can sustain low gasoline prices for an extended period of time, but I think natural gas prices will remain stable,” Callan explained.

NATGAS received recent support from the U.S. Conference of Mayors. The group approved a resolution calling on Congress to move on the legislation, and asked to expand “federally funded

Research, Development, and Demonstration (RD&D) programs to expand product offerings of natural gas engines to meet a wider range of applications in the United States transportation sector.”

The Mayors’ resolution included the following points:

- According to the Energy Information Administration (EIA), the transportation sector accounts for 69 percent of United States oil consumption.
- Natural gas is cleaner and cheaper than gasoline and diesel, and 98% of natural gas consumed in the United States is produced in North America.
- Recent shale discoveries and technology developments are increasing the American supply of natural gas, creating more than 100 years of supply abundance.
- Natural gas vehicles utilization is growing exponentially in Europe, South America, and in other global markets.

Boone Pickens, the wealthy oil man who has been on a crusade to end the country’s reliance on foreign sources of energy, praised the Mayors’ resolution and also called on Congress to move the legislation.

“I applaud this group for recognizing the many benefits of using natural gas in transportation, including that it is cleaner, cheaper and can stimulate jobs and the economy,” Pickens noted in a statement. “America is still waiting for the energy plan it has been promised for more than 40 years. But no energy plan will be complete unless it focuses on transportation, which is 70 percent of our foreign oil problem. I’m for American resources, and natural gas in heavy duty fleet applications leads the way in using a clean, abundant and domestic resource to replace dirty foreign oil.”

PRINT COVERAGE

America's Richest Oilmen – *Forbes* – 6/17/10

By Christopher Helman

Harold Hamm of Continental Resources owns more oil and gas than any other American. And none of it's in the deepwater.

HOUSTON -- None of America's oil and gas billionaires was among the Big Oil chieftains summoned to Washington this week for thrashings in Congress and at the White House. Rex Tillerson of ExxonMobil and James Mulva of ConocoPhillips may be plenty rich, but they don't personally have huge fortunes riding on the new regulations about to be foisted on the oil industry.

But Harold Hamm does. Hamm, 64, is founder and chief executive of Oklahoma-based Continental Resources (CLR - news - people). By dint of his 73% ownership of Continental, which he took public in 2007, it can safely be said that Hamm directly owns more oil and natural gas than any other American. How much? At least 190 million barrels of oil and natural gas equivalents. Forbes asked Hamm what's it like to be the man with the most oil and gas in America. "It's unfortunate that our industry has sunk to that low," he cracks.

For a nation that gave birth to the industry, it's a surprise that there are so few oil and gas billionaires here. Gone are the larger-than-life oil barons like J.D. Rockefeller or J. Paul Getty. In compiling our list of America's richest energy tycoons, we looked for those who actively control oil and gas assets (including pipelines and refineries). That meant weeding out billionaires' sons like David Rockefeller and Gordon Getty, as well as oil and gas legends like George Mitchell, who sold his company for a big slug of passively held Devon Energy (DVN - news - people) stock. What's left are just 20 oil and gas billionaires.

Hamm isn't the richest of the bunch--that honor goes to the Koch brothers, David and Charles, whose conglomerate Koch industries has enormous holdings in pipelines and refineries.

Yet Hamm, a self-made wildcatter, is a bright spot in an industry suffering a public relations nightmare. Unlike BP (BP - news - people) and the other big dogs, he doesn't have any assets at all in the Gulf of Mexico. All his assets are onshore. In fact, greater scrutiny and regulation over offshore drilling could end up benefiting Hamm, driving up the prices for his onshore fields as erstwhile offshore players move to instead deploy their dollars on land. "I think we'll have a big increase in onshore development," says Hamm.

Most of his billionaire peers on our list are similarly land-based. George Kaiser, Tim Headington, Jeffrey Hildebrand, Trevor Rees-Jones, Lynn Schusterman, T. Boone Pickens, the Bass Brothers: Their oil and gas fields are almost entirely onshore in promising new plays like the Marcellus Shale, the Eagle Ford Shale and Hamm's hot spot, the Bakken Shale. W.A. (Tex) Moncrief made big news earlier this year for his stake in an offshore discovery at the Davy Jones prospect--but that well was drilled in the shallow water. "That out there in the deep water is for the big boys," says Charlie Moncrief, Tex's son.

Hamm has more than half his bounty in the Bakken, which stretches from North Dakota into Montana. Unlike most of the big shale plays, which are predominately natural gas, the Bakken gives up mostly oil. Estimates of reserves in the Bakken have jumped from 4 billion barrels of oil a year ago to more than 8 billion barrels now, thanks in large part to Continental's finds. Analysts at IHS-CERA figure that given a decade of development the Bakken could be yielding 1 million barrels per day of oil and gas, up from 150,000 bpd today. A million bpd is approximately how much we can currently get from the Gulf of Mexico.

Hamm controls 800,000 acres in the 7-million-acre play. Others with big positions include Hess (HES - news - people) and Marathon Oil (MRO - news - people). Dallas billionaire Tim Headington made most of his fortune selling 350,000 acres in the Bakken to XTO Energy (XTO - news - people) (since bought by ExxonMobil (XOM - news - people) in 2008). Continental, at a market value of \$10 billion or so, could be a nice acquisition for a supermajor chased out of the deep water. Except he's not selling. "When all those folks come up from the Gulf, we want them to find that the last acres have just been leased," says Hamm with a smile.

The economics of Bakken oil are not stellar for onshore plays: Hamm says he needs to sell his crude for \$50 a barrel to cover costs, taxes and royalties and to generate a 20% rate of return. That's better than oil sands, and in line with deepwater projects, like the one BP had in mind for the ill-fated Macondo well.

As a born wildcatter, he's doing what he loves: studying geology and buying up promising acreage. His next stop: Oklahoma's Woodford Shale play, where he thinks Continental will be able to more than double reserves in five years.

Yet it's not all sunshine and moonbeams for Hamm. Though he's not in politicians' crosshairs, Hamm sees Continental's future growth as conditional on the whims of Washington. President Obama requested in his budget proposal earlier this year that Congress move to repeal a set of longtime tax incentives. This, says Hamm, would be a disaster for the independent oil and gas companies that drill 90% of wells in the U.S.

These provisions, some of which have been in place for nearly a century, enable a few things. First, it lets oil and gas drillers to expense intangible drilling costs in the year they're incurred. Second, it allows well owners to take annual deductions for the amount that their oil and gas reservoirs are depleted each year. Third, it enables companies to take a domestic-manufacturing tax deduction.

The president's budget figures that doing away with these incentives would raise \$36 billion a year in new tax revenue. Fat chance, says Hamm. Without these incentives, some wells would be dramatically less profitable--so oil and gas companies won't bother drilling them at all. Hamm says without these provisions Continental would likely reduce its spending on drilling (roughly \$850 million this year) by more than a third. He thinks others will do the same.

On Tuesday the Senate voted 61–35 against a bill that would have ended these provisions and split any funds raised among some energy efficiency and conservation efforts. Whitney Stanco, an analyst with Concept Capital in Washington, says that some pols may only have voted against the bill because they would rather kill the incentives in a different bill that would let them spend any money raised on other projects.

According to Hamm, getting rid of drilling incentives would crush any chance the U.S. has of replacing deepwater oil and gas with onshore production. He's frustrated at the "mixed signals" he says he's getting from the Administration. "I talked with Energy Secretary Steven Chu. They say they want to reduce dependence on foreign oil, but they take away the tools to do it," says Hamm.

Hamm criticizes comments by President Obama, who in his oil spill speech Tuesday night asserted that the U.S. uses 20% of the world's oil supply but has just 2% of its reserves. As Forbes has reported in the past, the U.S. likely has ample domestic reserves located under federally owned lands to satisfy all demand, if only the government would open it for drilling.

"There's lots of opportunity with oil in the U.S. today," says Hamm. In claiming otherwise, "People are trying to perpetuate myths and propagate fear."

Natural Gas Likely To Play A Bigger Role – *Globe and Mail* – 6/17/10

By Larry MacDonald

What do high-profile investors Jim Cramer, George Soros and T. Boone Pickens have in common? They are all bullish on natural gas playing a larger role in meeting energy needs over the coming years. Solar and wind power may eventually emerge as the face of renewable energy but natural gas can be the bridge until these alternative energy sources are fully viable.

Why natural gas now? The old chestnut is that it is cleaner than the other fossil fuels. It generates 30 per cent less carbon dioxide than oil and 40 per cent less than coal, says Mr. Cramer. And, of course, it can be brought on stream quickly compared to wind, solar, and even nuclear, power.

The new chestnut is that innovations in extraction technologies, notably hydraulic fracturing and horizontal drilling, have made many more deposits of natural gas accessible. Along with ongoing expansion in the transportation infrastructure for liquefied natural gas, this has resulted in a much more abundant and cheaper fuel source.

Indeed, estimates of U.S. gas reserves have skyrocketed because of the new drilling methods. Energy experts on the Potential Gas Committee declared in June, 2009, that recoverable U.S. gas reserves stood at 2,000 trillion cubic feet in 2008, a record jump of 34 per cent. “That’s enough natural gas to power [the U.S.] through the 21st century,” said Mr. Pickens – formerly an advocate of wind power.

A more recent report (in February) by J.P. Morgan Securities Inc. concludes North America has 8,000 trillion cubic feet, four times more than the committee’s calculation. If the committee’s estimate meant U.S. needs were met for a century, then J.P Morgan’s estimate implies U.S. needs are covered for several centuries.

With natural gas so plentiful and inexpensive, Mr. Cramer and Mr. Pickens also see it as the solution to the age-old problem of weaning the U.S. off its dependence on foreign oil. Moreover, say the two, if the U.S. were to ramp up drilling, building of pipelines and conversion of power plants and vehicles to natural gas, it would be a major generator of the jobs so desperately needed at this time.

Obama’s ‘game-changing’ speech

In early June, natural gas prices and stocks got a lift off their depressed levels when U.S. President Barack Obama made a Pittsburgh speech in which he declared: “the time has come ... to fully embrace a clean energy future [it] means tapping into our natural gas reserves” The market took such comments as evidence of the President’s intention to work toward the passage of legislation favourable to natural gas.

One such bill now on Capital Hill is the Natural Gas Act, which contains a number of credits and subsidies to encourage the use of natural gas. Specifically, it seeks to promote the conversion of vehicles to natural gas, expansion in the number of refilling stations and development of natural gas technologies.

Mr. Soros has some bets on vehicles using more natural gas. The Soros Management Fund reported recently that it has a stake of nearly 5 per cent in Vancouver-based Westport (WPT-T19.52-0.25-1.26%) which has patented technology to convert diesel truck engines to natural gas (and is working on developing natural gas engines for trucks).

Mr. Obama's "game-changing" speech (as Mr. Cramer called it) also conveyed a commitment to rounding up enough votes to enact the American Clean Energy and Security Act with its "cap-and-trade" provisions. It won't be easy, but if the President succeeds, then "putting a price on carbon pollution" could generate a noteworthy incentive for energy users to shift to natural gas.

Investment opportunities

A May, 2010, report prepared by National Bank Financial analysts Angelo Katsoras and Pierre Fournier, "Investing in the Natural Gas Revolution," outlines investment opportunities expected to arise from the shift toward greater consumption of natural gas. They include:

- large, deep-pocketed oil companies replenishing their reserves with natural gas, notably Shell (RDS.A-N54.600.100.18%) (66-per-cent gas) and Exxon Mobil (XOM-N62.26-0.25-0.40%) (49-per-cent gas)
- independents with large reserves of unconventional gas, two pure plays being Oklahoma City-based Chesapeake (CHK-N24.91-0.27-1.07%) and Calgary-based Encana (ECA-T35.600.481.37%)
- equipment and service providers focused on locating and extracting unconventional gas, such as Houston-based Schlumberger (SLB-N61.190.380.62%) and Baker-Hughes Inc. (BHI-N43.82-0.16-0.36%)

Encana

Of the various investment opportunities, perhaps Encana deserves special attention.

After hiving off its oil assets into a separate company in 2009, it is now focused on unconventional natural gas – with exposure to the shale gas fields of Horn River and Montney in British Columbia, Haynesville in Louisiana, and Barnett in Texas. Its reserves are pegged at nearly 20 trillion cubic feet, among the highest of the North American independents with shale gas assets.

This makes Encana “another potentially juicy morsel for a greedy major,” writes Derek Brower in the February issue of the Petroleum Economist magazine. Following Exxon Mobil’s \$41-billion (U.S.) acquisition of shale gas player XTO Energy Inc. in December, Mr. Brower sees a wave of consolidation hitting the continent’s shale gas sector, with Encana being one of prize catches thanks to its status as one of the few large, pure plays.

Encana’s chief executive officer, Randy Eresman, sees it differently. The splitting off of the oil assets has boosted the market valuation of Encana’s gas assets, making it much more expensive for an acquirer to submit a bid.

What Mr. Eresman sees ahead for Encana is a lot of growth. First, there is the prospect of jumps in demand resulting from governments introducing programs promoting natural gas (as mentioned above). Second, with new drilling technologies lowering costs and enlarging reserves, there is the potential for increased North American exports of natural gas.

Third, with the current market price (NG-FT5.090.112.25%) for natural gas so low, Mr. Eresman anticipates some rivals will be forced out of the industry, leaving behind customers for the lower cost producers. Encana is not only one of the lower-cost firms but is pursuing a strategy of becoming the lowest cost producer (Mr. Eresman rose to the CEO position thanks, in part, to his skill in deploying capital and technology to extend the life of wells).

Fourth, Encana intends not only to maintain the 10-per-cent annual growth rate in its unconventional natural gas operations but to increase sales by another 4 to 5 per cent per year. Some analysts have misgivings about this gambit when supply is already ample and prices are low.

But Mr. Eresman hopes to fill some of the void left behind by departing producers. Moreover, Encana has hedged much of its future production above the spot price. About 60 per cent is

hedged at \$6 (U.S.) per thousand cubic feet (mcf) in 2010. In 2011, a good portion is hedged at \$6.50 mcf.

In short, even if favourable policy changes fail to appear and prices remain low, Encana may be able to deliver by growing sales and earnings through volume increases. Should higher natural gas prices occur, they would be gravy on top of the volume strategy. Lastly, in addition to the potential for capital gains, there is the dividend paying close to 2.5 per cent.

BLOG/ONLINE COVERAGE

Rudy Giuliani, MSNBC's Dylan Ratigan Eviscerate Joe Scarborough for Blaming Bush for Oil Spill – *NewsBusters* – 6/17/10

By Alex Fitzsimmons

City Mayor Rudy Giuliani (R) and MSNBC anchor Dylan Ratigan on June 17 joined forces to lambaste "Morning Joe" co-host Joe Scarborough for continuing to defend President Barack Obama's handling of the BP oil spill.

Scarborough presented a litany of arguments in Obama's defense, but Giuliani and Ratigan countered with specific examples of the president's failed leadership. Regurgitating liberal talking points, Scarborough blamed the crisis on George W. Bush and Dick Cheney.

"We hear that we had the technology to stop this," Scarborough claimed. "In 2002, though, Dick Cheney and his energy task force said, 'No, we're not going to take an extra step.'"

Giuliani responded with an eviscerating counter punch: "It's important to know as part of the history of this but the reality is, he's been president now for 18 months. It's about time we stopped blaming Bush."

Scarborough thought that the former New York City Mayor would credit Obama for securing from BP a \$20 billion victim compensation fund, but instead Giuliani criticized the president.

"I say it was a good deal for BP," retorted Giuliani. "If I can put even a tentative limit on the liabilities, I've helped save my company."

"Democrats only wanted \$10 billion," claimed Scarborough. "You can't say something nice about the president?"

"The president has so mishandled this that it will be impossible for me to even describe how horribly handled this was," argued Giuliani. "BP would be more than willing to give \$20 billion to get themselves somewhat off the hook."

When pressed by Scarborough, Giuliani gave a detailed explanation for how he would have handled the crisis differently:

First of all, the first thing I would have done is to bring in experts from the industry who are independent source of advice for me...If your father or mother were sick, you would go get a second opinion from an expert doctor. Not from an academician which is what he did. Go ask the question. Has anyone done remediation before? Has anyone done it better than BP? Bring them in. Make them your eyes and ears. Have them watching everything. Maybe they could have gotten the estimate right of the amount of oil that was coming out. It was horrendous. This is a horrible case of malpractice, negligence, gross negligence. They were off by 60 times. That had to infect every wrong judgment you make.

Instead of crediting Giuliani for articulating a coherent plan, Scarborough attempted to deflect and politicize the issue, wondering whether the "malpractice" was "shared by both political parties and the entire Washington establishment over 15 years that has allowed oil companies to drill in areas where they have no backup plan if something goes wrong?"

Ratigan rushed to Giuliani's defense, railing against Obama for failing to consult independent industry experts at the beginning of the crisis:

I actually completely agree with the mayor which is we can talk all day about the problems but until you actually address the matter of the fact that oil continues to go into the Gulf of Mexico, and there are other ways to deal with it that have not been brought in, or have been brought in too late—that is shameful.

When Giuliani took aim at Obama for addressing the oil spill as a political problem, Scarborough jumped to the president's defense.

"It is a political problem," exclaimed Scarborough. "It's a substantive problem, but it's a political problem!"

"He's just dealing with it as a political problem," countered Giuliani. "That's why he went down there only a couple of times at the very beginning. Didn't take charge. We had Gibbs saying for three weeks that BP was in charge. The speech last night, Obama said the federal government's been in charge from the beginning. Well, nobody ever told anybody that for the first four weeks. Maybe they were in charge in secret."

Scarborough then claimed that Obama took charge early on, making the oil spill the "top priority for this government," but Ratigan disagreed, proclaiming, "My biggest criticism of this administration which is why I agree with the mayor when it comes to the response is the incredibly incompetent appearance of the containment strategy."

The transcript of the segment can be found below:

MSNBC

Morning Joe

6/17/10

8:04 a.m.

JOE SCARBOROUGH: \$20 billion.

MIKA BRZEZINSKI: That's pretty good.

RUDY GIULIANI, former New York City mayor: Even nowadays that's real money. That's real money.

SCARBOROUGH: Let's give the president—

DYLAN RATIGAN: Unless you get it from the Federal Reserve, in which case it's not real money.

SCARBOROUGH: Mr. Mayor, let's make headlines, let's give the president credit right now for being able to get \$20 billion from BP without a single lawsuit being filed. What do you say?

BRZEZINSKI: Come on.

SCARBOROUGH: That's pretty good.

GIULIANI: I say it was a good deal for BP.

BRZEZINSKI: Why?

GIULIANI: Divide it by four or five years. What do they make per year? Jim would know this.

JIM CRAMER, CNBC anchor: They make \$6 billion per quarter.

GIULIANI: If I can put even a tentative limit on the liabilities, I've helped save my company.

SCARBOROUGH: But they haven't done that yet. They did not waive liability.

GIULIANI: But that's a pretty good indication of it's going to be hard to get above that \$20 billion. It gets them—

SCARBOROUGH: Democrats only wanted \$10 billion. You can't say something nice about the president?

BRZEZINSKI: There's nothing nice here?

SCARBOROUGH: You can't say, "Mr. President, good job of getting \$20 billion?"

GIULIANI: The president has so mishandled this that it will be impossible for me to even describe how horribly handled this was.

SCARBOROUGH: He got \$20 billion from people in my backyard. That's pretty good, isn't it?

GIULIANI: He would have gotten with the same leverage in a second. BP would be more than willing to give \$20 billion to get themselves somewhat off the hook. Unfortunately, they stepped all over it with a comment that the CEO made.

SCARBOROUGH: What would you have done differently as far as substance goes?

GIULIANI: Every single thing from day one. First of all, the first thing I would have done is to bring in experts from the industry who are independent source of advice for me. I met with some of the—

SCARBOROUGH: The president didn't do that?

GIULIANI: Two days ago I had dinner in Houston, with several people who were top people in the industry. Never reached out. Never, never asked, gee, has Shell done this before? Has Exxon done this before? If your father or mother were sick, you would go get a second opinion from an expert doctor. Not from an academician which is what he did. Go ask the question. Has anyone done remediation before? Has anyone done it better than BP? Bring them in. Make them your eyes and ears. Have them watching everything. Maybe they could have gotten the estimate right of the amount of oil that was coming out. It was horrendous. This is a horrible case of malpractice, negligence, gross negligence. They were off by 60 times. That had to infect every wrong judgment you make.

SCARBOROUGH: Isn't that malpractice, though, shared by both political parties and entire Washington establishment over 15 years that has allowed oil companies to drill in areas where they have no backup plan if something goes wrong?

DYLAN RATIGAN, MSNBC anchor: I'll do you one better. The American people consume four gallons of gasoline for every gallon of gasoline that exists on the Earth. We have the biggest subsidized cost of energy. We have a false price for energy in our country to this day. The cost of the wars is not in the cost of energy. The environmental liability is not in the cost of the energy. None of the liability associated with our lifestyle is actually priced in. For capitalism to work, you actually have to be paying the actual price that represents the actual cost. So if we were actually paying the real cost of energy, we would be incentivized, believe me, to come up with something else. But because of the government and the culture of political expedience subsidies of energy costs everybody's happy to take it so we hire BP to the tune of \$6 billion a quarter to figure out—which is not easy, by the way—the technology to drop 18,000 feet beneath the ocean surface to suck oil out so we can continue to enjoy our lifestyle. If you ask me whether it's the obvious failure in the government—MMS is obviously conflicted. Whether it's the obvious fact that we built a sports car that could basically do anything. They had the technology to go to the bottom of the sea but they didn't have a braking system, no way to turn it off which is incredibly reckless. And you put it all together. You find yourself in a situation where everybody's pointing fingers but no one is containing the spill. So I actually completely agree with the mayor which is we can talk all day about the problems but until you actually address the matter of the fact that oil continues to go into the Gulf of Mexico, and there are other ways to deal with it that have not been brought in, or have been brought in too late—that is shameful.

SCARBOROUGH: Do you agree that there are because we have been are defending this White House saying on substance for the most part they've gotten it right, do you agree with the mayor that actually they haven't gotten it right?

CRAMER: I think the mayor is dead on when he says that if they had known that the spill could be 60,000 barrels, which was available if you talk to the former heads of Exxon or if you talk to Boone Pickens, which you asked me to do.

(Inaudible)

GIULIANI: And the people in the industry believe that he hasn't talked to the industry because they're bad guys.

(Inaudible)

GILUIANI: A bunch of bad guys.

CRAMER: They're all bad actors.

GIULIANI: And from the point of view of crisis management, this is an F. You couldn't have done it worse. Some day Harvard will do a study on if you have a crisis like this, these are the things that Obama did wrong. Here are the things to do right. I could go on and on; that was the first mistake that he made. The second mistake that he made was to kind of treat this as a political problem. Which he was doing right up until the speech the other night. Treat it as a political problem.

SCARBOROUGH: It is a political problem. It's a substantive problem, but it's a political problem!

GIULIANI: He's just dealing with it as a political problem. That's why he went down there only a couple of times at the very beginning. Didn't take charge. We had Gibbs saying for three weeks that BP was in charge. The speech last night, Obama said the federal government's been in charge from the beginning. Well, nobody ever told anybody that for the first four weeks. Maybe they were in charge in secret.

SCARBOROUGH: Well, the president said himself though on April 22nd.

BRZEZINSKI: Yes. I just pulled up that.

SCARBOROUGH: On April 22nd he called all the agency heads in and he said, "Okay, listen. This is going to be very bad." It's before—it's before the thing blew out of the water and said this is the top priority for this government. We have to focus on it. This is job number one.

RATIGAN: Where is the containment strategy?

GIULIANI: That's worse because if this was job number one look at the horrible—if this is job number one which I don't think it was because the president was off on vacation twice during all of this, if this were job number one—

SCARBOROUGH: Did you go on vacation Mr. Mayor?

GIULIANI: Did I go on vacation as mayor? No.

SCARBOROUGH: Isn't that a cheap shot? You never went on vacation?

GIULIANI: Not in the middle of a crisis.

SCARBOROUGH: Ronald Reagan went on vacation. George W. Bush went on vacation.

GIULIANI: Not in the middle of a crisis. This is the second time the president has done that, and I resent it. On Christmas day when we had Christmas bombing, he was on vacation. Remained on vacation for 11 days.

SCARBOROUGH: It was Christmas!

GIULIANI: He is the President of the United States of America.

SCARBOROUGH: They got microphones in Chicago.

GIULIANI: On Christmas evening, the first year that I was the mayor, I left my house and went to the hospital and I spent five hours there because I was the mayor of New York City and I should be on the spot taking charge of something from the very beginning. This has been a gross failure in crisis management. Could not have done it worse.

SCARBOROUGH: Okay. I'm sorry. Didn't mean to—

GIULIANI: : And you shouldn't be on vacation when a crisis is affecting the country.

RATIGAN: There are two problems here. One is the capping of the well which I think is BP's problem. BP obviously was negligent in the construction of dealing the well. There's a totally unrelated problem, which is the containment problem. And in order to deal with the containment problem, that is the government's problem and you have to know what the flow rate is accurately and early in order to have a containment strategy. So my biggest criticism of this administration which is why I agree with the mayor when comes to the response is incredibly incompetent appearance of the containment strategy.

SCARBOROUGH: That's not monday morning quarterbacking? I mean, who knew?

RATIGAN: The oil is still coming out, Joe. They could still bring—Matt Simmons knew. T. Boone Pickens knew. Booms, put booms around it. Drop a curtain. Put super tankers in the middle and start sucking the oil out.

(Inaudible)

RATIGAN: Booms, curtain, super tanker. Super suck technology. Next question.

GIULIANI: And actually, Joe, it is worse if you're right and they were in charge from the beginning because if they were in charge at the beginning they really didn't know what they were doing. I actually don't think they were in charge. I think their real failure was they trusted BP. And they shouldn't have trusted BP but they trusted BP.

SCARBOROUGH: And let's just say that has been our one critique on substance that perhaps they—two things. One, they trusted BP too much from the beginning. Two, they made a political calculation that if "we go down there, we own the story. It's not BP's story. It's our story." That is a critique I think we'll hear for some time. And can we go right now? Because this is a fascinating conversation. You're actually the first person that's come on this show and when I've challenged them give me substance. Actually you three guys, you're talking specifics about what the president should have done. Let's go to the barni-cam right now. Mike Barnicle. Is he wearing the white sox right now? Are you listening to this?

MIKE BARNICLE, MSNBC contributor: Yeah I am.

SCARBOROUGH: We've got three guys here that are loaded for bear. And they've got some specifics. What do you think?

BRZEZINSKI: Taking shots.

BARNICLE: Let's place all of our faith in BP because they've done such a great job. They're still using the same instruments on oil spills that they were using in California in 1969. If British Petroleum, which they used to call themselves, or any of these oil companies were in charge of technological advancements in our society we would still be using a rotary phone and looking at a 12-inch Bendix TV set.

(Inaudible)

SCARBOROUGH: Do we have the cameraman from "24" now? Mike Barnicle brings up a point but let me ask you again in the role of devil's advocate. We hear that we had the technology to stop this. In 2002, though, Dick Cheney and his energy task force said, "No, we're not going to take an extra step."

GIULIANI: I have no idea what Dick Cheney did, you know, five or six years ago.

SCARBOROUGH: Isn't that important to know? It's part of the story.

GIULIANI: It's important to know as part of the history of this but the reality is, he's been president now for 18 months. It's about time we stopped blaming Bush.

RATIGAN: Hang on, Mr. Mayor. I don't mean to interrupt you but the North Sea has a totally different set of safety standards—totally different governmental standards. These standards have to be taken into consideration.

BROADCAST COVERAGE

1. Bloomberg News

Bloomberg, National | DMA: 0

06/16/2010, 09:00 AM - 10:00 AM

[EC] 00:00:02 One of the billionaires hit by the BP crisis is **Boone Pickens** We will tell you about some of these stocks inside his high-profile hedge fund. 00:00:54

Keywords:Tease : The Markets; Fed Ex. **T. BoonePickens;** Tech M&A

[EC] 00:35:09 **T. BoonePickens** and BP, and they have more than just the initials in common. We will have those details when we come back. 00:35:10

Keywords:Tease : **T. BoonePickens;**

Visuals:**T. BoonePickens;**

[EC] 00:41:33 Staying with BP, it also stands for **t. BoonePickens**. The billionaire **oil** man. His hedge fund is loaded with stocks tied to the BP story and that has made for some portfolio pain. He is known for his big bets on alternative **energy**, but he is also a fan of offshore drilling. That shows up in hiow hedge fund holdings BP Capital Management --stocks like Transocean, Halliburton ,common names that have been in the news. We went back and looked at the regulatory filings. We found a loss of \$32 million on the portfolio. Pickens spokesperson not commenting We know that he tends to make big bets and long-term bets. We saw it with crude **oil** and we have also seen it with that pushed for **naturalgasfuel** vehicles. He has been talking about that for 20 years now. 00:42:29

Keywords:TZ; **T. BoonePickens:** one **Pickens** Capital Mgt. Halliburton; Trans Ocean; **NaturalGasFueled** Vehicles;

Visuals:BP logo; Photo of **BoonePickens;**

Speakers:**T. BoonePickens;**

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

2. Inside Track

Bloomberg, National | DMA: 0

06/16/2010, 06:00 AM - 07:00 AM

[EC] 00:51:40 Another BP feeling the pain. **Boone Pickens** weighs in . We'll tell you how the oil man is dealing with the BP disaster. 00:52:02

Keywords:Tease : **Oil**; BP.

Visuals:**T. BoonePickens.**

[EC] 00:54:17 BP also stands for **Boone Pickens**.. His hedge fund tied to BP . Boone takes a beating. We have the story this morning. We know all about his bets and his feelings on off-shore drilling. Thatt shows up in his hedge fund Stocks include names Anadarko, Haliburton, Transocena that have been in the news recently. We went back and looked at the r egulatory filings for end of March Stocks that are in that portfolio have taken a massive hit . It raises the question, do people feel compelled to sell? We spoke to a spokesperson They say, they don't comment on the day-to-day trading of the stocks. It will be interesting to look at those numbers. Looking back to when crude was well over \$100. That actually hurt his portfolio. He's bullish on oil today. We know he promotes vehicles fuelled by natural gas. He's been talking about that for 20 years. When he makes his bet, he makes it for the long term. That wraps up this first hour of inside track. Thank you for watching. 00:57:00

Keywords:TZ; **Oil: BoonePickens** Capital Management; Anadarco; Halliburton; Transocean.

Visuals:Lamar McKay, BP; BP logo; **T. BoonePickens**; **T. Boone's** Portfolio Pain graphic.

Speakers:Rep. Joseph Cao, R-Louisiana.

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

3. Larry King Live (Rebroadcast)

CNN, National | DMA: 0

06/17/2010, 12:00 AM - 01:00 AM

[CC] 00:11:30 ... Their operations currently are not very transparent, and there is a number of things that we have never seen, and basic things, so I think that is a lot of the frustration here and they have a remarkable story to tell, and they are working extraordinarily hard. Nobody here doubts that, and they have people and engineers working around the clock, but I think that the executives have not done a very good job of letting people see the process, and letting pple see what is actually happening, and that is the only way we can know whether or not, you know, they are doing everything they can. Larry: Philippe(Cousteau) , **T. BoonePickens** on this show -- And he has been right about this all along --Said this could go into mid September, and do you buy that? Well, I do. What people are overlooking the fact that the relief well is not always successful on the first try, so it could go beyond September, and what is scary and scaring at lot of to residents down here who lived through Katrina, this is predicted to be one of the worst hurricane seasons in the years, and the hurricane comes in to deposit more oil further inland on the wetlands and the marshes to cause more environmental and human disaster is a real problem...00:15:24

Audience: 416,996 **Spot Cost:** \$3,320

4. Larry King Live

CNN, National | DMA: 0

06/16/2010, 09:00 PM - 10:00 PM

[EC] 00:11:14 ... Their operations currently are not very transparent, and there is a number of things that we have never seen, and basic things, so I think that is a lot of the frustration here and they have a remarkable story to tell, and they are working extraordinarily hard. Nobody here doubts that, and they have people and engineers working around the clock, but I think that the executives have not done a very good job of letting people see the process, and letting pple see what is actually happening, and that is the only way we can know whether or not, you know, they are doing everything they can. Larry: Philippe(Cousteau) , **T. BoonePickens** on this show -- And he has been right about this all along --Said this could go into mid September, and do you buy that? Well, I do. What people are overlooking the fact that the relief well is not always successful on the first try, so it could go beyond September, and what is scary and scaring at lot of to residents down here who lived through Katrina, this is predicted to be one of the worst hurricane seasons in the years, and the hurricane comes in to deposit more oil further inland on the wetlands and the marshes to cause more environmental and human disaster is a real problem.... 00:17:19

Keywords: TZ; Oil Disaster; BP; Tony Hayward, BP CEO; **TBoonePickens**, fmr oil man; relief well; Exxon Valdez;

Visuals:ASPCA sign; **oil** slick footage; footage of **oil** boom; footage of beach cleanup; footage of bird cleanup;

Speakers:Carl Henric Svanberg, BP Chair; Anderson Cooper, Anderson Cooper 360 host; Philippe Cousteau, oceanographer and environmentalist; Edward James Olmos, actor and activist;

Audience: 1,147,837 **Spot Cost:** \$11,277

5. Morning Express With Robin Meade

CNN Headline News, National | DMA: 0

06/16/2010, 08:30 AM - 09:00 AM

[CC] 00:01:48 . And, Richard, one of the biggest names in **oil** is saying, one of the biggest names in **oil**, catch that, is saying that it's time that we get serious about the alternatives. Robin, we talk about this guy and some might joke when you look up **oil** in the dictionary, you might see this man's picture. Texas **oil** billionaire **T. Boone Pickens** has been positioning for non oil solutions for years. He told Larry King why he invested in **wind** and **naturalgas**. We have more **gas** than any country in the world but we are going to go down as the dumbest crowd to ever show. To have a resource like **naturalgas** and we don't even use it. **Pickens** says don't get tough on BP now, wait until the leak is fixed and then figure out what went wrong. He says, Robin, it's possible it was like a plane crash, but with two good pilots. So, right now there is a six-month moratorium on any deep water drilling. What are the two sides saying to that controversy?...00:04:00

Audience: 335,391 **Spot Cost:** \$2,440

6. Morning Express With Robin Meade

CNN Headline News, National | DMA: 0

06/16/2010, 07:30 AM - 08:00 AM

[CC] 00:01:36 So some people like the idea about, okay, we should probably prepare a little bit better by looking at clean alternatives but, Richard, other people say this wrecks of politics and pushing his agenda. Right. One person is saying it's time to get serious about alternatives. A big name in **oil**. Oh, yeah, a name we're familiar with and he sort of represents both sides you described there, robin. Some might joke looking up **oil** in the dictionary, you see this man's

picture, talking about Texas **oil** billionaire **T. BoonePickens**. He told Larry King last night why he has invested big bucks in **wind** and **naturalgas**. We have more **gas** than any other country in the world. But Larry, we are going to go down as the dumbest crowd that ever showed up, to have a resource like **naturalgas** and we don't even use it. Well, **Pickens**, nlg, he also says don't get tough on BP right now. Robin, he says wait until the leak is fixed and figure out what went wrong and he said it was possible it was like a plane crash but with two good pilots.00:03:34

Audience: 364,212 **Spot Cost:** \$2,521

7. CSPAN-1 Schedule

CSPAN 1, National | DMA: 0

06/16/2010, 06:00 PM - 08:00 PM

[CC] 00:33:47 Thank you very much. Mr. Tonko: listening to representative moran, our friend and colleague from Virginia, reminds us of the investment in technology it should accompany this situation that there should have been the checks and balances, should have been the investment, as he suggested, drop in the bucket investment, compared to the damages now associated with this catastrophe. I know the people I represent in the 21st congressional istrict watch with sadness as they see the news accounts that show us the day-to-day responses with this catastrophe. I want to make mention, we've heard a lot of talk this evening about alternative technology that needs to be embraced to carry us into an innovation economy my region, the capital region of New York State is rife with that sort of opportunity. It is investing in high tech opportunities for clean **energy** jobs and innovation, **energy** intellect, **energy** ideas, **energy** technology that will enables to move forward with a progressive agenda. The fact that we've been kept, held back, by slogans and mantras such as drill, baby, drill, drill deeper, have held back the progress, even the likes of **T. BoonePickens** has said we can't drill ourselves out of the **energy** crises of this country or the world. We need to embrace new technology we need to bring about the source of jobs that will allow far clean **energy** economy to take hold and make certain we invest in those subsidies that will take us into renewables like utilizing our sun and **wind** and water and soil to create and respond to the **energy** generation we require. I think that's so very important. Mr. Garamendi: if I may interrupt you for a second, maybe more than a second, we prepared a little diagram here. This is --Let's consider this a quiz for the American public. Which of these **energy** sources get the most federal subsidies? Would it be solar? Maybe the algae, they do technologies of algae producing **fuel**. ...00:35:59

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

8. Washington Journal

CSPAN 1, National | DMA: 0

06/16/2010, 07:00 AM - 10:00 AM

[CC] 01:02:00 . You have to have some powerful fuel or diesel engines for your trains and stuff like that. Why in the world do we have 12 million vehicles in the world run on natural gas and only 170,000 in the U.S.? Why are we not using this natural gas? I hope this is in the energy policy. I think the cap and tax will ruin this country. Any tax on oil or coal will drive this further down into a depression. Host: is that part of the senate bill? (Simon Lomax of Bloomberg News) Guest: we do not know. There are a couple of proposals --There are a couple of ways it can end up on the floor. They could persuade the democratic colleagues to include it in the underlying bill that goes to the floor. It sounds like that is what they are hoping for what they would like. If they cannot get that, there is also the possibility that they could get it added as an amendment. The underlying energy bill may have things like greenhouse gasses. Regarding **natural gas** in vehicles, Senator Harry Reid has said that he is a supporter of with **Boone Pickens** is talking about as far as **fueling** heavy vehicles with **natural gas**. It is something that could be in their proposal. On that point, using **natural gas** in the transportation sector, it seems like there is significant support for getting that into the **energy** bill.01:04:15

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