

PickensPlan

T. Boone Pickens Media Coverage 7.1.10

Total of 5 Placements

- Blog/Online: 2
- Broadcast: 3

Coverage Summary:

Pickens appeared on the *CNBC* special report “America’s Crude Reality” where he discussed America’s addiction to oil, resources to replace foreign oil and the logic behind converting 18-wheelers to run on natural gas. Pickens’ interview for the program can be viewed here:

<http://media.vmsnews.com/MR.pl?id=063010-6675209-B015399083>

Highlighted Placements (Full Articles Below)

- **America’s Crude Reality** – *CNBC* – 6/30/10

Blog/Online Placements (Full Articles Below)

- **Winners and Losers from the Gulf Oil Spill** – *Investing Daily* – 6/30/10

HIGHLIGHTED COVERAGE

America's Crude Reality – *CNBC* – 6/30/10

In the aftermath of the disaster in the Gulf, America's Crude Reality will explore the search for safe drilling options & new innovations for crude exploration.

CNBC's Melissa Francis hosts this one hour program which will include a frank conversation with an all star panel of experts including Ian MacDonald, professor of Biological Oceanography at Florida State University; Tom Petrie, Bank of America Merrill Lynch Vice Chairman of its Investment Bank; C.J. Warner, Sapphire Energy President and John Hofmeister, Former President & CEO of U.S. Operations for Shell Oil. Melissa will also speak with BP Capital CEO and founder of Citizens for Affordable Energy T. Boone Pickens.

In the push to drill, drill, drill did the oil industry, government and the public delude themselves into believing that deepwater drilling is safer than it truly is? That's they question CNBC's Senior Correspondent Scott Cohn asks as he explores how we got into this position in the first place. Scott will also explore if there is too much risk built into the industry system and take a deep look into the response plans and if even now do they still fall short?

CNBC Power Lunch co-anchor Michelle Caruso-Cabrera will bring viewers a television exclusive as she travels to the tundra of Alberta Canada to visit Devon Energy's oil sands project. It is there Devon is producing 35 thousand barrels of oil per day out of the ground and hopes to be producing an additional 35 thousand barrels by next year. Michelle will explore the question, "Are oil sands a viable alternative to offshore drilling."

The federal government spends an estimated \$5 billion a year in clean energy research, development and deployment. Thanks to the recent creation of the Advanced Research Projects Agency-Energy (ARPA-E), a research arm of the US Department of Energy, funding for energy innovation is getting a boost. Senior Energy Correspondent Sharon Epperson reports on this government research program and how it could soon be fueling America's energy needs

BLOG/ONLINE COVERAGE

Winners and Losers from the Gulf Oil Spill – *Investing Daily* – 6/30/10

By Elliott H. Gue

Hydrocarbons have been flowing from the blown-out Macondo well since April. The Obama administration responded to the disaster by instituting a moratorium on deepwater drilling, though a judge recently struck down the ban. When we spoke with Tim Guinness, the London-based manager of Guinness Atkinson Global Energy (GAGEX), the moratorium was freshly minted and a major topic of conversation. Although that situation has changed, Guinness' unique take on the spill's impact and the future of the US energy sector remains valid.--Benjamin Shepherd

How will the spill in the Gulf of Mexico affect oil prices?

Let's start with the world's oil supply. Much of the 40 million barrels a day of growth in non-OPEC [Organization of Petroleum Exporting Countries] output has come from deepwater activity, primarily in Brazil, West Africa and the Gulf of Mexico.

If the US and other governments' reactions to the spill substantially increase the cost of deepwater exploration and production--South Africa has indicated it will significantly slow the development of offshore resources--the level of non-OPEC production would shrink. Currently, non-OPEC supply isn't growing at all; rather, deepwater production expanded at the expense of shallow-water and onshore output.

We've long been in the camp that non-OPEC supply was due for a decline; with OPEC delivering more of the world's supply, this process will accelerate. This trend will translate into higher oil prices. Increasing the world's reliance on OPEC for oil ensures that the member nations receive a good price for their oil. On the whole, OPEC has played a fairly sensible game

over the last 10 years and appears to realize that extraordinarily high crude prices aren't necessarily good for business.

For better or worse, this increases the likelihood that oil will trade at \$70 to \$85 a barrel over the next three years, before slowly edging higher.

Will other governments crack down on deepwater drilling activity?

The impact will vary widely.

Norway, for example, has already announced that it won't permit any deepwater drilling in the upcoming 21st licensing round until more information is available on what transpired in the Gulf of Mexico.

On the other hand, I expect the governments of Angola and Equatorial Guinea to react less severely--though I could be wrong. The logic is simple: These nations and other developing economies depend on royalties from oil production and are unlikely to enact drastic measures that would threaten this important revenue stream.

At the margin, I expect more oil to come from less-stable parts of the world.

Is a moratorium on deepwater drilling a sustainable policy over the long term?

Regulators could decide to slow offshore production, though that would be a mad decision. An extended ban would damage US oil and gas companies significantly and would be bad news for employment in Texas and Louisiana.

I feel terribly sorry for Louisiana, as the state suffered a painful double whammy: Not only did the oil spill wallop the tourism and fishing industries, but the subsequent drilling moratorium also hit businesses that support offshore oil and gas operations.

At the same time, unemployment in Louisiana has decreased because of the cleanup operations.

But the moratorium damages a number of fine US businesses at a point in the economic cycle when the economy is recovering from a deep recession--not the best time to crack down on an important growth industry.

On a positive note, the disaster and moratorium could prompt the US to improve energy security by expanding the use of natural gas in transportation or encouraging the adoption of electric cars.

Such a transition would increase energy costs; this is a case of slowly, slowly, catchy monkey. President Obama's decision to stand on his head about oil drilling in the deepwater Gulf of Mexico is risky business.

Which companies stand to benefit from the situation in the Gulf of Mexico?

The problems in the Gulf of Mexico are probably good news for non-US service companies that have a strong presence in the Middle East. Kentz Corp (London: KENZ), for example, does a great deal of business in OPEC countries and should do well.

And because questions remain about how the Gulf situation will play out, companies with exposure to the region are more difficult to value; in stock market terms, names such as PetroChina (Hong Kong: 0857, NYSE: PTR) and Petrobras Energia (NYSE: PZE) should attract additional interest from investors. Tullow Oil (London: TLW) is another name that offers exposure to emerging markets.

I also expect outfits that operate in Canada's oil sands to do well. We had a big position in some of these names four or five years ago and have gradually taken profits. We're definitely not lightening our exposure now.

The best opportunity is in US natural gas. Prices for the commodity remain low, but the market is rebalancing slowly. We've been building exposure to US natural gas for about a year and expect the problems in the Gulf to help this calculated bet. There's real traction behind the move to generate more electricity from natural gas and improve energy security in the US.

Over the past five years, fracturing and horizontal drilling have evolved to a point where significant amounts of natural gas can be extracted from shale deposits. It takes roughly six times longer to drill a horizontal well than a vertical well, but this approach yields 10 times the gas and offers attractive economics.

These developments have transformed North American natural gas from a sunset industry to a sunrise industry with a 30- to 200-year life ahead of it. For a while it appeared as though many of these companies would struggle to replace their reserves; now these outfits will be around much longer.

And the stocks aren't too expensive. We like Newfield Exploration (NYSE: NFX), Chesapeake Energy Corp (NYSE: CHK) and Forest Oil Corp (NYSE: FST).

How easy would it be for the US to increase the profile of natural gas within its energy mix?

It will be a knotty process and won't happen overnight.

If the government shuts future development in the deepwater Gulf of Mexico, the US likely would need an extra 1 million barrels of oil per day by 2013. Obtaining this extra oil wouldn't be a challenge, though these supplies would come from a less secure place and would cost more. But the government wouldn't have a crisis on its hands.

If energy security is a priority, the US has an abundance of natural gas that could serve as a replacement fuel. Policymakers don't need to decide right away whether electric- or natural gas-powered vehicles are the way to go. The best approach is to encourage the development of a few options and see how the economics look.

I also run Guinness Atkinson Alternative Energy (GAAEX). Our modeling didn't forecast that electric cars would make a huge dent in the US market before 2020; we still expect the US to consume more oil in 2020 than it does today.

It's impossible for the US to stop consuming 14 million barrels of oil for transportation in just a few years. That's at least a 30-year goal.

The bottom line is that there's a growing awareness about the country's huge natural gas reserves and a lack of viable alternatives. I won't pretend to know what policies the US should put in place to encourage the use of natural gas--you should probably talk to T. Boone Pickens about that--but these changes are coming.

What's your best piece of advice for investors?

I would draw investors' attention to two facts: Our portfolio has a price-to-earnings multiple of 10.7, and consensus estimates project that this ratio will decline to 8.5 percent next year. That's remarkable in a world where energy prices are low but are poised to climb.

And don't ignore the alternative energy space. Our alternative energy fund has performed atrociously, but its time is coming. The space will be booming in 2013; now is the time to invest.

BROADCAST COVERAGE

1. America's Crude Reality

CNBC, National | DMA: 0

06/30/2010, 08:00 PM - 09:00 PM

[EC] 00:13:29 A trip to the great white north, does Canada have a smarter and safer way to feed our addiction? By 2030, we could be getting anywhere from 3 million to 6 million barrels per day of **oil** from Canada. Cnbc's Michelle Caruso Cabrera gets an all-access pass to desert **energy's oil** sands project. And later, **energy** icon **BoonePickens** with us to map out his predictions for drilling future. 00:14:11

Keywords:Tease: Panel; Canada; **Pickens**.

Visuals:Devon **Energy's oil** sands project; **T. BoonePickens**.

Speakers:Unnamed man.

[EC] 00:26:32 **BoonePickens** weighs in on the need to get beyond the barrel. How long until we actually find the fuel of the future? And what will it be? Plus, is America missing a big growth opportunity by not spending enough on energy r&d? I wouldn't say just to reinvent research and energy. It's to invent it for the first time. 00:27:10

Keywords:Tease: Panel 2; **Pickens**; **Energy** research.

Visuals:**T. BoonePickens**; domestic crude **oil** prices since 1960.

Speakers:Unnamed man.

[EC] 00:30:25 An addiction to **oil** is one thing, an addiction to **oil** that makes it U.S. dependent on some not so friendly foreign countries is quite another. The U.S. consumes roughly 19.5 million barrels of **oil** a day. We import from OPEC countries nearly 6 million barrels a day. That's about a third of what we consume and nearly half of what we have to import. **TBoonePickens** is founder and chairman, BP Capital Management. If we don't buy this **oil** from the Middle East, we buy from somebody else. We buy from Canada. It's all going to be consumed. What difference does it make if we say we're not going to buy from the Middle East? I agree. I would not argue with that. It's not going to work that way. Because if you cut them off --Say you cut OPEC off, well, it's --It's going to --You cut them off, I mean, it's going to be very

disruptive for a period of time and prices will certainly escalate with that. I don't think you can **pick** and choose that way as to where you purchase **oil**. What if we let **oil** get really expensive? What if we wait for market forces take hold. **Oil** gets expensive. We saw it two summers ago. People started looking at alternatives. They started not driving as much. The price went back down. We stopped. What's wrong with letting the market work until it's gone and really expensive. That day was the day I launched the **Pickens** Plan, July 8, 2008. And my position there was get off of OPEC **oil**, it's not friendly to us. At some point, you're going to pay an unusual price for that **oil**. And we--I'm a peak **oil** person. So I think 85 million barrels is all the world can produce. So you start running over 85 million for demand, and we're --We're coming up on that prty fast now --That as the global economy recovers, demand will go up to 86, 87. Price will follow. If you're capped off on supply, you only have one way to kill demand, that's with price. And you will run the price up. No question you'll do that. But why do you wt to do that if you have resources in America that we can use? We don't have to play the market. We have cheaper, cleaner resources in America. I don't know if they're cheaper. I mean, when we look at things like ethanol. Look, I'll give a boost to ethanol here. I used to be very much ethanol. But it replaces foreign oil. Foreign oil costs me a lot more than just \$72 or \$76 a barrel. So does the ethanol. Because there's tax incentives in there. It's not oil price either. Ethanol creates jobs. And it's money here. Money made here, taxes are paid on it. It helps the economy. When we send the money out of here for foreign oil, it's gone. And 2/3 of your trade deficit is the purcha of foreign oil. Now, I mean everything we do for foreign oil hurts us. It does --It does us no good. I don't call Canada and Mexico foreign oil. That's North America. That's friendly to us. And --But, natural gas here, you're selling --Ll, for instance, one mcf of natural gas equals seven gallons of diesel. Seven gallons of diesel is \$21. Same amount of energy in 1 mcf of natural gas is \$5. Taking away from what we use to supply electricity. Don't we need it for that? Still a fossil fuel. Still damaging the environment. You keep throwing that fossil fuel stuff out. You're stuck with fossil fuel for 50 years. Yes, we are. Don't have the idea you're going to at some point going to switch everything to wind and sol solar? Does the public know that? Do they accept that? We're stuck with fossil fuel for a long time. There's no question about it. But the natural gas --You go --What you need to do is give a --Give a test case and show what natural gas can do for you. That test case is to take the 8 million 18 wheelers in the United States, 8 million out of 250 million vehicles. Just 8 million --Give m those. And go to natural gas on those vehicles and you'll cut OPEC in half. All right, we'll learn the lesson from there. **T. BoonePickens**, thanks for joining us today. 00:34:58

Keywords: TZ; **Pickens:** Venezuela; China; **Pickens** Plan; peak **oil**; ethanol; trade deficit; Canada; Mexico; **naturalgas**; diesel; **wind** power; solar power.

Visuals: US **oil** consumption and OPEC importation figures from the US Department of **Energy**; US crude **oil** importers; US consumes 19.498 million barrels of **oil** per day; 71 percent of US **oil** consumption is for transportation; Total world **oil** production is 85.472 million barrels per day; Saudi Arabia is the top **oil** producing country at 10.782 million barrels per day; BP was the top US producing **oil** company in 2007; Prudhoe Bay, AK, was the top US producing field in 2007; the US has 150 operable **oil** refineries; the US had proven crude **oil** reserves of 21.317 billion barrels per day at the end of 2007; the US holds a strategic petroleum reserve of 697 million barrels; **Pickens** says the US has the most **naturalgas** reserves in the world.

Speakers: T. Boone Pickens, BP Capital Management founder and Chairman.

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

2. The Kudlow Report

CNBC, National | DMA: 0

06/30/2010, 07:00 PM - 08:00 PM

[EC] 00:54:30 Coming up in just a couple minutes, cnbc will bring you a special presentation of "Crude Reality." There's a lot of interesting hosts and important people, but none of them as important as the next guest, my morning partner, Melissa Francis. I want to ask you, since you have this great special, will we drill, drill, drill after your special? You know, there are a lot of people who say this is just a matter of time, that this disaster was bound to happen, it could happen against tomorrow. We look at that and also look at the alternatives out there. We're not talking about the pie in the sky things that will cost \$75 a barrel, talking about the real alternatives here today, the **oil sands**, **Boone Pickens** is talking about natural gas for transportation, but he also says ethanol makes sense. Larry, as you know, we are stuck with fossil **fuel** for a long time. There's no way to get around it. We need **fuel** for transportation, **fuel** to expand the economy, to grow the economy, to get people back to work, so we talk about how to recognize all these things. I know ethanol is on the table. We poured all these subsidies, but didn't get much for it except screwed up the corn market. Why can't we let private market entrepreneurs and free market prices determine how to do, produce and allocate **energy**? Because the price of **energy** isn't high enough yet. I try that had with almost my guests, the problem is the price has to be high enough that the alternatives make sense without the subsidy. We're just not there yet. But we're going to be there all of a sudden. ... 00:57:12

Keywords: TZ; Melissa Francis: T. Boone Pickens;

Visuals: America's Crude Reality: Beyond the Gulf Disaster, tonight at 8; **oil** spill footage;

Speakers: Melissa Francis, CNBC;

Audience: 169,571 **Spot Cost:** \$2,099

3. Street Signs

CNBC, National | DMA: 0

06/30/2010, 02:00 PM - 03:00 PM

[EC] 00:34:05 (guest is Jim Cramer)Last night I started my show by saying, I get it, no more jobs will ever be created. No more homes will be built. That is what this market is saying. It is a little daunting to come in and buy a stock when that seems to be the outlook. You'll get them. If you want to get them in a massive way, it comes back to this whole issue --The truth is, you're going to need some kind of investment. Let's try to not use a charge word like spending. Investment in skills that Americans can use. Right. For jobs that provide a middle-class wage. Whatever that's going to be defined as. It's clear that right now the investment isn't happening. The skills aren't there. So then you can argue who's going to make the investment, the companies or government or whatever? It's clear something needs to be done there to hit that jobs issue. We talk about this Tesla. I think it's overvalued. You mentioned this \$10 million battery fund. It's clear there is investor interest. You can raise money in a public/private way definitely for something like a Tesla. public goes crazy for it . Government could get behind it. Public/private stuff. That's what you need. I spent the morning as many of us did, watched Squawk Box and had lunch with **BoonePickens**. **Naturalgas**. If you believe like Argentina does, that you can power a whole auto system with **naturalgas**, then we've got a way to be able to do public with private. You do. **Naturalgas**, again, I'm just saying, there are those out here especially who in political circles who say that's a fossil **fuel**. Not really an alternative. If you're going alternatives, you've got an issue with **naturalgas**. You see the coal stocks are starting to rally. I think that makes sense, by the way. Coal stocks are very low. There's a good article in the Journal today about mines in Russia that have collapsed. And Australian mines, now, they've got. I think coal going up is a story that's going to make money for you right here even though it's fossil **fuel**.
00:42:34

Keywords:TZ; Jim Cramer ; Simon; Ford Motor; Celgene; ADP; Meredith Vieira; Today Show; Larry Kudlow; Tesla; Squawk Box; **BoonePickens**; Exxon; XTL; Argentina; The Journal; Russia; Australia; Al Mulally, Ford; New York Times; Citigroup; Joseph Cassano, former head of AIG Financial Products; Financial Inquiry Commission; Goldman Sachs; Justice Dept;

Visuals:Stop Trading with Jim Cramer backdrop; Tesla Motors stock; Financial Inquiry Commission hearing; programming note: Mad Money, General Mills Chairman and CEO Ken Powell, Ford President and CEO Alan Mulally;

Speakers:Joseph Cassano, former AIG executive;

Audience: 332,349 **Spot Cost:** \$2,713

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