



T. Boone Pickens Media Coverage 7.09.11 – 07.11.11

Total of 10 Placements • Print: 7 • Blog/Online: 3

Coverage Summary

Pickens is briefly mentioned in pieces from the Associated Press, Reuters, The Wall Street Journal, and The Washington Post regarding Chesapeake Energy's announcement that it will invest \$1 billion over ten years in efforts to spur demand for natural gas. As part of Chesapeake's plans, they will invest \$150 million in Clean Energy Fuels Corp. Pickens is mentioned as having founded Clean Energy Fuels Corp. and as having launched a public campaign to increase natural gas usage in transportation fuels as a way to wean the country from imported oil.

Highlighted Placements (Full Articles Below) • Chesapeake to spend \$1b on natural gas technology – Associated Press – 7/11/11 o [ABCNews.com](#) o [Moneywatch.Bnet.com](#) o [Forbes.com](#) o Washington Post o Boston Globe o [HoustonChronicle.com](#) <http://finance.yahoo.com/news/Chesapeake-to-spend-1b-on-apf-809416809.html?x=0> • Chesapeake to invest in natural gas fuels market – Reuters – 7/11/11 <http://www.reuters.com/article/2011/07/11/chesapeake-idUSN1E76A1PL20110711> • Chesapeake to Invest \$1 Billion in Natural-Gas Technologies – The Wall Street Journal – 7/11/11 http://professional.wsj.com/article/SB10001424052702304584404576440332696732422.html?mod=googlenews_wsj&mg=reno-secaucus-wsj • Chesapeake to spend \$1 billion to hasten natural gas adoption as fuel – The Washington Post – 7/11/11 http://www.washingtonpost.com/business/economy/chesapeake-to-spend-1-billion-to-hasten-natural-gas-adoption-as-fuel/2011/07/11/gIQAalga9H_story.html

HIGHLIGHTED COVERAGE

Chesapeake to spend \$1b on natural gas technology – Associated Press – 7/11/11 o

[ABCNews.com](#) o [Moneywatch.Bnet.com](#) o [Forbes.com](#) o Washington Post o Boston Globe o [HoustonChronicle.com](#)

By Jonathan Fahey

Now that Chesapeake Energy has helped create a glut of natural gas in the U.S., it needs to get the country to use more of it.

Chesapeake, the second largest producer of natural gas in the U.S., announced Monday that it plans to invest \$1 billion over 10 years in technologies designed to spur demand for the fuel.

Its first two investments will build natural gas fueling stations along the nation's highways and develop a technology that will use natural gas and plant material to make diesel and gasoline.

"We want to be as innovative with our demand initiative as we have been with our supply initiatives," said Chesapeake CEO Aubrey McClendon in an interview Monday.

U.S. natural gas supplies have grown dramatically in recent years as drillers such as Chesapeake have learned to tap huge fields of natural gas trapped in shale formations deep under several states.

That has driven natural gas prices lower and prompted big users like utilities and chemical companies to use more of it. Natural gas demand has risen to record levels, but supplies and reserves are growing so fast that natural gas prices — and driller profits — have stayed low.

"We've overwhelmed the traditional demand categories," McClendon said.

Through much of the last decade, monthly average natural gas prices hovered above \$6 per thousand cubic feet and rose above \$10 on several occasions. Over the last 29 months, though, monthly prices have averaged closer to \$4 and rose above \$5 just three times. Prices closed Monday at \$4.28 per thousand cubic feet, up 7 cents from Friday.

Chesapeake will create a fund called Chesapeake NG Ventures Corporation that will function like a venture capital fund, providing seed money to new companies or technologies designed to spur new uses for natural gas. McClendon says he will direct 1 percent to 2 percent of the company's annual drilling budget to stimulate demand for gas, instead of creating more natural gas supply.

If successful, that could drive natural gas prices higher, and boost Chesapeake's bottom line. If natural

gas prices average \$6 per thousand cubic feet instead of \$4 in 2012, Chesapeake projects it would earn an extra \$900 million in net income, an increase of 52 percent.

Chesapeake calls itself "America's Champion of Natural Gas" but low gas prices are forcing the company to reduce its investment in new natural gas wells in favor of oil wells. In a recent presentation to investors, the company laid out plans to reduce drilling of natural gas wells except those that must be drilled in order to keep the leases it holds.

By next year, only 25 percent of the company's capital expenses will go to natural gas drilling, the rest to more profitable oil drilling.

In the past, big natural gas users like chemical companies have argued against policy proposals that would increase demand for natural gas. They say higher natural gas prices lead to increased costs for materials such as plastics, carpeting and fertilizer.

McClendon said Monday that if the company's efforts to stimulate natural gas demand work, the company can shift money back to natural gas and sell it at prices that customers will still find attractive.

"Our industry has shown that there is virtually unlimited supply," McClendon said. "We have shown that supply is elastic."

The company's new investment fund will invest \$150 million in Clean Energy Fuels Corp., based in Seal Beach, Calif., over three years. Clean Energy was founded by T. Boone Pickens, the oil and gas magnate who has launched a public campaign to increase use natural gas as a transportation fuel as a way to wean the country from imported oil.

Chesapeake's money, issued as debt that is convertible to Clean Energy stock, will be used to help build about 150 liquefied natural gas fueling stations at truck stops along interstate highways. The hope is that the stations will entice trucking companies to switch some of their fleet to natural gas vehicles.

Chesapeake also agreed to spend \$155 million for a 50 percent stake in Sundrop Fuels, Inc., based in Louisville, Colo. Sundrop uses natural gas and plant materials to create liquid fuels such as diesel or gasoline.

Chesapeake, based in Oklahoma City, is the second biggest producer of natural gas in the U.S. after ExxonMobil. It owns all or parts of 45,000 wells and 14 million acres of leases.

Chesapeake to invest in natural gas fuels market – Reuters – 7/11/11

By Anna Driver

Chesapeake Energy Corp (CHK.N) plans to spend as much as \$1 billion over the next decade investing in companies and technologies to replace gasoline and diesel with fuels derived from abundant natural gas.

Chesapeake and others are finding it necessary to create a market for natural gas as advances in technology such as hydraulic fracturing unlock vast supplies, while demand growth has not kept pace.

Chesapeake, the second largest U.S. natural gas producer behind Exxon Mobil Corp (XOM.N), has a long road ahead. There are only about 120,000 vehicles that run on compressed natural gas in the United States and the infrastructure to support them is in its infancy.

"The goal is to take 8 million trucks in the U.S. and get those trucks off diesel," Aubrey McClendon, Chesapeake's chief executive officer, told Reuters in an interview. "That's a transformation that will happen throughout the rest of my life."

Natural gas as a transportation fuel is cleaner-burning than gasoline and about half the cost at current prices.

"It's a bit of an unusual foray for an exploration company, but you have to give them credit for being forward looking," said Mark Hanson, analyst with Morningstar.

Hanson described the plan as "neutral" for the company and "positive" for the industry.

The company's newly created Chesapeake NG Ventures Corporation will first invest \$150 million in the convertible debt of Clean Energy Fuels Corp (CLNE.O) to build liquefied natural gas (LNG) truck fueling stations.

Texas oilman and billionaire T. Boone Pickens, another advocate of using natural gas as a transportation fuel, owns 25 percent of Clean Energy Fuels Corp, according to data from the U.S. Securities and Exchange Commission.

News of the investment sent Clean Energy Fuels shares up 7 percent in post-market trading.

Chesapeake rose 13 cents to \$29.88 from the New York Stock Exchange close.

Chesapeake is also investing \$155 million in privately-held Sundrop Fuels Inc, a company that makes "green gasoline" from natural gas and waste cellulosic material.

McClendon expects a wide range of investors, including private equity firms and venture capitalists, to invest in his company's new fund.

"I don't think we're going to have to go out and look for people to invest," McClendon added.

The Oklahoma City, Oklahoma company said it also plans to convert 100 of its drilling rigs and its hydraulic fracturing equipment to run on LNG, a process that McClendon said will likely pay for itself in a year or so.

Chesapeake to Invest \$1 Billion in Natural-Gas Technologies – The Wall Street Journal – 7/11/11

By Ben Casselman

Chesapeake Energy Corp., facing a natural-gas glut that has driven down prices, will invest \$1 billion over 10 years in natural-gas-vehicle technologies.

The move shows how natural-gas producers increasingly believe that prices will remain low long-term unless they can find new users for the fuel. By starting the new fund, Chesapeake will try to increase demand for natural gas as an alternative to gasoline and diesel.

Chesapeake, the second-biggest gas producer in the U.S., said Monday that it will make initial investments in two companies: Clean Energy Fuels Corp., a provider of natural-gas-fueling infrastructure backed by T. Boone Pickens, and Sundrop Fuels Inc., a start-up that aims to create a new, natural-gas-based fuel that can work in existing gasoline engines. The money will come from Chesapeake's existing drilling budget, the company said.

Newly discovered natural-gas fields in Texas, Louisiana, Pennsylvania and other states have led to a surge in production in recent years, pushing down prices to under \$4.50 per million British thermal units, from more than \$13 in 2008.

Companies are drilling fewer gas wells in response to the glut, but supplies have nonetheless continued

to grow due to improved drilling techniques. Gas production in April was up 6.8% from the same period a year earlier, even as the number of rigs drilling for natural gas fell by 7.7%.

Faced with persistent low prices, companies have tried to boost demand. In 2009, the industry formed a new lobbying group, America's Natural Gas alliance, to push for subsidies for natural-gas-fueled vehicles, among other measures. Those efforts have been largely unsuccessful.

Chesapeake is now taking those efforts a step further by investing its own money rather than waiting for government subsidies. Chesapeake Chairman and Chief Executive Aubrey McClendon said he wasn't abandoning hopes for government subsidies but said the move is a recognition that "government moves more slowly than the marketplace."

Chesapeake and others in the industry, including Mr. Pickens, the billionaire investor, have long argued that the U.S. should burn more natural gas in cars and trucks because it is cleaner and cheaper than oil and is domestically produced.

But natural-gas vehicles have made only limited inroads, in large part because of a chicken-and-egg problem: Drivers don't want to buy natural-gas vehicles until there are plenty of places where they can fill them up, but service stations don't want to invest in natural-gas infrastructure until there are more drivers who would use it.

Chesapeake hopes to break through the dilemma by funding the construction of about 150 natural-gas filling stations on major highways through a \$150 million investment in Clean Energy Fuels.

"We can help build, put the downpayment on building America's natural-gas superhighway," Mr. McClendon said.

The company is also paying \$155 million for a 50% stake in Sundrop, which is working to develop technology that would convert natural gas into a liquid fuel that could compete directly with gasoline or diesel.

Environmental groups have in the past been skeptical of natural-gas-vehicle proposals, arguing that while converting from oil to natural gas could provide some environmental benefits, gas drilling has its own environmental risks.

"Improving vehicle efficiency is the cleanest, fastest and cheapest way to cut our oil consumption and carbon pollution from transportation," said Luke Tonachel, a vehicle analyst for the Natural Resources

Defense Council, an environmental group.

Chesapeake to spend \$1 billion to hasten natural gas adoption as fuel – The Washington Post – 7/11/11

By Steven Mufson

Chesapeake Energy, a major producer of natural gas from shale, said it would invest \$1 billion over 10 years in companies to hasten the adoption of natural gas as a fuel for trucks and cars.

It said it had purchased \$150 million of convertible bonds in Clean Energy Fuels Corp., where natural gas promoter T. Boone Pickens owns a major stake and sits on the board. Chesapeake chief executive Aubrey K. McClendon said it would help underwrite 150 liquefied natural gas refueling stations along highway trucking routes.

Chesapeake also paid \$155 million for a 50 percent ownership stake in Sundrop Fuels, a privately held cellulosic biofuels company in Colorado that will use the funds to build a biomass-based gasoline plant. That plant will use natural gas as a feedstock.

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