

PickensPlan

T. Boone Pickens Media Coverage 7.10.10-7.12.10

Total of 6 Placements

- Print: 2
- Blog/Online: 3
- Broadcast: 1

Coverage Summary:

Fortune ran a Q & A with Pickens on the perils and possibilities of investing in energy during a time of tumult for the industry. A photo of Pickens at the Tower Club in Dallas accompanies the piece.

Highlighted Placements (Full Articles Below)

- **Should You Buy Energy Stocks?** – *Fortune* – 7/12/10
 - *CNNMoney*
 - *The Market Financial*

Print Placements (Full Articles Below)

- **Perry Forms Group To Study Deepwater Drilling Safety** – *Fort Worth Business Press* – 7/12/10

Blog/Online Placements (Full Articles Below)

- **Pickens Makes Crude Case For Equity Run** – *TickerSpy* – 7/12/10

HIGHLIGHTED COVERAGE

Should You Buy Energy Stocks? – *Fortune* – 7/12/10

By Katie Benner



PHOTO: MATT NAGER/THE NEW YORK TIMES/REDUX

T. Boone Pickens at the Tower Club in Dallas

FORTUNE -- At 82, T. Boone Pickens has worn multiple (10-gallon) hats: billionaire investor, corporate raider, hedge fund manager, and proselytizer for natural gas and wind -- not to mention fervent Oklahoma State football fan. Through it all, though, he's been an oil and gas man. He spoke with *Fortune's* Katie Benner about the perils and possibilities of investing in energy during a time of tumult for the industry. Edited excerpts:

Why hasn't the BP spill pushed oil prices higher?

A lot of oil is gushing from the blowout, but it wasn't in the system to begin with, so it's not like we're losing supply. But prices could go higher. Goldman Sachs (GS, Fortune 500) and Morgan Stanley (MS, Fortune 500) are both predicting that oil [about \$77 a barrel as of late June] will hit \$100 next year, and you know that will force equities to move higher too. I think that's a realistic projection because supply is capped at about 85 million barrels a day, and if we have any sort of global recovery, the only way to control the demand will be through price.

I would also mention the moratorium on drilling -- whether or not it holds. Gulf of Mexico production isn't that significant in the overall picture, but it matters at the margins, and every 100,000 barrels of oil or so affects the market. We had 34 rigs operating in the deep water, producing about 1.4 million out of the Gulf of Mexico's daily 1.7 million barrels of oil.

Because it's so complicated to stop and start production, a six-month ban will probably be more like 12 to 18 months. Even after we restart the wells, their capacity to produce will have declined by 25% to 35% over that time. This will also eventually move prices.

Are you worried about the political uncertainty that the Deepwater Horizon disaster has generated?

As far as stocks are concerned, this could mean a buying opportunity. As long as there's political uncertainty around the energy space, stock prices will come down. But keep in mind that the midterm elections in November could erase that discount over time as political uncertainty resolves.

Would you buy BP stock, given that the price has fallen over 50% since the accident?

We don't own the stock now, and I'm not sure if I'd be a buyer or a seller. There's too much uncertainty about what will happen to the company. But it wouldn't bother me to own the bonds. There's a lot of value in the debt structure, and it would take a very large loss for bondholders to see their value eroded.

What about other energy stocks?

What you see is a wildcat well that is BP's problem. So we're long-term buyers of exploration and production stocks. We own shares of Anadarko Petroleum (APC, Fortune 500), which is struggling because it has a 25% interest in the [Deepwater Horizon] rig. But it also has a lot of natural-gas projects in the U.S. and globally. It's a large, diversified oil and gas company, so it should weather the current problems just fine. We also own Devon Energy (DVN, Fortune 500) shares. Devon had the recent good fortune of selling its offshore assets to BP (BP), and now it's focusing on the U.S. onshore market.

Will the spill renew excitement about alternative energy?

It's important to understand that oil and renewables do different things. Wind and solar are for power generation, so they don't replace oil. About 70% of all oil produced is used for transportation fuel. Renewables are good projects, but they don't get us off of foreign oil. That's why I think natural gas will replace oil. It's cleaner, it's cheaper, it's abundant, and it's ours. We believe natural gas will become part of the transportation fuel mix and be used for power generation. It won't happen overnight, but it will happen over time.

Many think natural-gas use will rise, but investors often get creamed because pricing is so volatile. What should potential investors think about before jumping in?

If you ask me where I think prices will be [in the short term], I'll say, "Check the weather." It has a huge effect on natural gas. For example, a hurricane off the coast of Africa will shut down production and drive prices up. Very hot or cold weather also increases demand.

Natural-gas prices also affect the viability of alternative-power projects. For example, extremely low prices make it hard to do wind projects because wind power is priced at the margin, and the margin is the price of natural-gas power. If natural gas is at \$5 [per 1,000 cubic feet], it's too cheap. There's no economic reason to build wind power. You would need gas prices at \$6 or above to make wind-power pricing high enough to cover the expense of the project. So natural-gas prices tell us how viable something like a wind project will be.

How high will natural-gas prices go in the next few years?

I think they'll hit \$6 in two years. In five years they'll be selling around \$8.

It sounds as if natural gas is one of the riskiest investments around.

You can't invest in natural gas on a daily basis. It's too volatile. But if you think of natural gas as a long-term holding, then you push your profit horizon out. A long-term time horizon would be at least two years.

Two years doesn't seem like an unreasonably long period.

Well, my horizon used to be five years. But when you get to be as old as I am, you shorten it to two.

PRINT COVERAGE

Perry Forms Group To Study Deepwater Drilling Safety – *Fort Worth Business Press* – 7/12/10

By Robert Francis

Gov. Rick Perry announced a coalition of scientists, policy experts, oil and gas engineers and state officials will study ways to prevent environmental and economic disasters such as the Deepwater Horizon in the Gulf of Mexico.

The Gulf Project will be an initiative to keep deepwater drilling safe, Perry said, in announcing the project on June 6 at the Johnson Space Center in Houston.

“To keep our status as the energy capital of the nation and preserve our environment, jobs and economy, Texas must become the world leader in developing the next generation in offshore oil exploration safety and response,” Perry said during his speech. “The Gulf Project is an unprecedented collaboration of the state’s top scientists, engineers and researchers, focused on protecting our residents, environment and economy, and solving the unique challenges presented by the next generation of domestic energy exploration and production.”

The University of Texas, Texas A&M University, the University of Houston, Rice University, Texas Tech University, Southern Methodist University, the Research Partnership to Secure Energy for America (RPSEA), Texas General Land Office and Texas Railroad Commission are participating in the effort, and other experts and institutions of higher education may join later, according to the governor’s press office.

“Our state is already a hotbed of world-class research including research into the effects of corrosion at Rice University and superconductivity at the University of Houston,” Perry said. “The University of Texas and Texas A&M are partners in the Offshore Research Technology Center and SMU has the Maguire Energy Institute. These efforts are joined and supported by groups like the Research Partnership to Secure Energy for America or RPSEA.

“Individually, and often in collaboration they’re pursuing a variety of research goals but, together, I believe they can help us reach this major goal a whole lot faster,” he said.

A key challenge for the industry is the current inability to test full drilling systems to determine their safety, and to develop proven methods of responding to large-scale oil spills such as the Deepwater Horizon incident. Other nations, including the United Kingdom, Norway and Brazil, are competing to develop a seafloor testing facility, Perry said.

Perry said the Texas energy industry continues to fuel the nation, supplying 20 percent of the nation’s oil production, one-fourth of the nation’s natural gas production, a quarter of the nation’s refining capacity, and nearly 60 percent of the nation’s chemical manufacturing. Texas’ energy industry employs 200,000 to 300,000 in the state, providing \$35 billion in total wages.

Clean Energy buys fueling services firm

Clean Energy Fuels Corp. announced July 6 it plans to acquire IMW Industries Ltd. for at least \$125 million in cash and stock.

The privately held IMW is based in Chilliwack, British Columbia, and makes and services natural gas fueling compressors and other equipment sold to station operators and commercial fleets.

“This acquisition transforms Clean Energy both in terms of capability and geographic reach,” said Andrew J. Littlefair, Clean Energy president and CEO, in a press release. “In the U.S. market, we now can provide integrated, advanced compression technology and station-building for our customers, adding value to our service package and broadening our attraction as a one-stop fueling provider.

“Our core business of providing fueling services in North America is now integrated with domestic NGV vehicle conversions (from our BAF vehicle technology subsidiary), domestic

biomethane production (from our landfill gas asset in Dallas, Texas), and with this acquisition we have significant sales, manufacturing and service operations worldwide.”

Seal Beach, Calif.-based Clean Energy has deployed IMW compressors and related equipment for several years in many of its 200 stations across the United States. Clean Energy has nine fueling stations in the Dallas-Fort Worth area, including one in north Fort Worth. Unlike other compressors using oil for lubrication, IMW’s proprietary, oil-less technology is a significant advance for the industry as it requires less maintenance and provides oil-free CNG, enabling a longer natural gas vehicle life, according to Clean Energy officials.

“IMW is a world leader in compression technology with emphasis on the rapidly growing markets in China, Southeast Asia and South America,” Littlefair said. “During the economic slowdown of the last couple of years, while other companies were retrenching, IMW aggressively expanded its sales and service organization. The success of this strategy is demonstrated by the recent agreement it signed with China Gas to build 120 large-scale CNG stations in China, with 80 to 90 compressors related to this agreement anticipated to be delivered in the next 12 months. We are teaming up with the best in the business to drive global NGV expansion.”

Clean Energy Fuels said it will make an upfront payment of \$15 million in cash and another \$60 million in company stock. The company then will make four annual payments of \$5 million in cash and \$7.5 million in stock.

The company said it also will pay IMW Industries shareholders “certain percentages” of IMW’s future gross profits during the next four years, provided the company’s earnings rise to a predetermined level.

The companies expect to close the transaction in the third quarter of 2010. After closing, IMW will maintain separate operations as a subsidiary of Clean Energy.

Clean Energy, which trades publicly on the NASDAQ under the symbol CLNE, was founded by T. Boone Pickens.

BLOG/ONLINE COVERAGE

Pickens Makes Crude Case For Equity Run – *TickerSpy* – 7/12/10

By Owen Vater

Billionaire oilman turned wind and natural gas proponent T. Boone Pickens made a crude-based case for a continued equity rally in a recent interview with *Fortune*. Pickens, who counts on high oil prices to bolster his case for natural gas, cited \$100 per barrel targets from Goldman Sachs and Morgan Stanley, noting, “you know that will force equities to move higher too.” As for beleaguered BP (BP), Pickens’ BP Capital Management isn’t a buyer, but he conceded, “it wouldn’t bother me to own the bonds.”

A look at Pickens’ top-15 U.S.-listed equity bets from the end of Q1 shows that his hedge fund was bullish on energy plays heading into the second quarter. The firm opened a new bet on Halliburton (HAL) in the first three months of 2010, while boosting prior bets on SandRidge Energy (SD), Weatherford International (WFT), and McMoRan Exploration (MMR) by 20% or more.

Pickens remarked on positions in Anadarko Petroleum (APC) and Devon Energy (DVN) to *Fortune*, noting that the former’s Deepwater Horizon rig exposure has weighed on shares while the latter had the “recent good fortune” of shifting its focus to onshore exploration. Devon wasn’t large enough to break into the fund’s top-15 equity holdings at the end of Q1, but it will be interesting to see if its onshore focus made Pickens buy more shares during Q2.

As for natural gas prices, Pickens called for \$6 in two years and \$8 in five years, and he said investors should “check the weather” to help determine short-term pricing. “A hurricane off the coast of Africa will shut down production and drive prices up. Very hot or cold weather also increases demand,” he explained.

Pickens is a founder of Clean Energy Fuels (CLNE), which would benefit substantially from the proliferation of natural gas powered vehicles. Given his exposure to the segment, he draws some criticism for what some consider leveraging his recognition in the investment community to promote his own holdings.

Regardless of one’s opinion on Pickens, it is always interesting to see where BP Capital has been making moves, and investors will be paying close attention when the next round of 13F filings are made in mid-August. Until then, Pickens’ top holdings from the end of Q1 and a chart of their combined performance are available at tickerspy.com.

BROADCAST COVERAGE

1. Inside Albany

WNET-TV (PBS) CH 13, New York | DMA: 1

07/10/2010, 01:30 PM - 02:00 PM

[CC] 00:11:47 "The 7 Habits Of Highly Effective People" emphasized the importance of human interaction. And "Good To Great" put the spotlight on decision making. Each of the big ideas seems as relevant going forward as it has been in the past. But as American business moves toward 2015, 2020, and beyond, it faces a formidable new challenge. The solution is the next big idea. Today, sustainability is emerging as the prime opportunity for economic growth. You know, the pressures coming to bear on companies are evolving, growing. And they're not going away during this recession. The pressures to go green include natural constraints --Climate change, water shortage. and pressures from these stakeholders --The business customers asking more questions of their supplier. your consumers, your employees, who are evolving. So the opportunity here is in this new world to remain profitable, but the larger opportunity is to help your customers do the same --To innovate, to help them reduce their footprint, and that's your growth strategy. Man: he's **T. BoonePickens**. Narrator: for those who scoff at the sustainability imperative, Winston points to **T. BoonePickens**. **Pickens**: we are in an emergency. One of my favorite quotes comes from **T. BoonePickens**, who is an **oil** man, a very conservative ideological guy, so not what you'd consider for a tree-hugger. He's also talked about climate change, and he said, "i don't want to wait until the house burns down to discover whether it's a serious fire or not." And this is kind of a homey way of saying we got to understand that there a risk, and if we wait too long it'll be too late. Narrator: one company with a history of being proactive about trends --Electricity, refrigeration, jet engines --Is General Electric. In 2004, chairman Jeff Immelt launched the ecomagination product platform, committing GE to adopt sustainability as a core way of doing business. So we created ecomagination as a company-wide business strategy centered around this very simple proposition that there would be demand for better environmental performance and better financial performance. And those two together are the foundation of ecomagination. Ecomagination in its core is really about inspiring new ideas and innovation, and really driving game changers in the clean technology space. Narrator: among immelt's first steps was the establishment of ecomagination's financial parameters. ...00:15:34

Audience: 32,311 Spot Cost: \$352