

# PickensPlan

## T. Boone Pickens Media Coverage 7.14.10

### Total of 8 Placements

- Print: 5
- Blog/Online: 1
- Broadcast: 2

### Coverage Summary:

Pickens appeared on *Bloomberg* radio where he discussed BP's shares in the aftermath of the Gulf oil spill. Two *Bloomberg* pieces quoting Pickens crossed the wire after his interview.

*The New Yorker* interviewed Senator Kerry about energy independence and how politics and the economy affect our response to the depletion of fossil fuels and to climate change. Kerry is asked about Pickens' support of his legislation. Kerry said "This issue is too important to the future of our country not to try to build the broadest coalition possible. In the case of Boone Pickens, he's had a terrific plan that helps to reduce our energy dependence, and it just didn't make sense to sort of leave that hanging out there for some personal reason." The print version which mentions Pickens is attached. The full interview can be viewed here: <http://www.newyorker.com/online/blogs/currents/2010/07/john-kerry.html>.

*The Associated Press* reported on a push by natural gas industry groups urging the EPA to limit the scope of an upcoming study on fracking. ANGA CEO Regina Hopper is quoted in the piece pointing out that history demonstrates fracking can generate abundant, secure energy supplies without adverse consequences to drinking water.

### Highlighted Placements (Full Articles Below)

- **Pickens Says BP a 'Good Buy' After Five-Week High** – *Bloomberg* – 7/14/10

- **Crude Oil Rises to 2-Week High After U.S. Inventory Decline** – *Bloomberg* – 7/14/10
- **John Kerry on Energy Independence** – *The New Yorker* – 7/5/10

**Notable Natural Gas Coverage** (Full Articles Below)

- **EPA Seeks Comment In Denver On Fracking Study** – *Associated Press* – 7/14/10

**Print Placements** (Full Articles Below)

- **Westport Inks Deal With Volvo For Biogas And Natural Gas Engines** – *Business in Vancouver* – 7/13/10

**Blog/Online Placements** (Full Articles Below)

- **3 Potentially Undervalued Stocks** – *The Motley Fool* – 7/13/10

## HIGHLIGHTED COVERAGE

### **Pickens Says BP a ‘Good Buy’ After Five-Week High – Bloomberg – 7/14/10**

By Allison Bennett

July 14 (Bloomberg) -- T. Boone Pickens, the billionaire energy investor, said that BP Plc is a good investment as the shares rebound after losing more than half their value in the aftermath of the Gulf of Mexico oil spill.

“You’re going to have to stand a little more heat, but I think they’ll kill the well by mid-August,” Pickens, chairman of Dallas-based BP Capital LLC, said in a Bloomberg Radio interview today. “They will further damage their image when they start the investigation, but today BP is good buy.”

BP has lost 48 billion pounds (\$73 billion) of its market value since the Deepwater Horizon drilling rig exploded in the Gulf of Mexico on April 20, causing the biggest oil spill in U.S. history. The company agreed last month to set aside \$20 billion for cleanup and litigation costs, and said it will sell assets, reduce spending and cancel its dividend for three quarters to raise cash.

The shares fell 9.35 pence, or 2.3 percent, to 401 pence in London today after BP suspended tests to determine if it can halt the leak before efforts to permanently plug it are completed next month. BP, based in London, reached a five-week high yesterday of 410.4 pence.

The company’s American depositary receipts fell 70 cents, or 1.9 percent, to \$36.18 at 4 p.m. in composite trading on the New York Stock Exchange. One receipt represents six ordinary BP shares.

Pickens's fund held no shares in BP as of the end of March, according to a regulatory filing. The fund held shares of Transocean Ltd., which leased the Deepwater Horizon rig to BP. It also owned shares of Anadarko Petroleum Corp., a partner in the well, and Halliburton Co., which was contracted to do work on it.

Adding Transocean

"We still have the Transocean, I think we added to them," Pickens said of the shares today.

BP said this week that it may be able to stop the leak with a newly fitted cap while relief wells are completed that will permanently kill the well. The company said today it delayed pressure testing of the cap to give scientists more time to study the process.

Abu Dhabi's crown prince said yesterday that the emirate is considering an investment in BP.

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**Crude Oil Rises to 2-Week High After U.S. Inventory Decline** – *Bloomberg* – 7/14/10

By Mark Shenk

Crude oil was little changed, retreating from a two-week high with U.S. equities after minutes from the Federal Reserve showed policy makers saying the economic outlook has "softened somewhat."

Oil declined as the Standard & Poor's 500 Index headed for the first drop in seven sessions. Prices rose earlier after an Energy Department report showed that inventories of crude oil declined more than expected, refineries bolstered operating rates and fuel stockpiles increased.

“Oil is coming back down along with the S&P 500, which continues to be a major guide for the market,” said Tim Evans, an energy analyst at Citi Futures Perspective in New York. “We’ve also got a tug of war between the crude and fuel inventories in today’s report.”

Crude oil for August delivery slipped 11 cents to settle at \$77.04 a barrel on the New York Mercantile Exchange. Futures reached \$78.15 today, the highest intraday price since June 29.

Oil on the Nymex for August delivery is 41 cents a barrel lower than for September, the smallest divergence between front-month contracts since April 20.

Brent crude for August settlement increased 12 cents to end the session at \$76.77 a barrel on the London-based ICE Futures Europe exchange. August Brent futures expire tomorrow. The more-active September contract slipped 7 cents to \$77.66 a barrel.

The S&P 500 declined 0.4 percent to 1,090.72 at 3:12 p.m. and the Dow Jones Industrial Average lost 36.53 points, or 0.4 percent, to 10,326.50. The indexes closed little changed.

### ‘Softening’ Outlook

“The economic outlook had softened somewhat and a number of members saw the risks to the outlook as having shifted to the downside,” minutes released today in Washington said. “The changes to the outlook were viewed as relatively modest and as not warranting policy accommodation beyond that already in place.”

Crude-oil supplies fell 5.06 million barrels, or 1.4 percent, to 353.1 million, the most since September, according to the Energy Department. Stockpiles were forecast to slip 1.5 million barrels, a Bloomberg News survey showed. Refineries operated at 90.5 percent of capacity, the highest level since January 2008.

Inventories have dropped 12 million barrels in three weeks to the lowest level since March 19. It's the longest string of declines since December. Supplies are 7 percent above the five- year average for the period, the department said.

“On the face of it, the crude oil number looks very bullish, but on second look it's not so worrisome,” said Rick Mueller, director of oil markets at Energy Security Analysis Inc. in Wakefield, Massachusetts. “We still have more than 350 million barrels of oil, so stocks are by no means tight.”

### Fuel Stockpiles

Gasoline supplies climbed 1.6 million barrels to 221 million in the week ended July 9, the report showed. The 15 analysts surveyed by Bloomberg News were split over whether inventories would rise or fall.

Stockpiles of distillate fuel, a category that includes heating oil and diesel, increased 2.94 million barrels to 162.6 million, almost three times the size of the gain forecast.

Gasoline for August delivery slipped 1.56 cents, or 0.8 percent, to settle at \$2.0665 a gallon in New York. Heating oil for August delivery declined 1.13 cents, or 0.6 percent, to end the session at \$2.0361 a gallon.

Fuel demand tumbled 4 percent to 18.8 million barrels a day, the lowest level since April 23. It was the biggest one- week decline since March.

“The demand numbers don't look good,” said Michael Lynch, president of Strategic Energy & Economic Research in Winchester, Massachusetts. “They show that consumers are holding back because of uncertainty about the economy.”

### Technical Resistance

Crude oil in New York must challenge resistance near \$80 or test support at \$72.50 to break out of its range, according to Veronique Lashinski, a senior research analyst for Newedge USA LLC in Chicago.

New York oil for September delivery, which will become the front-month contract on July 21, touched \$80.82 a barrel on June 21 on the New York Mercantile Exchange, the highest price since May 14.

Crude oil will climb to as much as \$90 a barrel by the end of this year and \$100 in 2011, T. Boone Pickens, the billionaire energy hedge-fund manager, said today.

Prices will “move up here pretty quick in the third quarter,” Pickens, chairman of Dallas-based BP Capital LLC, said today in an interview on Bloomberg Radio with Tom Keene. Pickens said he expects oil in the range of \$85 to \$90 a barrel by the end of 2010 and \$95 to \$100 a barrel in 2011.

Oil volume in electronic trading on the Nymex was 578,584 contracts as of 3:14 p.m. in New York. Volume totaled 683,536 contracts yesterday, 9.6 percent below the average of the past three months. Open interest was 1.28 million contracts.

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### **John Kerry on Energy Independence – *The New Yorker* – 7/5/10**

Ryan Lizza, *The New Yorker*'s Washington correspondent, visited Senator John Kerry at his office to talk about his sponsorship of the Clean Energy Jobs and American Power Act and about how politics and the economy affect our response to the depletion of fossil fuels and to climate change.

<http://www.newyorker.com/online/blogs/currents/2010/07/john-kerry.html#ixzz0th3C4BUM>

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## NOTABLE NATURAL GAS COVERAGE

**EPA Seeks Comment In Denver On Fracking Study** – *Associated Press* – 7/14/10

By Catherine Tsai

DENVER — Natural gas industry groups on Tuesday urged the Environmental Protection Agency to limit the scope of an upcoming study on the effects of a natural gas extraction process known as fracking.

Some environmental groups want the federal agency to also examine eventual effects on air quality. The EPA held the second of four public meetings to gather comments about its upcoming study on how drinking water might be affected by a method of extracting natural gas.

The process — called hydraulic fracturing, or fracking — pumps water and chemicals underground at high pressure to help extract trapped oil and natural gas. The fluids help open fractures in shale formations, allowing natural gas to flow from the breaks into a well.

Fracking has been around for decades, but amid a natural gas drilling boom, members of Congress have questioned whether it could taint drinking water or harm human health. Critics said a 2004 EPA study that found no evidence of threats to drinking water was flawed.

The EPA doesn't regulate fracking, leaving that process to states. U.S. Reps. Diana DeGette and Jared Polis, both Colorado Democrats, are among those pushing for federal oversight.

Besides potential effects on drinking water, critics have raised concerns including whether fracking, which can use millions of gallons of water, could deplete aquifers.

America's Natural Gas Alliance, an advocacy group for the gas industry, submitted comments last week that, in part, supported focusing the study on effects on drinking water. It also sought input on the makeup of EPA study and advisory panels.

"History demonstrates that hydraulic fracturing can generate abundant, secure energy supplies, without adverse consequences to drinking water," alliance President and CEO Regina Hopper said in a letter to the EPA.

Las Animas County resident Tracy Dahl, though, suspects that his southern Colorado well, which has produced clean, clear drinking water for the last seven years, was muddied by fracking at an adjacent property June 30.

"That evening, we checked the cistern and there was 500 gallons of murky, nasty water where it had always been clean before," Dahl said before the meeting. "Seems to me to be a pretty direct correlation. Whether we can prove it or not is another matter."

He said he is now driving 80 miles roundtrip to Trinidad to get drinking water.

"I saw this coming years ago. I was petitioning every politician I could think of to try to come up with stronger regulations to prevent this. Then to have to just see it happen anyway, it's fantastically frustrating," said Dahl, a 51-year-old technical specialist in renewable energy.

Colorado Oil and Gas Conversation Commission Director Dave Neslin said most of Colorado's 42,000 active oil and gas wells rely on fracking and that the commission has investigated hundreds of groundwater complaints over the years but found no verified instance of fracking harming groundwater.

The EPA held its first public meetings on the study last week in Fort Worth, Texas. Other meetings are scheduled July 22 in Canonsburg, Pa., and Aug. 12 in Binghamton, N.Y.

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## **PRINT COVERAGE**

### **Westport Inks Deal With Volvo For Biogas And Natural Gas Engines – *Business in Vancouver* – 7/13/10**

Natural gas engine manufacturer Westport Innovations Inc. (TSX:WPT) has signed an agreement to develop biogas and natural gas-fuelled engine products for Volvo.

Westport, which is based in Vancouver, would not disclose details of the products or markets, but said it and Volvo would share the development risks.

The company will be reimbursed for engineering and related development costs upon meeting certain milestones, Westport said, and will generate revenue on each engine sold.

David Demers, Westport's CEO, said: "Natural gas and biogas are quickly becoming the alternative fuel of choice for commercial vehicles, and we expect this will lead to a new generation of clean, low-emission engines from Volvo."

The company said the new agreement was the result of a 2009 deal between the two companies where Westport agreed to supply heavy-duty natural gas engines.

Westport's share price was up 4.6% to \$17.22 in midday trading Tuesday.

The last time BIV caught up with Westport, shareholder and billionaire oilman T. Boone Pickens was lobbying for legislation to boost the growth of the U.S. gas-powered vehicle market. (See "Vancouver-based natural gas engine maker gets the T. Boone Pickens bump" – issue 1069; April 20-26, 2010.)

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## **BLOG/ONLINE COVERAGE**

### **3 Potentially Undervalued Stocks – *The Motley Fool* – 7/13/10**

By Jason Moser

When it comes to stocks, I have a tough time labeling myself as one particular type of investor or another. As soon as I say I love a good story, then it isn't cheap enough. If it is a great value, then I don't see any growth potential.

In the long run, price does matter, but you need to make sure you're buying into something that has a future. If the company isn't around to tell the story, you aren't going to have a price to worry about. I recently ran a screen to find stocks with a low enterprise value / EBITDA multiple, trading at less than 15 times trailing earnings and with minimal debt. I was also looking for companies with some room to run, so I stuck with companies with market caps less than \$3 billion. I found some interesting names for sure, but here are three very different companies, each with the potential to be a real bargain.

#### 1. Clean energy at a reasonable price

There's no arguing that alternative energy is a growing market. Fuel Systems Solutions (Nasdaq: FSYS) delivers the components, systems, and support for the development of internal combustion engines using alternative fuels including natural gas and propane. While competing against players in the industry like T. Boone Pickens' Clean Energy Fuels (Nasdaq: CLNE), Fuel Systems is gaining some excellent international exposure, and top-line revenues have grown nicely at about 27% per year since 2005.

The stock has declined pretty steadily since mid-April. It seems the company has been generating a hefty portion of its revenues from Italy lately, and there may be some uncertainty about whether or not this can continue. A substantial drop in revenues from Italy would carry all the way to the bottom line, and we all know how much the market hates uncertainty. Still, with

an enterprise value /EBITDA multiple of 3.2 and only \$15 million in long-term debt on the balance sheet, this is an interesting story that could add some alternative energy to your portfolio.

## 2. Clothing for kiddos

One of the things that strikes me about children's specialty retailer Gymboree (Nasdaq: GYMB) is its market: kids and moms. Companies like Gymboree and competitor Children's Place (Nasdaq: PLCE) are selling kids' clothes, but they are selling them to moms (and some dads who may have a clue). When was the last time you saw a two-year-old tell Mom that they didn't like that color onesie? Granted, Gymboree is selling to older kids as well, but 12 years old is about the cutoff -- right about the time kids start telling their parents what they won't wear.

The Crazy 8 concept is opening the market up to additional price points, and Gymboree's international expansion is on schedule as it opens stores in Australia and the Middle East. To top it off, the company just used a small chunk of its cash on hand to buy back more than 2.2 million shares of its stock. Uncertainty about the recovery has kept a lot of retail stocks on edge lately and Gymboree is no exception, but its balance sheet is pristine with no debt and about \$170 million in cash after the buyback. At 4.8 times EV/EBITDA and about 12 times earnings, Gymboree looks like it may be more than just child's play.

## 3. Safety and security in an emerging economy

You may have already heard of China Fire & Security Group (Nasdaq: CFSG) because our team of analysts uncovered it a few years ago on a trip to China. China Fire focuses on fire and safety solutions for companies ... in China (go figure). Specifically, China Fire designs, develops, and sells industrial fire safety systems for companies in China and India.

The company continues to win contracts in China's developing nuclear sector, and management sees "huge potential in retrofitting projects from the iron and steel industry" as well. The stock has been on a roller-coaster ride and is down 40% since mid-May on seemingly no real news. However, this is a Chinese small cap, so be careful. There is a lot of government exposure here, and information may not always be quite what we are used to for our American companies, so extra due diligence is required. Nevertheless, China Fire & Security has attracted quite a following since being discovered here at the Fool.

Currently trading at 10 times trailing earnings with \$25 million in cash versus zero debt on the balance sheet, China Fire & Security could go on a hot streak again soon.

As always, these are ideas and not formal recommendations. This should be seen as a starting point for further research. Here we have three very different companies with very different stories. However, each one presents a real potential value if the story stays true. It may be worth digging in a little deeper to see if any of these companies attracts your Foolish nature.

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## **BROADCAST COVERAGE**

### **1. Street Signs**

**CNBC, National | DMA: 0**

**07/13/2010, 02:00 PM - 03:00 PM**

[EC] 00:31:42 I think we will hear, and it's hard to imitate Jamie Dimon, we think credit losses are down, and we see JPMorgan go to 45. That's my own view. You can play with calls, because they report Thursday. We needed to see the oil spill done, obviously they figured this out. My friend **BoonePickens** has said ...these clown...able to figure it out..., those are not his words, those are my words...we he had needed to see a soft landing in China. We needed to be property come down, we needed to see the Euro stabilize. We needed to see..Banco Santander --Actually some sort of stabilization. Do it again. You have to s it like that. That's when you go to the -- trust me I went to a Banco Santander Did they have security take you out? And the employment **pick** up, I think that will happen. Alcoa, Novellus, CSX, all of them telling stories that I think you have to put more people to work.... 00:39:13

**Keywords:**TZ; Jim Cramer : Mad Money; Cato; Jamie Dimon; JPMorgan Chase; **BoonePickens**; China; Euro; Santander; Alcoa; Novellus; CSX; Latin America; South Korea; Mexico; Southeast Railroad; Dan D'Mico, Nucor; Geithner; Brazil; Chile; Colombia; Argentina; Canada; Olympics; Morgan Stanley; Tim Geithner; Australia; BPH; Marathon; Valero; Sandisk; Flash; Bank of Nova Scotia; Warren Buffett; Darren Rovelle; Kafka, author: Metamorphosis, Eagles backup quarterback; Vick; Philadelphia;

**Visuals:**Stop Trading with Jim Cramer backdrop; JPMorgan Chase stock; Novellus Systems stock; CSX stock; Apple stock; Citigroup stock; Morgan Stanley stock; Chevron stock; Novellus Systems stock; George Steinbrenner, Yankees owner; programming note: Mad Money

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

### **2. Oklahoma News Report**

**KETA-TV (PBS) CH 13, Oklahoma City | DMA: 45**

**07/13/2010, 06:30 PM - 07:00 PM**

[CC] 00:14:34 Oklahoma-born **oil** tycoon **T. BoonePickens** has spent a portion of his personal fortune, promoting an **energy** policy to increase the use of **naturalgas** to reduce dependence on foreign **oil**. A cornerstone of that plan is wide-scale conversion of vehicles to operate on compressed **naturalgas**. From the our archives, we go back in time and find, the push to use CNG is nothing new..... (footage shown dates back to a 1990 broadcast). The buzz word of the'90s is going to be environment. '80 s was economic development. buzz word 90S will be environment. With **naturalgas** we can cut 85% of the pollutants in the air. We can clean up the air and provide jobs for Oklahoma. That's why we are pushing the concepts we have been. CNG burns cleaner than gasoline or methanol and is much cheaper. Oklahoma has the second highest amount of **naturalgas** reserves in the **nation**. Supporters of CNG claim could pump billions into our economy. They say the private sector will catch on to CNG if the government leads the way. A bill would provide loans to school districts. While they agree CNG is a cleaner and cheaper **fuel**, they have concerned over the safety of the busses, insurance coverage and the expense. Converting one bus could cost up to \$3,000. They are making available ten million dollars for school districts to draw on, but the money would have to be paid back. While my money is out purchasing the equipment to go on compressed gas, I can't buy busses because the first year would cost our district \$219,000. Over five years,it would cost us \$500,000. Those are some of the concerns that we see. Representative Dick explains Tulsa schools have been using CNG converted busses for two years with good results and they would recoup the loss in gas savings. Ford and G.M. Have been to us. We told them we would work with them in any way best not only for G.M. And ford, but for the people in the state of Oklahoma. I think that we have worked out our problems with them. I think probably some of the folks out there in the school district are not aware that we have worked out our problems. Despite the benefits, it's not likely they'll begin making cars for the private sector. ...00:21:21

**Audience:** 4,930 **Spot Cost:** \$44