

PickensPlan

T. Boone Pickens Media Coverage 7.22.10

Total of 8 Placements

- Print: 4
- Blog/Online: 4

Coverage Summary:

The American Spectator interviewed Pickens for a piece that discusses the Pickens Plan, providing an update to a piece they ran right before the launch in 2008. In the interview, Pickens explains why America should embrace natural gas to end our dependence on foreign fuel.

The *Politico*, *The Hill* and the *Reuters* pieces speculate what will and will not be included in the Senate energy bill expected to move to the floor next week. The pieces note that Senator Reid appears to be ready to leave out a controversial climate proposal and move forward with a more limited bipartisan bill that responds to the Gulf oil spill and includes popular measures both parties could support.

Highlighted Placements (Full Articles Below)

- **The Natural Gas Man** – *The American Spectator* – 7/22/10

Notable Natural Gas Coverage (Full Articles Below)

- **Harry Reid To Advance Climate Bill** – *Politico* – 7/22/10
- **Reid To Advance Limited Oil Spill And Energy Bill, Delaying Climate Action** – *The Hill's Energy & Environment Blog* – 7/22/10

- **Sen. Kerry Says Chances For Climate Bill 'Tough'** – *Reuters* – 7/22/10

Print Placements (Full Articles Below)

- **Tiger's Robertson May Be Ready To Start New Venture** – *Reuters* – 7/21/10
- **Frack Attack** – *Reno News & Review* – 7/22/10

Blog/Online Placements (Full Articles Below)

- **Opinion: Path To Energy Independence Includes Safe Offshore Drilling** – *Smart Brief* – 7/21/10
- **The Day Ahead: Thursday, July 22, 2010** – *American Spectator* – 7/22/10

HIGHLIGHTED COVERAGE

The Natural Gas Man – *The American Spectator* – 7/22/10

By Philip Klein

T. Boone Pickens has spent a lifetime in the oil business. Shortly after graduating from Oklahoma A&M (now Oklahoma State University) in 1951, Pickens went to work for Phillips Petroleum and he has been in the energy field ever since. In recent years, Pickens has turned his focus toward investing in and advocating for alternative sources of energy to end America's dependence on foreign oil. As part of his efforts, he funded a \$62 million ad campaign to promote his Pickens Plan to accomplish that goal.

Through the T. Boone Pickens Foundation, Pickens has become one of the largest philanthropists in America. He also is the benefactor of The American Spectator's Young Journalism Training Program.

In the May 2008 print edition of TAS, Pickens discussed wind power. This Tuesday, TAS spoke with him over the phone about why he believes in broader adoption of natural gas in the United States.

TAS: When we last spoke, you were talking a lot about wind power, and now you've shifted emphasis more toward natural gas. If you could explain the evolution of your thinking on alternative energy...

T. Boone Pickens: Wind is renewable, and natural gas is alternative. But the wind is priced on the margin. And the margin is natural gas for power generation, since they're both doing the same job. And so the wind is priced off the natural gas. And natural gas has been so cheap, it's been hard to really finance a wind deal. So I haven't lost any enthusiasm for that. In fact, we're getting ready to announce more wind deals within the next two to three months that are very far along. So wind is good, but wind is not going to move an 18-wheeler. Natural gas is so versatile,

you can use it for power generation, but you could also use it for transportation fuel. So natural gas is the only thing we have that can reduce foreign oil imports.

TAS: Now, if I remember correctly, your broader plan talked about using wind for electricity generation to free up more natural gas for transportation fuel...

BP: Actually, what happened to us is we have so much natural gas, more than I thought at that time.

TAS: So you're saying we have enough natural gas to address the electricity generation needs, and transportation fuel needs?

BP: Yes, but I want to keep using wind too. The overall concept that I have is, let's get on our own resources. And that means you're going to use natural gas, wind, solar, ethanol, nuclear. I don't care what it is, but get on our own resources.

TAS :Some economists would say that economically, it's not a big deal whose resources we're on. That oil is a fungible commodity, and the only thing that matters it to decide what is the most economically advantageous energy source for us to use at any given time. So, they'd argue that right now, oil is still the most economically efficient. And they question this whole idea of getting off our dependence on foreign oil. How would you respond to that economic argument?

BP: Well, the first thing is, no question, is in a global market. You go into to buy oil, you don't know where you're getting it from or anything. But we import five million barrels a day of oil from OPEC. That's five million barrels that I think is a security issue for the country. Then, to that person who asked me that question, I'd say, how much do you consider security to be an issue? Well, you're buying oil, and you don't know where it's coming from. Because international oil companies buy oil from any place they can get oil. And so the argument is not unreal. The point is, you need to replace oil from the Mideast, the OPEC oil, and you replace it with the one resource you have in America, which is natural gas. We don't have any other resource that will replace that oil. Now, you say it's more expensive. Well, no it's not, it's infinitely less expensive. One Mcf of natural gas is \$4.50. It's the equivalent of 7 gallons of diesel. They'll do the same job. One Mcf at \$4.50, or 7 gallons of diesel, and \$21. So it's very easy to say which one is the cheapest. They'll say, well, let the markets take over. Let the free

market dictate what fuel to use. Well, if you think OPEC is a free market, you're kidding yourself. It's that OPEC sets the price of oil. And if they told you this year they wanted \$70 to \$80 oil, what do we have? \$70 to \$80 oil. They are accommodating in telling you what oil is going to cost. So you can call it a fungible global market, or whatever you want to. It is not a free market for a commodity. So get on your own natural gas, and try to control it one way or another if you want to eliminate oil from the Mideast. With that, if you look at the cost of oil, and you factor in for our military, you're probably paying \$300 or \$400 a barrel for oil from that area. So, it's pretty easy for an economist to just dismiss it by saying, well, just let the free market dictate. But it's not a free market.

TAS: To translate it into terms for an average person, when you talk about how much it's going to cost, and how it translates with diesel, doing the rough math (if \$4.50 of natural gas is the equivalent of 7 gallons of diesel), does that mean that a gallon of the natural gas equivalent would cost around 60 cents?

BP: I look at it that it would be \$1 to \$1.50 a gallon cheaper. So if you're paying \$3 for gasoline, that get it to about \$1.50. It would bring it down to \$2, or maybe \$1.70 or \$1.80. These are not hypothetical numbers I'm throwing out there, because you have that here in California. I mean, they use natural gas out here. I mean, the LAMTA is on natural gas, has been for 20 years. And that's an air quality issue. It was a cleaner fuel is the reason why they used it.

TAS: In trying to convert to natural gas, don't you run into a chicken and the egg phenomenon? In other words, in order to build more fuel stations, there would have to be a demand fuel, so you'd need vehicles that are equipped to run on natural gas, yet people aren't likely to want to convert to natural gas to natural gas vehicles unless there are enough fuel stations to service them.

BP: Yeah, see, I'm not talking about your car. I'm not interested in your car. I'm interested in 18-wheelers. Because they use 20,000 gallons a year. So if I could get the 8 million 18-wheelers to natural gas and away from diesel, that's 2.5 million barrels a day. So that cuts OPEC in half with 8 million vehicles. And there are 250 million vehicles in America. So, the stations will come with the vehicles. That's a no brainer. If you set it up so the heavy duty is going to go to natural gas, and they'll put the islands into the truck stops, would be one way to work it. The other way it works, Southern California decided they would go to natural gas because it was cleaner than diesel. And so with trash trucks, they said, if you buy a new one, it has to be natural gas. And the incremental difference was \$50,000, so they gave a \$50,000 grant for when you bought the natural gas trash truck and now 70 percent of them are on natural gas. And the fueling stations just came with the vehicles.

TAS: What do you think needs to happen at the federal level in order to achieve what you're arguing for, which is to convert heavy duty trucks to natural gas?

BP: Well, see it's already in the legislation. In the House, it's H.R. 1835, the natural gas act. And they give a \$65,000 credit when you move from diesel to natural gas. It's the same thing in Senate bill 1408. But in Senate bill 1408 they're working on it now, and they're adding different things to the bill to see if they can get it passed. The natural gas will pass quickly. We have 144 co-sponsors in the House on 1835, and if it goes standalone on the first vote you get 350 votes for it, so no question it will pass.

TAS: The thing that makes a lot of conservatives wary about a lot of the alternate energy is the idea that it translates into subsidies. Even if it's called a "tax credit," effectively it's the same as the government subsidizing a certain kind of energy. And a lot of conservatives who don't want to see the government handing out subsidies and picking winners and losers in the energy market have a lot of skepticism about this, and that's why they're reluctant to embrace these sorts of ideas. How would you respond to them?

BP: Well, if that's the best way out, then you're going to use foreign oil. So you've got to help it get started -- and here you're only talking about \$7 billion, would lead to 143,000 18-wheelers -- and then the incremental (cost) in California with the trash trucks went from \$50,000 down to \$10,000 once you got up to scale. So if you don't like that idea, we'll just use foreign oil.

TAS: The question would be, that if, as you're saying, that the economics make so much sense in terms of how much cheaper it would be to fuel on natural gas than with diesel, then why wouldn't trucking companies themselves want to convert to natural gas to save the fuel costs?

BP: You're saying, let the free market work.

TAS: Well, the basic question is that if oil prices get to the point where it's no longer economically feasible for companies to use oil-based fuel to fuel their vehicles, then wouldn't the free market naturally convert everything to natural gas over time, if that's the economically more efficient product?

BP: Well, it's going to take a long time to do it for one thing, and you need the leadership to take you in the direction that is best. And this is clearly better. You're dealing with a domestic fuel that's 30 percent cleaner and cheaper in preference over a foreign oil that is dirtier and more expensive.

TAS: But if it's so much cheaper, what would be preventing, right now, a trucking company from wanting to convert over time its fleet to vehicles that are able to take natural gas? Why would they need a government tax credit to do it?

BP: Well, because it's \$65,000 difference in the truck. So, until you get up to scale on the natural gas engine, it's more expensive to buy the natural gas engine. So you've got to get some help to get it started. But you're spending \$1 billion a day on foreign oil. So you start turning some of that around, the money's here. The money is creating jobs, profits are made, taxes are paid, and the economy is helped by it. And right now, you're just pouring money out of the country.

NOTABLE NATURAL GAS COVERAGE

Harry Reid To Advance Climate Bill – *Politico* – 7/22/10

By Coral Davenport & Darren Samuelsohn

Senate Majority Leader Harry Reid appears set to punt on a controversial climate proposal while moving to the floor next week with a more limited bipartisan bill that responds to the Gulf of Mexico oil spill and contains other more popular energy items, according to aides and senators.

The Nevada Democrat's decision, expected to be made public Thursday after an afternoon luncheon with the entire 59-member Democratic caucus, comes in the face of a dwindling calendar ahead of the August recess and the recognition that he is not close to the 60 votes needed on any bill that caps greenhouse gas emissions.

"We don't have the 60 votes," said Environment and Public Works Committee Chairwoman Barbara Boxer (D-Calif.). "So Sen. Reid's a pragmatist. So rather than take us to situation where we don't have the votes, rather than do half measures, let's wait until we can get it done and get it right. So I think it's a smart decision."

Reid aides declined comment on the floor schedule for next week, saying the Democratic caucus first needs to discuss the legislative prospects at its special caucus. Short-term options in front of Reid include proposals to increase offshore drilling rig safety, a nationwide renewable electricity standard and a raft of other tax incentives to promote low-carbon energy technologies.

The writing has been on the wall all week, with advocates lowering expectations in light of continued opposition from GOP senators and some moderate Democrats.

"I don't believe an energy bill has ever passed off the floor in less than about three weeks," Sen. John Kerry (D-Mass.) said Thursday during a town-hall style forum hosted by the Natural

Resources Defense Council. "The fact is this is a very complicated bill that has a lot of moving parts. I'm very realistic about that."

"It's not dying," Kerry added. "It's not going away...We're going to try our best to find a way to do it in the next few weeks. If we can't do it in the next weeks, we'll do something that begins to do something responsibly in the short term. But this will stay out there and we'll be working on it, we'll be asking you to talk to your senators and move to them to understand why we have to get this done."

Sen. Joe Lieberman (I-Conn.), Kerry's partner on the climate proposal, said he had no problem with Reid delaying debate on greenhouse gas caps. "If that's the truth, it keeps the process open for negotiating a broader utilities-only bill in September," he said.

Kerry and Lieberman are still working with the electric utility industry, including its lead trade group, the Edison Electric Institute, on a bill slicing its emissions around 17 percent below 2005 levels by 2020.

But other Democrats have their doubts that Kerry and Lieberman will even get time for a floor debate after the August break, especially with Reid and other senators girding up for their own reelection bids.

"We've got very substantial constraints on our time when we get back," Energy and Natural Resources Committee Chairman Jeff Bingaman of New Mexico said Thursday.

"I don't think there are going to be two energy packages on the floor this year," said Democratic Policy Committee Chairman Byron Dorgan of North Dakota. "Whatever comes to the floor on energy is going to be the package we're going to consider."

Reid To Advance Limited Oil Spill And Energy Bill, Delaying Climate Action – *The Hill's Energy & Environment Blog* – 7/22/10

By Darren Goode

Senate Majority Leader Harry Reid (D-Nev.) will bring a limited package of oil spill response and energy measures to the floor next week, delaying action until at least this fall on a broader proposal that would impose greenhouse gas limits on power plants, senior Senate Democratic aides said.

Aides insisted Reid's decision is a nod to the packed floor schedule the Senate faces before it leaves in two weeks for the August recess, and that he has not abandoned plans to try and bring up a broader climate and energy plan later in the year.

But other legislative priorities and election-year politics may scuttle the wider climate and energy plan altogether.

For now, the limited package expected on the floor this month will likely allow Democrats to push through a response to the Gulf of Mexico oil spill — such as tougher rig safety requirements — and perhaps some energy provisions that members of both parties could support.

The bill will not include a renewable electricity production mandate boosting power sources such as solar and geothermal that are key industries in Reid's home state of Nevada.

The Senate Energy and Natural Resources Committee gave bipartisan support to such a mandate last year. But it is also controversial because Republicans have sought to ensure it includes all nuclear energy production — both existing and future.

The mandate from the Senate panel just includes new nuclear production. Southeastern lawmakers from both parties have also argued that their region does not have the resources to meet a national mandate.

Sen. John Kerry (D-Mass) – who has helped lead the effort to reach a deal on focusing a carbon-pricing plan on electric utilities – acknowledged Thursday that “the chances of this bill are very tough right now.” He cited “fear” from those who have not signed on to a carbon-pricing measure because of possible rebuke from voters.

“We need to take the fear out of this and empower our colleagues to go out and vote,” Kerry told a town-hall event hosted by Clean Energy Works.

—Ben Geman contributed to this report

Sen. Kerry Says Chances For Climate Bill 'Tough' – *Reuters* – 7/22/10

* US senator doesn't see votes for climate bill

* Reid expected to produce energy bill soon

* Kerry had pared down his bill to utilities (Adds quotes, background)

By Timothy Gardner

WASHINGTON, July 22 (Reuters) - Democratic U.S. Senator John Kerry, the main proponent of congressional action to tackle climate change, acknowledged on Thursday it could be "very tough" to pass such a bill in Congress.

As the August congressional recess approaches, Senate Majority Leader Harry Reid is struggling to craft a bill that would win the 60 votes required to overcome Republican procedural hurdles and clear the Senate. Reid is holding a meeting with fellow Democrats on Thursday to find a way forward.

"We are down to two weeks before the August recess," Kerry told a "town hall" meeting in Congress. "I don't think any comprehensive energy bill has been done in three weeks, and this bill is very complicated," Kerry said at the meeting.

President Barack Obama, who has made action on climate change a priority, has said he wants Congress to act.

But with mid-term elections looming in November, lawmakers and environmentalists are increasingly doubtful a comprehensive bill can pass this year. If Republicans chalk up gains in the elections, the effort could be stalled for some time.

Obama has also pushed the Environmental Protection Agency to take unilateral action if Congress fails to pass a bill. The EPA has begun issuing rules to cut emissions from cars and require power plants to have permits to emit carbon dioxide.

Kerry and independent Senator Joe Lieberman had crafted a bill that circulated last week that would have included carbon caps only on utilities. That was a big compromise from previous legislation that would also put caps on manufacturers and transportation.

Some power companies like Duke Energy (DUK.N) want a climate bill so they can move ahead with billions of dollars in investments in new low-carbon power plants.

U.S. scientists have said that this year has been the hottest on record across the world.

Reid may push for a narrower bill that could encourage renewable fuels and contain provisions to deal with offshore drilling in the wake of the BP (BP.L) oil spill.

Kerry was upbeat that a climate bill with carbon caps would get done, if not in coming weeks, then in the future.

"This is not going to die, absolutely rest assured this is not going away," Kerry said.

"As long as I am in the Senate and I've got another four years ... we are going to keep pounding away on this."

PRINT COVERAGE

Tiger's Robertson May Be Ready To Start New Venture – Reuters – 7/21/10

- * Robertson may be ready to start a new venture

- * May take outsiders' money for first time in a decade

- * Hires new operations chief, promotes son

By Svea Herbst-Bayliss

BOSTON, July 21 (Reuters) - Julian Robertson, a pioneer in the hedge fund industry, is banking on his legendary cachet to attract new investors if the Tiger Management LLC fund is let loose to growl for a second time.

Robertson, 78, closed his fund and gave his investors their money back a decade ago, after delivering annual returns of about 30 percent in a fund that peaked at \$22 billion in 1998.

Now he is mulling a comeback of sorts. Not as a stock picker, but as a nurturer of talent, expanding on a role Robertson has played over the past decade.

Robertson has grown what has been called the \$1.6 trillion hedge fund industry's biggest family tree, helping to start more than three dozen hedge fund firms.

By doling out some of his personal fortune, the veteran has helped launch the careers of several industry stars including Andreas Halvorsen, Stephen Mandel, Lee Ainslie, Chris Shumway and Chase Coleman.

The Wall Street Journal reported on Wednesday that Robertson might want to expand Tiger by creating a "seeding fund or a fund of hedge funds for outside investors."

Within months, outsiders such as wealthy individuals and pension funds might be given a chance to invest alongside with Robertson as he makes his bets on newcomers, said people familiar with his New York-based firm's plans.

Robertson recently tapped former Goldman Sachs executive John Townsend as his operations chief and promoted his youngest son, Alex, to managing partner.

A spokesman for the firm said the threesome will work together to figure out what direction Tiger wants to go in and stressed that no final decisions have been reached.

BETTING ON THE RIGHT TALENT

While the prospect of investing alongside Robertson might appeal to many, skeptics wonder whether conditions are right for the North Carolina native to pick the right talent.

"He established his record in a very different time," said Chris Tobe, a senior consultant at Breidenbach Capital Consulting, which puts money with hedge funds. "His skill set was tested then and who knows how he would do now?"

Still, Robertson's name alone is sure to bring many seasoned investors to the table for a closer look.

"I would go long Julian," said Michael Hennessy, a managing partner Morgan Creek Capital Management. "He will continue to do what he's been doing with great success."

Robertson's own investing success came as a stock picker. His "Tiger Cubs" have mostly been stock pickers as well, leaving some to wonder how he would fare in choosing investing talent whose focus lies elsewhere, such as in fixed income or event driven strategies.

Some of Robertson's successful proteges have fallen on tough times in the last months with sluggish returns.

While hedge funds, on average, lost 1.45 percent in the first half of 2010, Halvorsen's Viking Global Investors fund lost 5 percent through June. Chris Shumway's smaller Sakonnet fund dipped 5.4 percent in June alone and is now off 9.8 percent for the year, and Tiger Global dipped 3.5 percent in the first six months of 2010, people familiar with the numbers said

Some investors have also not failed to notice that many of the Cub pack, especially those based at 101 Park Avenue in Manhattan, where Robertson has his own office, often play very similar stocks.

GREY POWER

Robertson is far from the only elder statesman in the financial industry.

Warren Buffett turns 80 next month, Carl Icahn is 74, T. Boone Pickens, 82, still runs his hedge fund, and Edward C. "Ned" Johnson recently celebrated his 80th birthday in June at the helm of mutual fund firm Fidelity Investments.

Still, some potential investors wonder exactly how much time Robertson will devote to the new venture.

In recent years Robertson has, among other things, developed luxury golf courses and invested in wineries in New Zealand, and he is an active philanthropist.

"What percentage of his time will he be spending in the office is a reasonable question," said Tobe.

Still, the dazzling returns of the past and Robertson's name recognition will be a definite selling point.

"As long as returns in the last years haven't been disastrous for him, I imagine investors will be lining up at the door to get in," said Sol Waksman, who founded BarclayHedge, a firm that tracks hedge funds.

Frack Attack – *Reno News & Review* – 7/22/10

By Kat Kerlin

In the search for fossil fuel alternatives, natural gas is receiving a lot of buzz from people like Texas oil-man-turned-wind-advocate T. Boone Pickens and environmental activist Robert Kennedy Jr. They champion its relatively clean-burning properties and are smitten with the idea that the United States is sitting atop enough of it to fulfill the country's energy needs for about 100 years. However, mining shale natural gas requires drilling and pumping chemicals into the ground through hydraulic fracturing, or "fracking." The process has come under fire, particularly since June 3, when a well blowout in Clearfield County in Pennsylvania sent more than 35,000 gallons of fracking fluids into the air and surrounding forested area. Natural gas mining has also been targeted as a source of drinking water contamination. In one stunning scene in the documentary *Gasland*, which aired on HBO in June, residents near a fracking site demonstrated how they could set their tap water on fire by lighting a match next to it.

Now, a new report, “Addressing Environmental Risks from Shale Gas Development” by the Worldwatch Institute says, in essence, that for natural gas to become part of the clean energy solution, it first has to clean up its own act. The report examines the risks fracking poses to local water quality and the environment, and the technologies and policies needed to overcome them. It found that, properly designed, a hydraulic fracturing system should pose very little risk to water supplies. However, faulty construction poses a “significant risks to the environment,” which should be better studied and are “essential for society to make well-informed decisions about its energy future.”

Co-author Saya Kitasei stated, “Although the technologies, best practices, and regulations that can help minimize these risks exist, they have not yet been universally adopted. Experiences in Colorado, Wyoming, Pennsylvania and New York demonstrate that strong public pressure exists for stricter oversight.”

Natural gas extraction is not a big industry in Nevada, which produces about 4 million cubic feet of it per year. That’s less than the East Coast’s Marcellus Shale well pumps each day. More than half of Nevada households use natural gas as their main source to heat their homes. However, most of that is imported from Utah and the Rocky Mountain region. In March 2011, the Ruby Pipeline is slated to start running 618 miles of natural gas pipeline from Wyoming through northern Utah and Nevada and ending in Oregon.

BLOG/ONLINE COVERAGE

Opinion: Path To Energy Independence Includes Safe Offshore Drilling – *Smart Brief* – 7/21/10

China is winning the race to control oil and natural gas resources around the world, and the U.S. must continue to develop its own energy resources, including offshore drilling, if it wants to wean itself from dependence on foreign sources, write Dan DiMicco, CEO of Nucor, and T. Boone Pickens, CEO of BP Capital, in this opinion article. "Replacing foreign sources can reduce our trade deficit and help restore balance to the global trading system," they argue, adding that domestic energy generation will also help create millions of jobs and reduce the U.S. budget deficit by adding sources of tax revenue to federal coffers.

[Politico \(Washington\), The](#) | 07/21

The Day Ahead: Thursday, July 22, 2010 – *American Spectator* – 7/22/10

Today on the Main Site:

[The Natural Gas Man](#) by Philip Klein: T. Boone Pickens explains why America should embrace natural gas to end our dependence on foreign fuel.

[As Easy As A to Z](#) by W. James Antle, III: Republicans should be simple but specific about spending cuts.

[The Character of Unemployment](#) by Ben Stein: My response to an underemployed critic and to the blogger community.

[Romanoff Pledges Cooperation With Issa Jobsgate Probe](#) by Jeffrey Lord: Appearing on Denver talk show, Senate candidate moves Jobsgate story forward.

[Summer Books](#) by R. Emmett Tyrrell, Jr.: Cool reading even on a sultry day.

[On the Farm](#) by Bill Croke: The summer of 40 years ago.

[Death by Interview](#) by Christopher Orlet: So what is your greatest weakness?

What to Watch for:

Regulatory fight over [Consumer Agency](#) looms (WSJ)

Workers on rig expressed [concern before explosion](#) (NY Times)

[Three of every four](#) oil and gas lobbyists worked for the federal government (Washington Post)

[Sherrod offered new job](#), unsure whether to accept (CNN)

House set to [vote on jobless benefits](#) bill (AP)
