

PickensPlan

T. Boone Pickens Media Coverage 7.28.10

Total of 9 Placements

- Print: 4
- Blog/Online: 2
- Broadcast: 3

Coverage Summary:

Reuters highlighted that the natural gas piece of the energy bill is part of a plan long-championed by Pickens. The piece lists the key provisions of the proposed legislation and background on the adoption of natural gas vehicles in the U.S.

There are several pieces from the *Dallas Morning News* of note. The first outlines the energy bill, saying the natural gas program was popularized by Pickens. Pickens was also credited with this idea in a blog posting that looks at the Oil Spill Liability Trust Fund. The *Dallas Morning News* also published an editorial that blames the lack of climate change legislation on a dearth of political will, assorted strategic errors and an incurable lack of leadership. The piece says Congress is putting national security and the environment at risk by not having a more comprehensive energy bill.

The *Houston Chronicle* also covered the energy bill, mentioning the similarities that exist to the Pickens Plan.

Highlighted Placements (Full Articles Below)

- **Factbox-Natural Gas Vehicles And Proposed Us Subsidies – Reuters – 7/27/10**

- **Energy Bill Would Tax Oil Firms To Fight Spills, Promote Natural Gas Trucks** – *Dallas Morning News* – 7/28/10
- **Energy Bill Would Raise Oil-Spill Tax By Less Than Penny Per Gallon** – *Dallas Morning News Blog* – 7/28/10
- **Congress Fast-Tracks Drilling Measure** – *Houston Chronicle* – 7/27/10

Notable Energy Bill Coverage (Full Articles Below)

- **Editorial: Bipartisan Blame For Senate Botching Energy Bill** – *Dallas Morning News* - 7/27/10

Blog/Online Placements (Full Articles Below)

- **China's Energy Consumption A Zero-Sum Game** – *Globe and Mail Blog* – 7/28/10

HIGHLIGHTED COVERAGE

Factbox-Natural Gas Vehicles And Proposed Us Subsidies – Reuters – 7/27/10

By Bernie Woodall and Kevin Krolicki

(Reuters) - U.S. Senate Democrats on Tuesday unveiled an energy bill that includes almost \$4 billion in subsidies for natural gas powered vehicles as part of a plan long-championed by oil and gas executive T. Boone Pickens.

Although vehicles driven by compressed natural gas have been promoted as a cleaner-burning alternative to gas engines and a way to reduce the U.S. reliance on imported oil, very few have been sold in the United States.

House lawmakers are expected to vote on their version of the legislation before Congress breaks for recess in August.

The following are key provisions of the proposed legislation and background on the adoption of natural gas vehicles in the United States:

* The main barriers to natural gas vehicles in the United States have been their additional cost and the lack of a network of fueling stations. There are about 1,300 natural gas stations compared to almost 110,000 traditional gasoline and diesel stations in the United States.

* The proposed Senate legislation would provide a federal rebate of \$10,000 for natural gas cars and up to \$64,000 for heavy trucks. The rebate would be larger and more direct than the \$7,500 tax credit now offered on electric vehicles like the Chevy Volt and the Nissan Motor Co (7201.T) Leaf.

* About 110,000 CNG vehicles have been sold in the United States and almost all of those are buses, delivery trucks and other commercial vehicles. By contrast, Toyota Motor Corp (7203.T) has sold about 900,000 Prius hybrids in the U.S. market over the past decade.

* Honda is the only major automaker to offer a natural gas passenger car to U.S. consumers. The Civic GX is available through 83 dealers in four states -- California, New York, Oklahoma and Utah. The Japanese automaker has sold about 3,500 Civic GX sedans in the past two and a half years.

*At a price just over \$25,000, the natural gas version of the Honda Civic carries a roughly \$7,000 premium over the gasoline version. A Honda effort to promote a home refueling station for its Civic GX unveiled in 2005 failed to make headway and it sold off the technology to a California firm.

* Ford Motor Co (F.N) offers a natural gas version of its Transit Connect van for use by taxi companies. General Motors also began offering a compressed natural gas version of its Chevrolet Silverado pickup truck earlier this decade. A range of firms offer after-market conversions for other vehicles.

* A Massachusetts Institute of Technology study issued this month partly funded by the natural gas lobby estimated that the fuel could provide 40 percent of U.S. energy needs in the coming decades, up from 20 percent now. It said high-mileage fleet vehicles like taxis could be economically converted to run on CNG.

* Despite the limited sales in the United States, the technology is in widespread use overseas. Pakistan, for example, leads the world with over 2.3 million natural gas vehicles on the road, according to the International Association for Natural Gas Vehicles. Taxi fleets in Tokyo and Seoul also run on liquefied natural gas.

Energy Bill Would Tax Oil Firms To Fight Spills, Promote Natural Gas Trucks – Dallas Morning News – 7/28/10

By Dave Michaels

WASHINGTON – Senate Democrats outlined a \$15 billion energy bill Tuesday that would pay for oil-spill programs and new rebates for natural-gas vehicles with a higher tax on oil companies.

Senate Majority Leader Harry Reid plans an initial vote on the bill this week. The legislation doesn't include a cap on greenhouse-gas emissions, which proved too unpopular in the Senate.

The natural-gas vehicle incentives would help pay for 200,000 trucks at a cost of \$3.8 billion, according to Democrats and industry officials.

The program was popularized by T. Boone Pickens of Dallas, a major investor in natural gas who forged close ties with Senate Democrats to win allies for his plan. Pickens spent more than \$60 million promoting his plan through television and print ads, speeches and other events.

Yet its passage is far from certain, given opposition from Republicans, who will insist on offering amendments including measures to lift the Obama administration's moratorium on deep-water drilling. The bill may be the last chance to pass legislation responding to the gulf oil spill before the midterm elections in November.

Reid has "gotten himself in a terrible position with such limited time," said Sen. John Cornyn, R-Texas. "This is a serious topic that is worthy of serious discussion and deliberation. Other people are going to have ideas."

Democrats say the bill would hold BP PLC and other oil companies accountable by removing a \$75 million cap on economic damages that can be assessed against them as a result of offshore spills. Under the Reid bill, there would be no cap.

Industry officials say removing the cap would make insurance unaffordable for all but the biggest oil companies, eliminating smaller producers from offshore activity.

The higher tax on oil companies – Democrats didn't say how much higher – would be levied per barrel and would be paid by refiners. The tax has been 8 cents per barrel; the House passed legislation in May that would raise it to 34 cents.

Democrats said the tax revenue would pay for a variety of programs, including \$5 billion to provide rebates to people who improve the energy and water efficiency of their homes. Democratic leaders say that program would create jobs while helping to reduce electricity demand and greenhouse gas emissions.

The natural-gas program would award rebates of \$10,000 to \$64,000 per truck, depending on a vehicle's weight. The legislation also would provide grants to pay for natural-gas fueling stations and loans to U.S. manufacturers that build natural-gas-powered trucks.

Other lawmakers have sponsored legislation incorporating the Pickens plan, but Reid's bill appears to be his best shot at getting the incentives into law. A Pickens spokesman declined to comment, citing the need to study the bill further.

Some Democrats said they were disappointed by the scope of the bill, which is far more modest than the wide-ranging cap-and-trade legislation that passed the House last year. White House press secretary Robert Gibbs suggested Tuesday that the House's climate-change measures could be added in a conference committee.

"This is an absolutely minimal bill," said Sen. Bernie Sanders, a Vermont independent who votes with Democrats. "The components of the bill are positive."

"[But] it doesn't go anywhere near where we have to transform our energy system, cut back on greenhouse gas emissions and create the millions of jobs over time that we could create."

Energy Bill Would Raise Oil-Spill Tax By Less Than Penny Per Gallon – *Dallas Morning News Blog* – 7/28/10

By Dave Michaels

The Senate energy bill, released late last night, would fund a variety of programs by hiking the tax that refiners pay into the Oil Spill Liability Trust Fund. The current tax is 8 cents per barrel. The Senate bill would raise it to 45 cents per barrel, or less than a penny a gallon.

Democrats say they intend to make sure that BP PLC and other "oil companies" are accountable for their messes. BP, like Exxon Mobil, owns and operates refineries. But not all refiners are producers of crude oil. So perhaps expect some of the companies that are exclusively refiners, including Texas-based companies such as Tesoro and Valero, to argue they are being punished for the sins of others. (The refiners' trade group hasn't issued a statement yet on the bill.)

The programs funded by the bill include a new natural-gas vehicles program at the Department of Energy. The program is modeled on the Pickens Plan popularized by Dallas energy investor T. Boone Pickens.

Analysts give the bill little chance of passage, given the need to attract 60 votes in the Senate to avoid a Republican filibuster. Majority Leader Harry Reid said yesterday he'd have an initial vote on the bill this week.

Congress Fast-Tracks Drilling Measure – *Houston Chronicle* – 7/27/10

By Jennifer A. Dlouhy

WASHINGTON — Lawmakers are moving swiftly this week to pass broad legislation that aims to prevent a repeat of the Deepwater Horizon disaster by stiffening well design standards, barring BP from drilling offshore and getting rid of limits on what energy companies must pay after oil spills.

The House is set to vote on its broad drilling package Friday, and the Senate could launch debate on a separate spill-inspired energy bill by the end of the week.

Congressional Democrats cast the proposals as crucial to stitching up vulnerabilities revealed by the explosion of the Deepwater Horizon drilling rig and resulting spill in the Gulf of Mexico.

"This will ensure that oil and gas development on federal waters is done in a safe, fiscal and environmentally sound manner," said Rep. Nick Rahall, D-W.Va., head of the House Natural Resources Committee.

Industry officials said the 238-page House bill and a smaller measure by Senate Majority Leader Harry Reid, D-Nev., represent a broad overreach that threatens to shut independent energy producers out of the Gulf, curb domestic oil production and quash American jobs.

Jack Gerard, president of the American Petroleum Institute, complained that Congress was rushing to make sweeping changes - and dictate new drilling standards - without knowing exactly what went wrong at BP's Macondo well.

"We're going into surgery without a complete diagnosis," he said. "This is the ultimate malpractice."

Both the House and Senate bills would get rid of a 20-year-old limit on what BP and others can be forced to pay whenever they are responsible for an oil spill from an offshore drilling facility. Companies must pay the entire price tag for cleaning up after spills, but a 1989 law caps their liability for natural resource and economic damages - such as lost profits and tax revenue - at \$75 million.

Industry fears costs

Energy producers and their allies on Capitol Hill argue uncapped liability would force all but the richest companies out of the Gulf of Mexico. Dan Naatz, a vice president for the Independent Petroleum Association of America, said unlimited liability isn't realistic because independent oil and gas producers without other integrated operations couldn't get the required insurance.

"Even those that could self-insure operations would see costs skyrocket," said API's Gerard.

The issue is a major sticking point for Republicans and oil-patch Democrats, who already have signaled their votes are in doubt. Rep. Gene Green, D-Houston, said in an interview he would vote against the legislation unless the liability plan is changed.

"Lifting the liability cap would just take off any (chance) of our independents being able to produce," Green said.

The House Democrats' plan would bar companies from bidding on drilling leases if they have repeatedly violated worker safety laws at a rate at least five times worse than the oil industry's average.

The provision would at least temporarily block BP.

The House bill also would set new minimum standards for the design of wells, their cement barriers and blowout preventers.

Rep. Henry Waxman, D-Calif., said the proposal directly responds to problems that may have led to the BP disaster. "These are the minimum requirements we wish BP had taken," he said.

In the Senate, Reid is taking a more limited approach by combining modest drilling changes with separate plans to boost natural gas-powered vehicles and expand an energy efficiency program.

Similar to Pickens' plan

For example, his plan calls for rebates for buying alternative fuel vehicles and cash grants to companies that install natural gas refilling stations. Texas oilman Boone Pickens has pushed a similar plan based on tax incentives.

The Senate plan does not include a proposal to cap greenhouse gas emissions blamed for global warming or a mandate that utilities derive a percentage of their power from renewable sources.

The House narrowly passed its own so-called cap-and-trade plan last year.

Democratic leaders also scotched proposals to create a new bipartisan commission to investigate the Deepwater Horizon disaster, with members appointed by Congress.

Republicans have championed the idea as an alternative to a presidentially appointed commission they say is stacked with members who oppose offshore exploration.

Other provisions

Additional proposals in the House and Senate measures include:

A plan to hike a tax on oil companies that supply a federal rainy day fund for oil spills. Currently set at 8 cents a barrel, the Senate proposal still being written late Tuesday is expected to lift it at least sixfold.

A House plan to impose a "build America" mandate for offshore drilling facilities and require the drilling vessels be registered in the U.S. The Deepwater Horizon was registered in the Marshall Islands. Rep. James Oberstar, D-Minn., said the U.S. registration requirement would ensure offshore drilling vessels are thoroughly investigated by the U.S. Coast Guard.

NOTABLE ENERGY BILL COVERAGE

Editorial: Bipartisan Blame For Senate Botching Energy Bill – *Dallas Morning News* - 7/27/10

The much-needed and long-awaited climate change and energy bill died last week after an extended illness. The causes: a dearth of political will, assorted strategic errors and an incurable lack of leadership.

Senate Majority Leader Harry Reid made the grim announcement, pulling the plug on essential efforts to cap greenhouse gas emissions and speed the transition to renewable energy sources. He mourned the lack of votes but gathered himself quickly to point fingers, saying the absence of GOP support was "terribly disappointing."

The truth is that it took two parties to doom this bill.

Heaping blame on Republicans in this case is easy and reasonably justified. Not a single GOP senator would sign on to the idea of putting a price on carbon. Even Republicans who previously offered such support did an about-face and refocused their energy on derailing this legislation.

But Democrats managed to hammer a few of their own nails in the coffin of a comprehensive energy bill.

With Democrats controlling both chambers and a president promising to heal a planet in peril, locking down the support of majority-party senators should have been the easy part. But some Democrats wavered until the end, raising questions about possible defections.

Worse, Reid couldn't bring himself to put passing this legislation at the top of his to-do list. During the Democrats' 19 months at the helm, other issues routinely catapulted ahead the climate bill. When Reid suggested in April that immigration would suddenly leapfrog energy, he lost the

support of South Carolina Republican Lindsey Graham, a key to building the coalitions needed to gain a supermajority in the Senate.

Along the way, key officials waffled on important details, trying out cap-and-trade and dabbling in cap-and-dividend proposals. Eventually, the BP disaster in the gulf diverted attention, too.

Now Congress will wrestle with stripped-down energy legislation that bears little resemblance to its former self. In a separate spending bill, loan guarantees for additional nuclear power projects also are endangered, potentially leaving NRG's South Texas Project in limbo. A nuclear expansion is essential to weaning ourselves from fossil fuels and to limiting emissions; Congress can't afford to excise that from our energy portfolio.

While some nuclear projects are imperiled, carbon caps are dead and gone in this Congress. Left undone this year will be addressing the consequences of climate change and continued dependence on foreign oil.

Congress is playing a dangerous game, putting national security interests and the environment at risk. By failing to attach a price to pollution now, lawmakers force us all to pay a steeper price down the road.

Leaders did us a disservice by killing off this legislation. The comprehensive energy bill – as well as voters – deserved better.

Essential elements of an energy bill

The Senate has abandoned efforts to pass a comprehensive climate change and energy bill, settling instead for bare-bones legislation that fails address carbon caps. Here's what the energy bill should include:

- A meaningful cap on greenhouse gas emissions that divides the costs between consumers and polluters
- Aggressive mandates for renewable energy sources, such as wind and solar
- A clear path for a new generation of nuclear power plants
- Requirements for automakers to increase fuel efficiency and improve emissions controls
- A road map for utilities to better develop a smart grid that reduces energy consumption

BLOG/ONLINE COVERAGE

China's Energy Consumption A Zero-Sum Game – *Globe and Mail Blog* – 7/28/10

By Jeff Rubin

It wasn't sheer coincidence that last year marked two pivotal events in the world's vehicle industry. In 2009, China became the largest car market in the world, while in the same year there were four million fewer vehicles on the road in the United States. In a world where the supply of economically viable oil has peaked, or is, at best, growing marginally, driving has suddenly become a zero-sum game.

That means that if millions of new drivers are about to get on the road in China, then somehow millions of other drivers will have to get off somewhere else. Last year, that's exactly what happened in America for the first time since World War II. And unless T. Boone Pickens is miraculously able to convert the American vehicle stock to natural gas-powered engines, some 40 million other vehicles in the U.S. will similarly be taking the exit lane over the next decade. But more on that later.

That's not news to the auto companies. General Motors is busily expanding production capacity in China, thanks to bailouts from American and Canadian taxpayers. Nor is it news to Canadian tar patch producers, who are quickly recognizing that China, with one tenth the per-capita oil consumption of the U.S., will be the real market for the billions of barrels of oil they hope to extract. And belatedly, even the International Energy Agency (IEA), long fixated on shrinking oil demand in its own member OECD countries, has finally recognized what carbon emissions have been saying for the last three years: that China is the world's largest consumer of energy.

And that energy, for the most part, is carbon-based. China may lead the world in energy from renewable sources such as solar and wind, but it's good ol' fashioned King Coal that's powering that country's industrial revolution, just as it powered the Industrial Revolutions centuries ago in the west. China may still only consume half the oil America does, but it's long since passed the U.S. when it comes to coal consumption, which provides China with 80 per cent of its power.

Unless abated by cuts elsewhere, the planned expansion of coal-fired generating plants in China and India will almost double world coal consumption over the next two decades.

As with oil, the more coal China burns, the less coal North America can use.

If world carbon emissions are to be capped, or even if global emissions growth is to be slowed, there must be an offsetting decarbonization of economies elsewhere. And that means coal plants must be shut down in places like North America if new plants are built in China.

Not only is China the world's largest consumer of energy, but the more carbon-based fuel it burns to power its economic growth, the more our economies will have to make do with burning less.

BROADCAST COVERAGE

1. Street Signs

CNBC, National | DMA: 0

07/27/2010, 02:00 PM - 03:00 PM

[EC] 00:31:55 ... All right. So David Keen, I know you have taken the time to go through it, when you look at America's options, not even in alternatives, but just in oil, all the shale and Alaska, ultra-deep water in the Gulf, though obviously that's dicey right now. How much do we have here? Nobody knows, a year ago **Boone Pickens** and others were saying we've found all the oil that exists. Since then there's been a huge discovery off Brazil, and huge discovery in the Dakotas. We don't know how much there is, but I don't know that we can imagine inize the use of oil, but we can look at it from the standpoint of our national economic needs and security needs. It is true we get a lot of oil, a huge percentage of it internationally, but I think our largest supplier right now is not Saudi Arabia, it's Canada. Canada is not an enemy, that's not a problem. What we do have to do is get ourselves in a situation where we can't be held hostage by nations whose interests are inimical to our own. It requires us to produce our own energy resources, and in the short and medium term, that means oil and coal, and perhaps nuclear which we're not doing enough to develop, but in the longer term, it requires us to watch and to develop relations with those who are suppliers. Canada's a good supplier, perhaps some of the Middle Eastern nations are not. John, here's the thing, when you take a step back, as Barack Obama tried to do, and predecessors tried to do, you can see getting our own supply would solve everything. You would have a lot more jobs, you deal with the trade deficit issue. So if it's so obvious that it makes sense to do this, and you could do it the way David is saying, you don't have to get off everybody's foreign oil at once, but start with certain countries, why hasn't that been successful? ... because we're all in this together. Things that have changed over the years, though they debate that, has changed the game. So has the boom and bust in oil prices changed the game. Whenever we have made inroads and progress, oil prices collapsed, and really teague out the incentives and economics of it all. What might have changed here with China is we have a much higher floor in the price of crude oil to make all these alternatives cheaper. What the other things that China is doing is putting solar panels on such a production schedule that it may now very soon, this year even, become competitive on a par basis, with traditional sources of electrical production like coal, like natural gas. All right. So, David, what's the bottom line? Do you think it will happen? Barack Obama has made the promise, his comment was it's going to be the policy of my administration to reverse the dependence, while building a new energy economy. He's coming in with 66% of our oil. Will he succeed? Neither he nor the congress are doing much. The policies we seem to develop are based on reaction to events and hope. We tend to go with the solution of the day, whether it's wind power or solar or whatever. We don't want anything done in our backyard form we don't want them from somewhere else. I have great faith in the technological and competitive ability of the American people to solve these problems but the government has to stop making it difficult. In the Carter years they predicted \$100 a barrel oil, and spent billions developing the shale oil in Colorado. Ethanol results in food shortages and costs more than the

traditional supplies. We then to go on the in the solution of the day. Hasn't Barack Obama done something that his predecessors didn't do, he's giving consumers a subsidy, money back when they buy anything fuel efficient. So to your point, whatever is hot that day, it's any kind, so the market comes up with the cheapest solution? It's fine for the go government to do research, but the problem is when the government takes money and directs it into a certain area... 00:40:55

Keywords:Oil: foreign oil; President Richard Nixon; Center for American Progress; Michael Milken, america's energy futures conference; Brazil; Dakotas; coal; nuclear; Middle East; President Barack Obama; Democrats; Republicans; China; Solar panels; Congress; ethonal; shale coal; Saudi Arabia;

Visuals:end of oil dependency; top crude importers, Canada, Mexico, Saudi Arabia, Nigeria, Venezuela; **BoonePickens**;

Speakers:President Jimmy Carter; John Kilduff, Partner Again Capital; David Keene, American Conservative Union chairman;

Audience: 301,446 **Spot Cost:** \$2,431

2. Stars & Dogs

Business News Network, National Canada | DMA: 950

07/27/2010, 08:30 PM - 09:00 PM

[CC] 00:06:50 Colin: Westport Innovations is sort of a --I n't want to call it a concept stock. There's been a huge push obviously politically to have cars or aomobiles move to a place where they can actually run on **naturalgas** as opposed to traditional **oil**. So Westport basically makes parts for automobiles and for large trucks that would allow that conversion to take place. And because of, you know, **BoonePickens** and sort of that whole move to **naturalgas** conversion in the U.S. , There's been a lot of excitement around this company and this stock, and I think there's a high-profile U.S. i nvestors who own positions in this company for that very reason. But that's a very unproven concept. The earnings are not there yet. So it trades at a very high multiple. I would say we have tended to avoid this company simply because I think it is a little bit of a speculative kind of a concpt stock and the earnings really aren't there. They may very wel be down the road but this is quite a leap of faith you have to make to see the earnings get to a place that can really support the current stock price. Howard: **BoonePickens** appears to be the second-biggest shareholder, 7. 4% and the Soros Fund Management, 5.25%. I mean it's got a pretty strong chart and it's hit a 52-week high today of 21. 95, Up 75% year to date. Do you bite the tape on that one? Colin: no. We're not short the stock. I just think for us we prefer to see things where the cash flow and business model a little more proven....00:09:22

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

3. Market Call

Business News Network, National Canada | DMA: 950

07/27/2010, 12:30 PM - 01:30 PM

[CC] 00:36:56 Colin: Westport Innovations is sort of a --I n't want to call it a concept stock. There's been a huge push obviously politically to have cars or automobiles move to a place where they can actually run on **naturalgas** as opposed to traditional **oil**. So Westport basically makes parts for automobiles and for large trucks that would allow that conversion to take place. And because of, you know, **BoonePickens** and sort of that whole move to **naturalgas** conversion in the U.S. , There's been a lot of excitement around this company and this stock, and I think there's a high-profile U.S. investors who own positions in this company for that very reason. But that's a very unproven concept. The earnings are not there yet. So it trades at a very high multiple. I would say we have tended to avoid this company simply because I think it is a little bit of a speculative kind of a concept stock and the earnings really aren't there. They may very well be down the road but this is quite a leap of faith you have to make to see the earnings get to a place that can really support the current stock price. Howard: **BoonePickens** appears to be the second-biggest shareholder, 7.4% and the Soros Fund Management, 5.25%. I mean it's got a pretty strong chart and it's hit a 52-week high today of 21.95, Up 75% year to date. Do you bite the tape on that one? Colin: no. We're not short the stock. I just think for us we prefer to see things where the cash flow and business model a little more proven....00:38:09

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