PickensPlan

T. Boone Pickens Media Coverage 9.17.09

Total of 5 Placements

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

Coverage Summary:

Natural gas inventories were discussed on *Bloomberg TV* this morning, highlighting the fact that inventories are 17 percent above the five year average. Pickens was mentioned as a proponent of natural gas.

The Durango Telegraph article looks at whether or not natural gas can fill the void if coal is abandoned. Colorado State Geologist Vincent Matthews says "not likely." Matthews says he agrees with a lot of what Pickens wants to do, but his concern is that everybody wants natural gas to be their answer. Matthews goes on to say that he doesn't believe there is enough natural gas to be the answer for all needs.

Highlighted Placements (Full Articles Below)

- **A Carbon Stash** – *The Durango Telegraph* – 9/17/09

Print Placements (Full Articles Below)

- **Winds of Change Energizing Campus** – *The Ranger* – 9/17/09

Blog/Online Placements (Full Articles Below)

- **Decade of The Deal: Kindler on Shareholder Activism** – *The Deal's Dealscape* – 9/17/09
- **5 Words That Change Everything** – *The Motley Fool* – 9/16/09

HIGHLIGHTED COVERAGE

A Carbon Stash – *The Durango Telegraph* – 9/17/09

By Allen Best

Any sober reckonings of our energy future ultimately come down to a very smudgy realization: the United States may be stuck with coal for a long time.

In fact, Colorado gets 72 percent of its electricity by burning coal. In Utah, it's even higher, 86 percent, and in Wyoming 95 percent.

Wind energy? You bet. The industry has surged in wind-rich Colorado.

Still, wind and solar together provided only 6 percent of Colorado's electrical supply as of 2007, while hydroelectricity delivered another 5 percent.

Natural gas also has promise. Advocates – including media mogul Ted Turner, former U.S. senator Tim Wirth, and energy activist Randy Udall – all argue that we need to produce more electricity by burning natural gas, which produces only half the carbon dioxide of coal.

But can natural gas fill the void if we abandon coal?

Not likely, says Vincent Matthews, the Colorado state geologist. He says that's why technology to sequester carbon dioxide from coal-burning power plants must be developed.

To that end, the Colorado Geological survey has applied for a $5 million federal grant to test geological sequestration near Craig, adjacent to Colorado's largest array of power plants. Oil-shale developer Royal Dutch Shell, oil field services operator Schlumberger, and Tri-State Generation & Transmission collectively chipped in another $1 million.

The three power plants at Craig together generate 1,274 megawatts of electricity, of which Tri-State gets 624 megawatts.

Colorado proposes to drill a well 8,500 deep into a coal-bearing ridge adjacent to the power plants. Geologists want to know whether the carbon dioxide can be sealed within the underlying sandstone formation, so it won't escape into the atmosphere. Geologists also want to understand whether minerals within the sandstone might react to the carbon dioxide in a way that blocks integration of the gas into the microscopic pores.

The project would be consistent with the Colorado Climate Action Plan of 2007. That plan calls for sequestration of carbon through such techniques as revised farming practices, but also by injecting it underground, as may be tested near Craig.

The state several years ago compiled a 500-page report that identifies the most promising geological formations in Colorado. Already, Colorado has participated in three partnerships, including an experiment conducted just 20 miles south of Durango in New Mexico.

The federal government is also pushing research into testing carbon capture and sequestration. President Barack Obama had pledged support of coal, and the stimulus package included substantial allocations for sequestration studies.

Some aspects of carbon sequestration are well understood. For example, drillers have long used carbon dioxide to dislodge oil from geological formations. In fact, a major source of carbon dioxide exists in Southwest Colorado, near the community of Montezuma. Carbon dioxide from that underground deposit, plus another source near Walsenburg, has been piped to oil fields in West Texas.

“People say, ‘Can you do this safely?’” says Matthews, a long-time oil and gas geologist. “Nature has been doing this safely for 100 million years.”

But can carbon sequestration be done on a massive scale as needed to justify continued burning of coal? Anti-coal activists see carbon sequestration as a giant gamble. They paint pictures of carbon dioxide, an asphyxiant, boiling to the surface, as has sometimes happened naturally.

Nancy LaPlaca, a Denver-based activist, points to the injection of 165 million gallons of toxic waste deep underground at the Rocky Mountain Arsenal, just east of Denver, from 1962-67. She noted that the experiment was accompanied by 1,500 seismic events, three of them higher than 5 on the Richter scale. When pumping ended, so did the earthquakes.

“This is folly,” LaPlaca says of carbon sequestration. “It is very risky. The cost is enormous on the scale at which we would have to do this. It is absolutely staggering.”

LaPlaca and others believe the money would better be invested in efficiency and renewables.

Vacliv Smil, a professor of energy at the University of Manitoba, has argued that carbon sequestration of the magnitude needed will be difficult. Last year he told the New York Times that capturing and burying just 10 percent of the carbon dioxide emitted during a year from4 coal-fired plants would require moving volumes of compressed carbon dioxide greater than the total annual world flow of oil.

But Smil has also asserted that it’s unrealistic to think that the world can leave behind coal-fired generation any time soon.

Tri-State, which supplies power to La Plata County and other rural areas of Colorado, plans continued burning of coal, because it is abundant and cheap – even with a price on carbon emissions.

“We feel we will be using it in the future,” says Jim Van Someren, manager of communications at Tri-State. “We just need to find ways to use it more wisely.”

A part of this calculus, he acknowledges, is the expectation that “at some point we will be operating under a carbon-constrained scenario.”

The first federal constraint could come late this year. The Waxman-Markey bill passed by the U.S. House of Representatives caps carbon emissions. Some climate-change activists charge that the legislation grants utilities too many allowances to effectively drive innovation. Others see it as a tepid step in the right direction.

Opponents see Waxman-Markey as too costly and a step in the wrong direction. After all, if greenhouse warming theory is half-baked, then burning fossil fuels isn’t a problem.

Matthews sees a continued role for coal in our future – and he doesn’t see natural gas filling the void.

“We’re not going to be off coal for a long time,” he says “We can’t possibly get off coal for a long time.”

Texas energy magnet T. Boone Pickens has famously argued that natural gas will be the bridge fuel to an economy built upon renewable resources. Lately, as new techniques have inflated estimates of natural reserves in the United States, some in the environmental community have agreed that it will be the bridge fuel.

Matthews isn’t persuaded.

“I agree with a lot of what Pickens wants to do,” he says. “But my concern is that everybody wants natural gas to be their answer. Pickens wants it to displace imported oil. Proponents of renewable energy want it as a backup to fill the intermittency of wind and solar. Anti-nuclear people want it instead of nuclear. And anti-coal people want it to displace coal. Everybody wants to put all their eggs in the basket of natural gas."

But Matthews isn't persuaded that enough natural gas exists to be the answer for all needs. Unlike the earlier deposits of natural gas, the so-called shale plays stop producing very rapidly, requiring far more drilling. To get the same volume of gas in 2008 as was produced in 1995, he says, required more than three times as many wells, 31,000 and 9,000 respectively.

"You have to drill more and more just to stay even," says Matthews, for many years a leading geologist for Amoco.

It's not about reserves, he goes on to explain. It's all about production.

"It's just like oil shale. What difference does it make that the U.S. Geological Survey has increased the estimated reserves of oil shale from 1 trillion to 1.5 trillion barrels. We haven't gotten one drop from it yet."

Despite all the fanfare about the so-called shale plays, says Matthews, U.S. production of natural gas last year dropped to 2001 levels. Nor, he points out, has U.S. production of gas regained 1973 levels. The gap is filled by imports.

Jim Rogers, the chief executive of Duke Energy, one of the nation's largest utilities, made the same point during a talk last week in Boulder. He called natural gas the "crack cocaine of our industry." Rogers, whose company recently announced a major wind farm in eastern Colorado, said he believes all options need to stay on the table, including nuclear and coal. But sequestering coal remains a daunting challenge, he said.

Matthews readily admits to challenges but doesn't view earthquakes as a show-stopper. However, because of the experience at the Rocky Mountain Arsenal near Denver, the issue must be dealt with. "I tell people, when that issue comes up, don't blow it off."

But carbon sequestration will be expensive. "It will be expensive to capture, expensive to compress for injection, and it will be expensive to inject."

By some estimates 30 to 40 percent of the energy harnessed from a coal-fired power plant could be required to capture and store the carbon.

A study by Harvard researchers Mohammed Al-Juaied and Adam Whitmore released in July estimated that carbon capture and storage will add an average 10 cents per kilowatt hour to the price of electricity, or about double the going rate in Colorado.

Other states in the Rocky Mountains have also been planning for carbon sequestration. Wyoming, with its still large stores of coal in the Powder River Basin, has begun to assemble the regulatory and legal framework for governing risk. Two years ago legislators adopted laws governing administration of pore spaces, the spaces between rock in underground formations where the carbon would be injected. As well, universities in Wyoming and Utah have geared up with special divisions devoted to sequestration efforts.

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PRINT COVERAGE

Winds of Change Energizing Campus – *The Ranger* – 9/17/09

By Rachel Cunningham

When one thinks of the Texas Panhandle wind, often only thoughts of annoyance and overabundance come to mind.

What one doesn't always think about is the $7.5 billion in potential investments, the 30,000 operating wind turbines in the United States creating more than 2 million megawatts of energy and the source of 40 percent of the wind power potential in the nation.

The Texas Panhandle is capable of generating five times more energy from wind power alone than the total installed electrical production of the entire state, which is equivalent to 1.3 billion barrels of crude oil, according to the Amarillo Economic Development Corp.

With this explosion of potential profit and economic gain throughout the Panhandle, educational programs to train the next generation of renewable energy workers are in demand.

Amarillo College offers a basic certificate and advanced A.A.S. degree for those students who are interested in getting experience and working in the wind energy field in the operation, maintenance or manufacturing of wind turbines and related parts.

The Texas Workforce Commission indicated there is a need for between 500 and 750 wind technicians by the year 2012 in the Panhandle, making it a priority occupation for the region with entry-level salaries projected to be between $17 and $27 an hour.

AC's wind program is one of three in the state offered by community colleges, and it also offers the only renewable energy degree in Texas.

Within five years, the Panhandle will be home to almost 3,000 wind turbines, which holds huge potential for students gaining the knowledge needed to maintain the turbines from the classes offered.

Graduates will learn the core sub-disciplines of electronics, control systems, electro-mechanical equipment and the proper safety training and skills to operate and maintain a wind turbine.

T. Boone Pickens has plans to build a wind complex near Amarillo and another firm, Airtricity, also is looking to open a wind farm. About 8,000 jobs are expected to be created in the next few years in the field from north of Amarillo to south of Abilene.

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BLOG/ONLINE COVERAGE

Decade of The Deal: Kindler on Shareholder Activism – *The Deal's Dealscape* – 9/17/09
http://www.thedeal.com/dealscape/2009/09/decade_of_the_deal_kindler_on.php

Among the jolts the M&A market has absorbed since 1999 is a dramatic increase in shareholder activism. But it's not just notable investors such as Carl Icahn, Daniel Loeb, Warren Lichtenstein and T. Boone Pickens -- who've been at it for decades -- agitating for change. These days, it's more likely corporate management and boards will be answering to institutional investors.

Rob Kindler, head of global M&A for Morgan Stanley (NYSE:MS), says he spends 30% to 40% of his time helping clients manage shareholder demands. Sometimes the result of shareholder engagement is a transaction. That was the result with Cnet Network Inc., which, under pressure from investor Jana Partners LLC, was sold to CBS Corp. (NYSE:CBS) for $1.8 billion in May 2008.

In this installment of Decade of The Deal -- our series commemorating The Deal's 10th anniversary -- Kindler, who advised Cnet, says that acquisition has turned out well, proof that activist shareholders can force transactions that are good for the long-term health of buyer and seller. The downside, adds Kindler, is that shareholders can just as often initiate short-sighted transactions. See the video above or download it at iTunes. - Suzanne Stevens

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5 Words That Change Everything – *The Motley Fool* – 9/16/09

By Austin Edwards

Prepare yourself ... because few topics spark as fiery of a debate as the one we're going to discuss today.

What's your take?
In just a second, you can tell all of us exactly how you see things playing out. You can even rant about our government until you're blue (or red) in the face.

But first, a few points.

When President Obama signed the American Recovery and Reinvestment Act of 2009 into law, nearly $79 billion was set aside for renewable energy. Politics aside, that's an awful lot of money. And it may just be the beginning.

Don't forget, Obama pledged to "help create 5 million new jobs by strategically investing $150 billion over the next 10 years" and to "ensure 10% of our electricity comes from renewable sources by 2012, and 25% by 2025."

Fuzzy math?
According to Management Information Services, a Washington, D.C.-based economic research firm, between 1950 and 2003, U.S. federal government subsidies for renewable energy were approximately $111 billion -- meaning Obama is going to invest more in one decade than we previously had in more than half a century.

This looks like a major win for green energy -- and companies from FPL Group (NYSE: FPL) to Edison International (NYSE: EIX) and First Solar (Nasdaq: FSLR). But it pays to dig a little deeper.

When you do, you discover -- among other things -- that according to the Department of Energy, renewable sources accounted for 9% of electricity generation in 2008. That means Obama has three years to move the dial by just 1 percentage point.

Pot, kettle, black
Earlier this year, an article in The Huffington Post called out a similar discrepancy in Obama's rhetoric: "If this is how the impressive sounding goal of 'doubling alternative energy' is calculated, what Obama is essentially pledging is to simply maintain business-as-usual growth."

Combine this with the fact that oil prices have been cut in half, and that even wind super-evangelist T. Boone Pickens' now says the U.S. doesn't have the infrastructure needed to get clean energy to market, and you begin to realize why some people aren't jumping on the alternative-energy bandwagon.

5 words that will knock you off the fence
I admit, I love the idea of a stiff breeze charging my iPhone and a sunny afternoon lighting up Manhattan at night. But when it comes to green investing, I've been a bit of a skeptic lately. That is, until I opened The Wall Street Journal last month and saw this line:

"The money is coming back."

That's according to Ethan Zindler, head of North American research at New Energy Finance Ltd. And frankly, it's a bit of an understatement.

After all, Morgan Stanley (NYSE: MS) and Citigroup (NYSE: C) each took advantage of new federal incentives to invest more than $100 million in wind farms in August alone. Meanwhile, Spanish Iberdrola SA is throwing around cash-grant numbers in the $500 million range and is planning on investing another $2 billion.

And now even GE (NYSE: GE) is getting back into the game. It tells The Wall Street Journal, "We see opportunities and are pursuing them actively."

So are we -- and so can you
There are plenty of ways to play the clean-energy craze -- such as buying shares of Vestas or LDK Solar (NYSE: LDK). But our Motley Fool Hidden Gems team is busy uncovering less obvious -- and potentially much more profitable -- opportunities.

Primarily, they're looking for small, ignored, or overlooked companies with explosive growth potential. One that fits the bill is Jinpan International -- a Chinese company that makes cast-resin transformers. These require only a fraction of the upkeep of their oil-based predecessors. And because many wind farms are being built in desolate, hostile environments -- including some hundreds of miles offshore -- they're in very high demand.

In fact, over the past two years, Jinpan's wind products have gone from accounting for less than 1% of revenue to more than 13% -- and over the past five years, the top line has had an impressive 30% compound annual growth rate. Here are a few more favorable metrics.

Company	**Insider Ownership**	**Sales Growth***	**EPS Growth***	**Net Margin***	**ROE***
Jinpan International	33%	13%	22%	15%	24%

Not a one-trick pony
Wind isn't the only thing propelling Jinpan's growth, either. As part of its most recent "five-year plan," China is investing $65 billion in its medium-voltage electricity network, and China's Ministry of Machinery has very strict regulations that require all transformers in public buildings to be made of, you guessed it ... cast resin. So you can see why the folks on our Hidden Gems team are so excited.

But Jinpan isn't the only amazing clean-energy play they've uncovered. Another compelling opportunity, Otter Tail, has a major foothold in the "Saudi Arabia of wind" and pays a healthy 5% dividend.

Take the next step

Now I want you to use the comments section below to tell us if -- and how -- you are playing the clean-energy craze.

And because electricity -- clean or not -- doesn't pay for itself, I'm going to invite you to join Hidden Gems absolutely free for 30 days. Stay with us if you like it; pay nothing if you don't.

Either way, you'll get full access to all of our top small-cap stock picks and research, plus you can follow along as Motley Fool senior analysts Seth Jayson and Andy Cross use $250,000 of our own money to build a best-of-the-best small-cap portfolio.

There is no obligation to subscribe. Simply click here to learn more.

Austin Edwards doesn't own shares of any of the companies mentioned. Jinpan International and Otter Tail are Motley Fool Hidden Gems recommendation. First Solar is a Motley Fool Rule Breakers selection. The Fool is investors writing for investors and has a disclosure policy.

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BROADCAST COVERAGE

Bloomberg TV – 9/17/09

>> we are one half or 31 half hour away from the market opened. the jobs and home building numbers were a mixed picture. the equity features are lower. meanwhile shares of american airlines' parent company of. [captioning made possible by bloomberg television] captioned by the national captioning institute --www.ncicap.org-- good morning from bloomberg world headquarters. i am betty liu on thursday, september 17. the countdown to the opening bell starts now.
in this hour, we have a managing director at tg partners who who will talk about the banking industry one year after the lehman brothers collapse. he shorted lehman brothers for some time and made a lot of money. the $8,000 home buyer tax credit is set to expire at the end of november. we will talk to the georgia senator who is for extending this tax credit.
equity futures, we want to take you back to them for the dow futures are off nine points. they are declining the most among all the indexes. treasuries are a mixed picture. the 10-year note has turned above the red line. the two-year note is the sitting flat. the dollar is stronger against the yen right now. it is stronger against the euro, as well. oil prices have been weaker this morning and are continuing to decline, off by 38 cents, trading at $72.13. on the gold price, it is down by $3.50, trading at $1,000.16. -- $1,016.
>> we are seeing a decline in u.s. stock futures. companies that are missing on the revenue number are some of the biggest companies in the world. fedex came out today and although they affirmed their profit goals, it came in slightly below expectations oracle is the same story.
they're struggling with their data base business. we could see weakness in technologies. oracle is one of the largest in the nasdaq and fedex is a big company in the dow transports sticking with some of the transports, the defense maker rockwell collins gave a profit of state and took their profit numbers down for 2010. boeing is their biggest customer. they have been struggling with their dreamliner.
we are seeing a lot of pressure on that front rockwell collins is taking down its profit estimate because of problems in part of what is happening with boeing. we have 10:00 a.m. data with the filly manufacturing index. it is another forward-looking index -- indicator. traders say we could see volatility. let's get another check on the futures. we are indicated to open lower today. we will see how much lower. it is important if we stay at current levels which is a yearly high for the s&p 500.
>> i am joined this hour by 12 bloomberg colleagues. adam, you are watching ge?
>> ge has an analyst meeting in upstate new york. ge has to convince people that they can grow organically and have the r &d to grow the business without acquisitions. the earnings have been falling. they will -- >> they will keep putting money into r &d?
>> yes, high-tech locomotives, solar panels, this is the stuff that can help them grow. they're talking about marge and slipping down and have to get up to the mid-teens pariss.
>> charles ortel has been known for shorting the stock. the questions will be all about ge financial.
>> ironically, nbc universal has the highest margins of the operating groups, 18% which is down from 25%. today is a big day and could be a catalyst >> . the stock was up yesterday.
>> let's move on.
>> 3 thanks, fbr is talking about computer bills. computer builds are running 22% quarter to quarter. that is up 22%.
one month ago, they were only saying 18%. the catch is that they are running so far ahead of schedule, they may run out of flat panels. that is bad for wafer, they make glass panels. glw is on the flat panels. natural gas is another story.
>> mit's new too much? -- and my teasing you too much?
>> natural gas inventories are running incredibly high. they are about 17% above the five-year average. we're on track to go into the heating season with about 3.95 trillion cubic feet of gas. it is more than we have had. natural gas, in spite of the fact that inventories are building, is up 55% in 10 days. that is a huge short covering. t. boone pickens says he wants the u.s. to become more reliant on natural gas.
>> 55% over what?
>> natural gas was down a 250. it got down to $2.50. if you take the price of natural gas down far enough, the producers will shut it off.
>> we had somebody earlier this week who recommended natural gas as the cheapest thing around.
>> we will get into the etf story later. take a look at mgm shares. remembered they seemed like they were close to death? debt refinancing has been an issue with the company.

they announced the plan to sell $350 million in notes.
another name we want to talk about in the banking sector is synovus. they are based in georgia. they have a lot of exposure to the southeast. they have this offering because capital is something we have all been talking about that they need. the priced the deal for the new offering at $4 per share. do the math on that housing starts are in focus this morning. we were talking about usg who is a big player in dry wall. about 50% of their business is dry wall. there is selling pressure after the housing starts numbers came out >> we will get back to you on those stocks. i want to get to scarlet fu. she is looking at amr because it is raising billions of dollars to boost their liquidity.
>> compared to its peers, amr is the second worst performer in the airline's index, down 31%. they have lost money for seven straight quarters. they had the second-highest level of cash in that airline index. they will add one -- $1.28 billion to its coffers. take a look at what that does to amr cash levels. they have been on a downtrend over the past year but it raises it by 46%. delta has the most cash in the amex airline index. it has been rising and could rise more because it may add to that by selling $500 million of notes in a private offering to repay debt held by northwest which it purchased. continental has seen its cash levels fall about 90% over the past year. there were on par previously with amr. you could look for continental to raise cash to keep pace with amr if the industry conditions get worse. as for why amerr needs to raise money is because they have the most desperate that bet has almost $2 billion in short-term borrowing. delta and united airlines have about $1 billion where as continental has about half a billion dollars. amr it sold its conference call right now.
>> this guy looks pretty smart the land thom short of lehman stock and made money but he is still worried about the banks. -- glen tung. keep it here on bloomberg news.