

The Spirit of U'Hills

17 July 2009



PROGRAMS AND ACTIVITIES

- July 24 ...Childrens Hospital..... Guided tour and lunch
- July 31 ...Hyatt Classic Residence Visit
- Aug 7.....Mayal Tshiabulla Kinshasa, Congo
Subject: RI Foundation Grant
- Aug 14....Jim SheelerSubject: Final Salute—
A Story of Unfinished Lives
- Aug 21....Larry ZimmerSubject: Football in 2010
- Aug 28....Rabbi Levi Blackman.. Subject: The Wis-
dom Behind Jewish Business Success

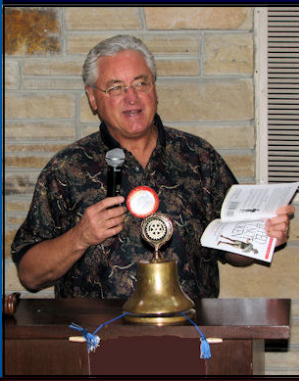
GREETERS



John Kivimaki and Tom Murphy

Tom Murphy met John Kivimaki as he came through the door, looking for the Rotary Meeting. John is a member of the Erie Rotary Club and we'll be meeting him again, later on in the meeting.

INSPIRATIONAL MESSAGE AND PLEDGE



Ernie Carwile

President David called on a new member, Ernie Carwile for our Inspirational Message today. Ernie began with: "Many people are not aware that when we pray, we shift from the left side of our brain to the right side of your brain. The left side is the logical, the right side has the creative and spiritual functions. Otherwise, if we pray with the left side, it would be like something like spitting into the wind. We have to shift to the right side of our brain. That's why some prayers tickle our fancies and help us with understanding like

this one. You may have heard it before, but it doesn't matter, you'll still like it. [Okay. All ready? Shift to the right side]

*I asked God for strength, that I might achieve.
I was made weak, that I might learn humbly to obey.
I asked for health, that I might do greater things.
I was given infirmity, that I might do better things.
I asked for riches, that I might be happy.
I was given poverty, that I might be wise.
I asked for power, that I might have the praise of men.
I was given weakness, that I might feel the need of God.
I asked for all things, that I might enjoy life.
I was given life, that I might enjoy all things.
I got nothing that I asked for — but everything
I had hoped for.*

*Almost despite myself, my unspoken prayers
were answered.*

I am among all men, most richly blessed.

— Anonymous

GUESTS AND VISITING ROTARIANS

John Lawton introduced our guests and visiting Rotarians this week. Our first visitor was a guest of Lowell Palmquist. Lowell had these words of introduction: "David Strohfus is the new principal of the West Middle School. We look forward to working with him on the Four Way Test and with Tom Murphy and his Outstanding Student program."

Then, Alan Coldwell had a guest or two. The first one was Brad Butler. Alan met Brad at a business meeting. Brad admitted to Alan that he had heard of Rotary and that he would like to hear more about it. Brad is a now learning more and he had a short bio for us. "I've lived in Denver my entire life and am a fourth generation resident. It's a great place to live and raise a family. I'm with the Denver Business Journal and have brought some copies you can pick up from the badge table on the way out."

Alan's second guest was Graham Reinhardt. Graham is a chiropractor, was originally from Chicago. "I've been here for six months and like the weather quite a bit, compared to Chicago."

Tom Benson had a guest...Gary Nelson. Nice round of applause.

Staci Giovino also had a guest: Patti Mulholland. "She is my dearest friend and is also my dance teacher."

John Lawton introduced two guests of his from Salt Lake City. Mark Peterson is CEO of a large microcredit organization in Salt Lake City and will speak to us later in the meeting. His assistant is Anne Stewart. She's the development officer for the enterprise. They will be here after the meeting and can



speak at length about our microcredit project in El Salvador.

And, who do we have here but our old friends **Bruce Nowell** and **Loy Dickinson**. Welcome to another meeting, Loy and Bruce.

Next Rotarian was **Dick Hayes**, President of the Denver Cherry Creek Rotary Club.

John Kivimaki is from the Erie Rotary Club and is a visitor with us today.

We also had **Mike Hayes** as a visiting Rotarian. He said that much like **Don Goe**, he's a past District Governor. This means, in his words, that he's partially dead and gone. Well, it still beats one of the alternatives.



Bruce Nowell and Loy Dickinson

SERGEANT AT ARMS

Jeff Duer wasted no time, got right to the subject with no delay: "What do elves do after school?" Answer: their gnome work. (Groans from the assembly)

"Why should everyone keep their change?" Answer: it just makes sense. (More groans, slightly louder.)

"Why did the robber take a bath?" Answer: he wanted to make a clean getaway. (Sounds of revolt)

"OK. I have one more, bear with me. I have one of those word problems you used to hate in math class. One man is driving from St. Louis toward Kansas City at 200 mph. Another man is driving from Kansas City toward St. Louis at 150 mph. Where do they meet?" Answer from the crowd, "Jail." Jeff: "That's right. They meet in jail after their release from the hospital. Anyone have anything to share?"

Rich Sattizahn had a report from the baseball and RYLA front lines. "My 13 year old son Paul's baseball team, the Cherry Creek Outlaws, won the state AA Boy's Baseball championship in a six game, two day series. He batted .667 and came in second. He also had zero strikeouts for 15 at bats. First place player batted .733. He left home at 6:30 am, got home at 9:00 pm. Son James was at the Estes Park RYLA. He wasn't very enthusiastic about it originally, but I told him he had to go. So he went and thought it was great. He said they had a lot of speakers, blah, blah, blah. I asked him who was the best one. He said the best one was Rev. Leon Kelly. The reason, and this is what really got his attention, was that Rev. Kelly said that one person *can* make a difference."

Ruth Wilson: "I'm really excited about welcoming you to the place I live, the Hyatt, two weeks from today. I hope you can make it and a warm welcome to all of you."



Jeff Duer

Gus Achey: "We have two birthdays in my family in July...my wife's and my daughter's. My daughter is 29."

Phil Beaver: "I got some of the best financial news I've ever received this week. The university my daughter is going to next year, McGill in Montreal, evaluated her credits and will be accepting her as a sophomore rather than a freshman. It saved 40 grand in *just one letter*. (Wild cheers, laughter, and applause from all)

Fred Jorgensen: "I'd like to report that climbing a mountain from sea level (Mt. Rainier) is a lot harder than it is to climb mountains from their bases in Colorado."

Steve Whisenhunt: "I have here five crisp one dollar bills that I would like to give to the Congressional Budget Office. (Much applause in agreement with the donation.)

ANNOUNCEMENTS

Pat Pool: "Some of you were at our Appreciation Day dinner a couple of weeks ago. If you were there, you found out that I received the Rotarian of the Year award. My wife came up and put things in perspective. She said that in putting out the newsletter, I had worn out the seat of my favorite pajamas sitting at the computer. That is true, although I didn't relate the rip to the newsletter at the time. The good news is that I was 86 years old day before yesterday and she bought me a new pair of pajamas."

Jerry Regan had an announcement about a missing box with club supplies in it. It was last seen at the Embassy Suites, "Remember they wouldn't store our supply boxes. If anyone knows the whereabouts of the second box, we would really like to find it. It had badges, visiting Rotarian badges, U'Hills banners, etc. If it's in your garage or basement, please let us know. If it's returned, there will be no charges filed; we'll keep it quiet (grin)."

Don Goe reminded us of the visit to the Hyatt Residence on 31 July. "If you plan to go and haven't made a reservation, I'll leave the sign up sheet on the badge table just outside the dining room."

Fred Cron: "**John Kivimaki**, as you'll remember from years past, was a member of our club and he's joining us today to receive three Paul Harris awards. These three were given on behalf of his nephews. The award consists of a certificate, pen, and ribbon with medallion. All three packages are on the table right over there. Rotary thanks you, John, for your interest in the Rotary Foundation."

MICROCREDIT MATTERS

John Lawton introduced his guests today, **Mark Peterson** and **Anne Stewart**. "I'm sure all of you know we're starting a microcredit program in El Salvador. It's in its early stages. To do a program like this, you need an international club. That is us. You need a host club and that is the Noreste Club in San Salvador. And, then you need a micro finance organization which really administers the program. They're extremely important. Today we have with us **Mark Peterson** who is the CEO of a microfinance organization out of Salt



Lake City. It's now called the Enterprise Mentors and we have his development officer with us also, **Anne Stewart**. Since time is limited to 10 minutes, we're only going to have Mark speak now, but they'll both be here after the meeting. They can fill us in with a lot more detail.

Mark Peterson took over the mike as though he'd done so several times before, then started with: "On behalf of all the thousands and thousands and thousands of people that you and fellow Rotarians have helped around the world within the organization that we're a part of, I want to extend their and our thanks to you.

"I wanted to let you know that over the past several years, through John, four matching grants have been previously funded in the Manila area of the Philippines. Right now that partner organization we set up about 15 or 16 years ago has nearly 21,000 clients with active loans. In that area alone, we've probably helped about 500,000 people out of poverty over that period of time.

"Also, we have operations over in El Salvador, Guatemala, Honduras, and Peru. We are thrilled with this opportunity to lift small entrepreneurs out of the ugly grasp of poverty.

"For those who may not understand exactly what microcredit is and what it does—people who live in the third world and developing countries do not have access to any financial services other than loan sharks. They can't get into their banks because how much does it take to open a savings account? Anyone remember? When I was 12, it was \$25.00. To some of these people, \$25.00 might as well be a \$1,000. Plus, in these developing countries, they have guards at every single financial institutional door and they simply cannot get in to obtain any kind of financial services. There is no economy that they can fit into, there are no jobs, so they are constantly trapped in this ugly stage of poverty.

"What microcredit does is that it opens to them, at a reasonable interest rate, the opportunity to obtain a small micro loan. In the Philippines, they start at about \$50 to \$60 for a four to six month loan. In Central and South America, they average \$100 to \$200 for a four to six month loan.

"In addition to that, we do mentoring and training to teach them how to do accounting, budgeting, inventory control, how to spend the money on the right things, and a little bit about health. Everywhere we've gone—I just returned from El Salvador and Guatemala last Saturday evening—every single plant we visited had increased their monthly income from three to four times their original income. One place I visited, she was making \$125 before and now she's making \$1,250 a month. I want to take time to tell you two quick stories. One from the Philippines and one from El Salvador where your most recent matching grant will help.

"I met a lady in the Philippines a couple of years ago who has been one of my heroines since I met her. Five or six years before I met her, her husband had passed away and left her with four young children. They were in the most desperate grasp of poverty. She contacted one of the ladies in our center group



Mark Peterson

there and was invited to a meeting where she learned about our program. She took out a loan for 3,000 pesos, about \$60.00 (the exchange rate is about \$0.02 per peso) and she started a small Sarisari store. It's a small community food stand with just a few items on it. She was able to repay that loan in four months and four months later, she received a 6,000 peso loan.

"She increased the size of her stand and paid off the 6,000 peso loan in four months. Four months after that, she received a loan for 9,000 pesos. She increased the size of her stand and paid off that one four months. Her store is now about 20 feet by 20 feet, with the most neatly lined canned goods from floor to ceiling, wall to wall that you've ever seen. She stands about this high, (indicating a height of almost five feet). I asked her this question, 'How do you feel about receiving this loan?' She looked at me as though I was a complete idiot and said, 'How do I feel? How do you think I feel?' Before I started with this program, I had absolutely nothing. Now, I know how to do accounting. I know how to do inventory control. I know marketing and sales. I know how to budget my finances correctly. In short, I know how to run a successful business. Now I want to buy a truck so I can do home deliveries to people who can't get outside their huts. On top of all that, I've been able for my two oldest children to graduate from college. *How do you think I feel?*' It's a wonderful story and is so like so many other stories we have.

"Then in El Salvador, there is a wonderful family that lives out deep, deep, deep in the jungle. When we took our bus out there, we were worried about making it out there and back. We visited this family who were piñata makers. Their name was Geodanis (sp?). They were making five or six, maybe ten piñatas per day on a good day. They were in the utter grasp of poverty. When they became involved in our program, we showed them how by paying taxes in their country, they could distribute their products outside their country, to Central America and even the United States, and we showed them how to do it.

"They are now making 6,000 piñatas per month, about 200 per day, and they are distributing to Mexico City and New York City and they have dramatically increased their monthly income. They can now support their family and about four other families who work in the factory.

"I wish I could adequately express to you the gratitude that they express to us every time we go to visit them. If you would like any other information materials about our organization or would like sign up for our email list, we'll send you stories from our clients about what is happening."

PORTER BENNETT NATURAL GAS

Bill Rector introduced our speaker, **Porter Bennett**. "Our speaker today will speak on the subject of the U.S. gas market outlook. I don't believe I have to remind anyone that natural gas is important both generally, in the U. S., and particularly in Colorado, not only as a source but as a business that provides many jobs and revenue for the state. Our origi-



nal speaker, **John Harpole**, unfortunately, experienced the death of a close friend and had to attend his funeral today. He was nice enough to arrange for a substitute speaker and he assured me that the speaker would do a better job than he would do. And, in talking to our speaker, Porter Bennett, I think it is true. Mr. Bennett is the President and CEO of a company of in Evergreen called BENTEK (which he founded in 1985.) that provides analysis and fundamentals of the natural gas market for clients in the business. Please welcome **Porter Bennett**.



Porter Bennett

Porter began his presentation with the observation that, "I don't know that I'm a better speaker than John, but I'm a whole lot better looking (appreciative laughter). John asked me to (1) talk a little bit about the gas industry, (2) what you should think about as you read articles in the paper or magazines or see on TV about national and state energy policy and (3) some of the environmental programs that are being promoted and developed around the country. So, with that as instructions, that's what

I've put together here.

Porter's first slide contained four "Key Points". He said that if we don't remember anything else, he would consider his presentation a success if we would remember these points:

- Natural gas is radically reshaping the US energy market place. Innovative exploration technologies are unlocking unconventional natural gas resources.
- Burgeoning supplies mean that natural gas should no longer be viewed as unavailable, unreliable, or too expensive.
- If properly managed, falling prices should benefit the consumer — industrial, commercial, and residential.
- The production growth creates an historic opportunity to use gas to quickly and significantly reduce our green house emissions and reduce our dependence on foreign oil.

And, this is his narrative that went with his Key Points:

"Essentially, I have four key points. The first one is the most important. Natural gas is a very abundant resource. It has radically changed the way the US energy market operates. If I'd spoken to this subject a few years ago, I could not have said that. Natural gas was not in the position it is now as a source for our energy needs...transportation, heating, or electricity. Why has it happened? It's because of innovative technologies. We all hear about how technology has changed every aspect of our business. We were talking during lunch about how health care technologies have changed the way medicine is practiced. Technology has also changed the natural gas business. And, I'll talk a little bit about why and how that's happened.

"Because of the supplies we have now, gas should no longer be considered (1) unavailable, (2) expensive, or (3) unreliable. If you talk to power generators, a lot of industrial customers, those are the three words used in the past to describe

the gas industry for most of my professional career. And, for legitimate reasons. The situation today is fundamentally different and I hope to give you a flavor of that as we go through the presentation.

"If it's properly managed, prices will be relatively low for all types of consumers. Prices today are a little over \$3.00 (per million cubic feet [Mcf]) today. They're probably headed south of \$3.00 by the end of the year. It's a vastly different place than it was just a year ago when it was \$14.00/Mcf. So, things have changed and now, in my opinion, natural gas is the good news for consumers on the energy front.

"Finally, the production growth creates the opportunity to radically reshape the way we consume energy in this country as well as the way we treat carbon and other kinds of emissions issues. Natural gas is vastly less carbon emitting. Compared to coal, it's about 40% of the carbon output and 20% lower than oil. If we use more natural gas, we can go a long way toward reducing our carbon footprint as well as reducing our dependence on foreign oil. Think about that as we go through the rest of the presentation. We'll return to this toward the end.

"Where does natural gas fit in the energy mix? Natural gas is about 25% of the total BTUs used in the U.S. Of that total natural gas use, 25% is used in power generation, about 50% is consumed in residential, industrial, and commercial applications; and only about 2% is used by the transportation industry. When you read things in the print media, they talk about the potential for natural gas vehicles. One of the things that is different is that it seems like a new idea for vehicles. Actually, however, it emerged in the early '90s. But, what happened then was that oil prices went south right after gas vehicles started to develop so gas didn't compete so well with oil and fell out of the mix. The reality is that they're available right now. Over the next five to ten years, you'll see that number change pretty radically.

"One of things you should remember is that when you think about energy policy and read and hear statements by a lot of different folks about energy, it's important to recognize that energy is not energy. You can't reduce the U. S. dependence on foreign oil by attacking generation of electricity. At least, not any time soon. When you talk about reducing our consumption of foreign oil, you have to focus on automobiles. That's where most of the oil is consumed in the U. S. It's in cars and trucks, gasoline and diesel.

"So, when people talk about the goals in the current Waxman-Markey discussion that's going on in Congress—one of their goals is to reduce our dependence on foreign oil—you have to focus on what they're saying about vehicle consumption of energy. When they talk about carbon they're talking about power generation. Coal is the big culprit. So, it's about how you attack the coal market if you're trying to make a big impact on carbon emissions.

"Natural gas is also very important to the Colorado economy. Colorado produces about 1.4 Tcf (Trillion cubic feet) per annum. That won't mean much to you, but it's about 15 to 20 million homes worth of gas...that order of magnitude. Colorado is the sixth largest gas producing state in the country. It employs about 71,000 people. I've had people tell me it's the largest single employment sector in the state but I



don't really know that; I haven't seen any numbers to back up that statement. But, it's definitely one of the most significant.

"The average annual income in the gas industry is about \$61,000 compared to \$43,000 for all other earners. So, gas is a large employer and they are high paying salaries.

"Finally, gas contributes significantly to the public finances in the state in the form of property taxes, \$315 million; \$150 million in federal royalties; \$134.1 million goes to the state treasury in the form of severance taxes; and almost \$30 million in state royalties. The total for all taxes and royalties is \$618 million, state and federal.

"There is one thing you notice in the natural gas market and that's its rate of growth. Last year, our total production grew by about 4 Bcf per day. How much is that in layman terms? In Denver, on the coldest day in winter, we might consume one Bcf per day.

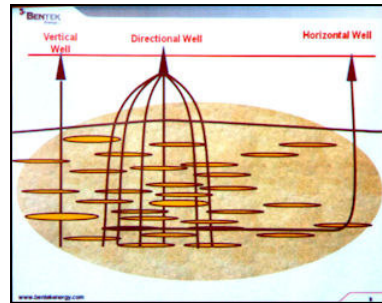
But, it wasn't just the growth that was impressive, it was where the growth was located. We're generally familiar with the Rockies Basin and that it grew rapidly last year, about one Bcf per day last year. But, other basins grew more rapidly...the Southeast Fly Area for example. That has four basins: the Fort Worth, the Arkla, the Arkoma, and the East Texas. That grew by about three Bcf per day. And, when you hear things about the Haynesville shale, it's in Louisiana and Eastern Texas, and how they've increased production, that's where it is, about two miles deep. Another new area is Appalachia. It's been there forever, they've been producing in Kentucky, New York, Pennsylvania, Virginia, West Virginia for years but it started to grow, big time, about two years ago and last year it grew by about 200 Mcf per day. These three areas, because of where they are, are new as major producers.

"Historically, most of the production has been down in the Gulf of Mexico or in the basins right along the Gulf coast. They have been the major gas producing areas in the country. So, one of the things going on here is that not only is gas growing, but it's growing in areas that didn't exist to any large extent until fairly recently.

"Where we are with regard to our total production? We are almost back to our historic levels of 65 Bcf in 1973. The industry has grown to a point where we're producing more than any time in our history. Had we not had the economic downturn last fall, the hurricanes last fall, we probably this year would have exceeded our historic highs. That's how much growth there has been in the industry in the last few years.

"OK, why? One reason is the amount of money invested in the industry. About \$1 trillion has been invested by producers in the development of gas resources since 2003. And, that's just in the budget they use for exploration. There are several hundred billion more associated with the development of gathering systems, interstate pipelines, intrastate pipelines, storage assets and a number of other hard assets. When people talk about windfall profits, they talk about the implications that the industry is not reinvesting, they're not doing anything with those profits. In the budget just proposed by the Administration, there was a proposal to eliminate some of the tax treatments that they call 'Special'. Well, what those are, are the same kind of treatment that most manufacturers would get for your research expenses in developing your product. If you take 30%, which is what would be taken out in the budget, obviously

you're not going to produce as much gas as you had before and some of the supply vs. demand events will not happen.



"Now, improved technology. Historically, you drilled the well and you went vertically into the earth." On the slide, thin ellipses, arranged horizontally, illustrate pockets of natural gas. Superimposed on the gas pockets were the three types of drilling: Vertical,

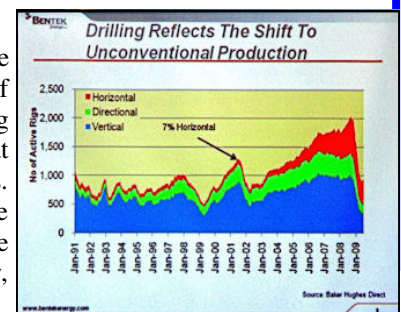
Directional, and Horizontal. "Natural gas tends to lie in the earth in big pockets. So when you drill vertically, you go through those pockets where the gas is under pressure. There's a hole in the drill stem so the gas goes through the hole into the drill and up the drill pipe. That's the way it used to be done.

"Starting in the '90s, more efficient ways of drilling were developed. One of the methods is directional wells. These are wells that have one pad and the same pad is used to drill multiple wells in different directions. In vertical drilling, every well required a different well pad for drilling and really tore up the landscape. Now, with directional drilling, they can drill up to 20 wells from one site. Obviously, it's a much less environmentally destructive way of drilling a gas well.

"But recently, it also started in the '90s, was horizontal drilling. Much of the growth that has occurred in the last couple of years has been primarily in those four shale areas I mentioned. In horizontal drilling, you drill down until you get to the level your studies have indicated is the location of gas pockets. Then, you drill horizontally until you reach the gas pocket you're interested in. This way, the well has much greater exposure to each of the pockets of gas. With this kind of drilling, you have the opportunity to recover a lot more gas than you could if you just went straight down. This is the technology that has changed, dramatically, just in the last two or three years, access to natural gas in various types of rock.

"Example: The Bakken oil development in North Dakota has been producing oil for years, for as long as I've been in the business which is quite a few. Steady production, but not spectacular production. But, recently, the last couple of years, it's become one of the most productive fields in North America because they are now applying some of these fracking [hydraulic fracturing] technologies to their shales. So a lot of the growth, a lot of the difference between what's happening today and what happened in the early 2000's and the '90's is really a function of technology.

"On the next slide, the red shows the growth of rigs with horizontal drilling capabilities. It shows that 7% of the rigs in 2000 vs. 31% last summer, when we had the peak drilling, were horizontal rigs. And now,





we're up to 42%. So, we're drilling less but producing more. The reason is that the exploration activity they're pursuing is resulting in much more productive wells because of this new technology.

"Another factor is what I mentioned earlier...the geography is changing. In 1980, most of the gas was produced from the Gulf, the Permian in west Texas, and the Anadarko in western Oklahoma. Those were the primary production areas in 1980. Most of the pipeline structure was to get gas out of those three areas and get it to the northeast and Midwest where most of the consumption was.

"By 1990, things had started to change. The Rockies began to develop. As those of you who have been around for awhile remember, the Overthrust development in northwest Colorado and western Wyoming, in the early '90s, was big news. That gas is owned by Colorado Interstate and Trailblazer. They have pipelines to serve the Midwest. But, still, most of the gas came from the Gulf areas.

"By the year 2000, the geography of production expanded to include northwestern New Mexico—the San Juan Basin—a driver of employment in Denver to some degree. There was also gas being produced in the Powder River Basin in Wyoming.

"By the end of last year, things looked a lot different. We began to see the three legs of what I call the 'supply stool' that comprise the U. S. market. One is the Rockies in western Colorado and Utah; then there is the Green River in southern Wyoming; and in the middle of Texas there is the Barnett Shale. That was the one that was declining eight years ago but which now illustrates the impact of this new technology. The Barnett Shale basin was the place where they developed the processes that then spilled over into east Texas and Louisiana and one up in Appalachia.

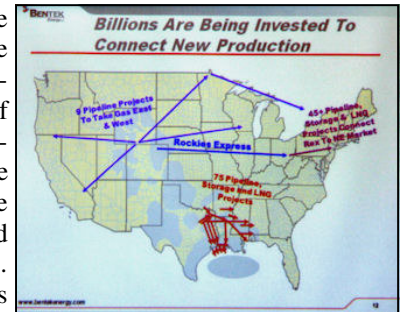
"Now, when we think about gas prices, we think about prices on our gas bill. But, the actual market is a little bit different. And, in the business you have a NYMEX (New York Mercantile Exchange) price that is the price generated on the NYMEX exchange. It has a cash settlement position so that when people buy gas at the wholesale level, primarily, they're buying gas at the Henry Hub** plus or minus some differential for other parts of the country.

"Sample prices for various locations in 2008 start with a Henry Hub price of about \$6.00. The price in New York/Boston (at the Algonquin hub) was about \$7.23 because of the \$1.23 differential. In Chicago, the price was about \$5.94 (\$6.00 minus the -\$1.23 differential at the Chicago hub) In the Rockies, the average 2008 price for gas was about \$3.74 (\$6.00 minus the \$2.26 Cheyenne differential). Why the differences? It's because you can't get gas from one place to the other very easily. So, you have a lot of gas build up with no place to go, there's a lot of competition for what little gas you can get out, the price gets bid down, so you get lower prices.

"This happens to such a degree that a few years ago, when the constraints were really bad in the Rockies, producers in southwest Wyoming got 15 cents. There were a couple of days

where they got one cent. But it cost them about 20 cents to get to the Henry Hub so they were actually giving their gas away. But, they had to do it for contractual reasons. Conclusion: the price of gas varies significantly at locations throughout the U.S.

"So, because of the price differentials, there are a lot of pipelines being built. In the Gulf area, there are 75 pipelines being built. In the northeast, 45 pipelines are being built for storage and liquid natural gas projects. In the west, nine pipelines are being built to take gas east and west from a hub in southern Wyoming.



Question (Hersh): "I understand that Alaska exports a lot of their gas."

Answer: "From what I understand, it's a goofy market up there. Their primary resource is diesel and they're paying \$5-\$6.00 for diesel. Their power is generated from coal and some oil. They haven't been able to figure out how to get gas out of the system and move it into a liquefied state and export it that way, a relatively small amount. Most of the gas produced in Alaska goes back in the ground to push the oil out of the ground."

Question (Laber): "What are the impediments to using more natural gas in vehicle transportation and to reduce the consumption of oil?"

Answer: "If you think about the market, you're already seeing it happen. AT&T has announced that they're converting several hundred of their vehicles to use natural gas. UPS has also announced projects like that. Denver has a few experimental vehicles with RTD. It will be hard to make a large scale conversion quickly because of the inability to distribute gas to the individual service station pump. The market is working on it. Because of the price differential, gas is about 20% of the cost of gasoline/diesel for the same amount of energy to run a gas powered vehicle.

David then presented **Porter** with our certificate for the purchase of five polio vaccinations, in his name, from the Rotary PolioPlus program.

DAVID'S THOUGHT FOR THE DAY

President David confided that he tapped Google for thoughts or quotes on gas. He found a very logical one from George Carlin. Logical, yes. Practical, highly questionable:

**Kilometers are shorter than miles.
So,
to save gas, take your next trip
in kilometers.**

— George Carlin

** The **Henry Hub**, in southern Louisiana, is the nexus of 16 intra- and interstate natural gas pipeline systems that draw supplies from the region's prolific gas deposits.