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Aug

A Growing Season G

110 Days That Shook the Obama Administ

The Political Impact of the Deepwater Horizon C

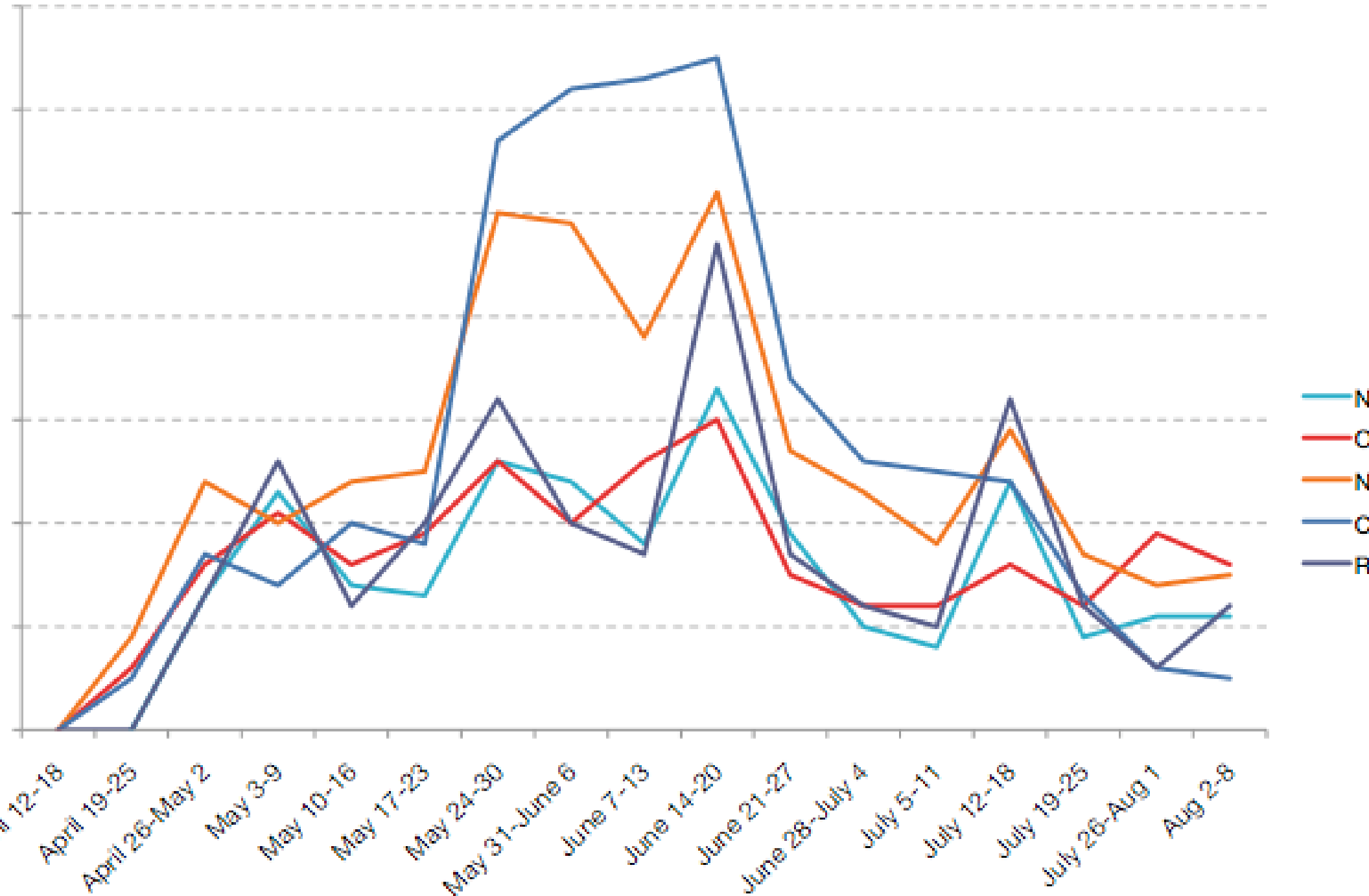
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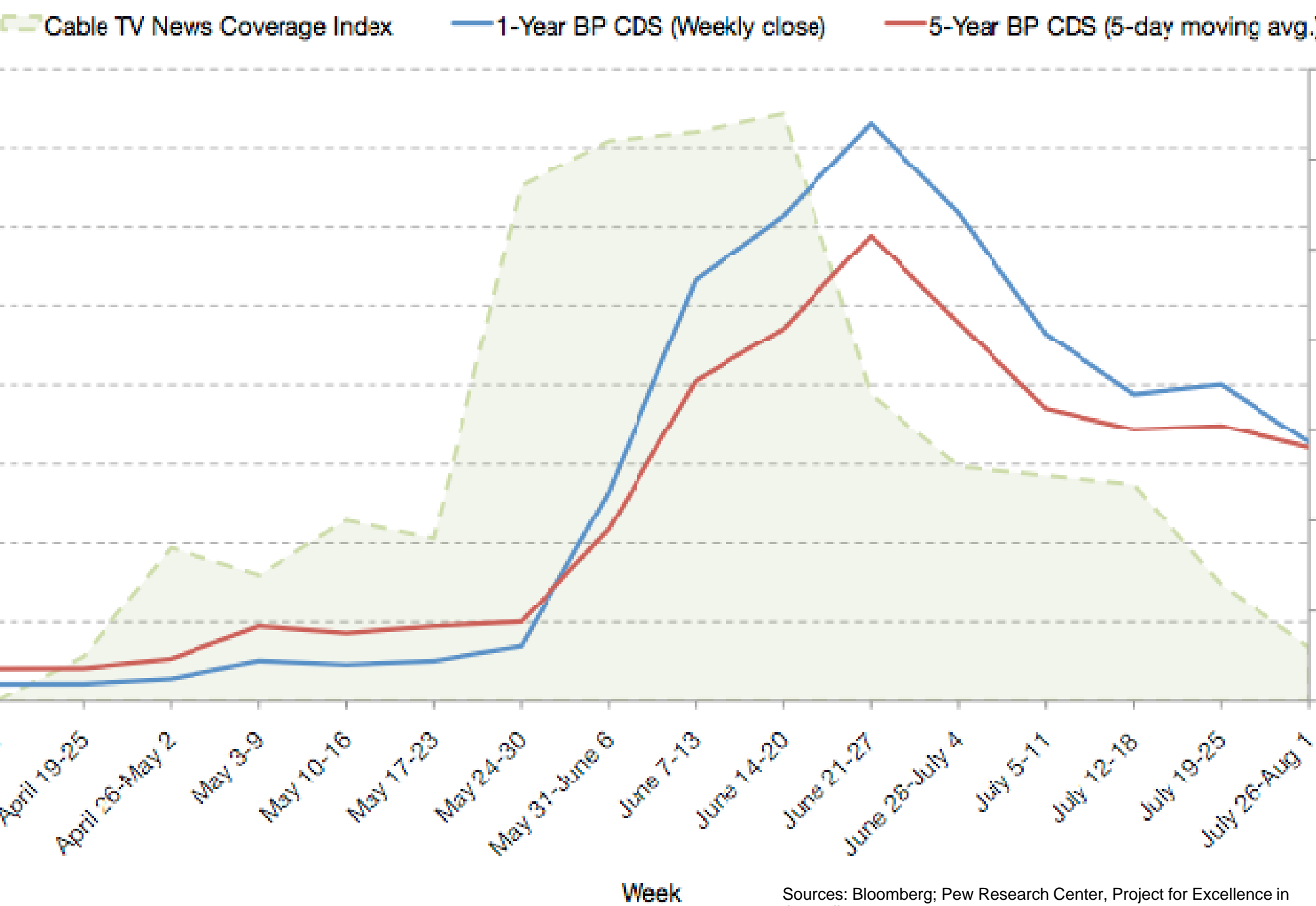
Oil Spill Media Coverage



Source: Pew Research Center, Project for Excellence in Journalism

* Percentage of total time (TV, radio), or words (Newspapers, Online)

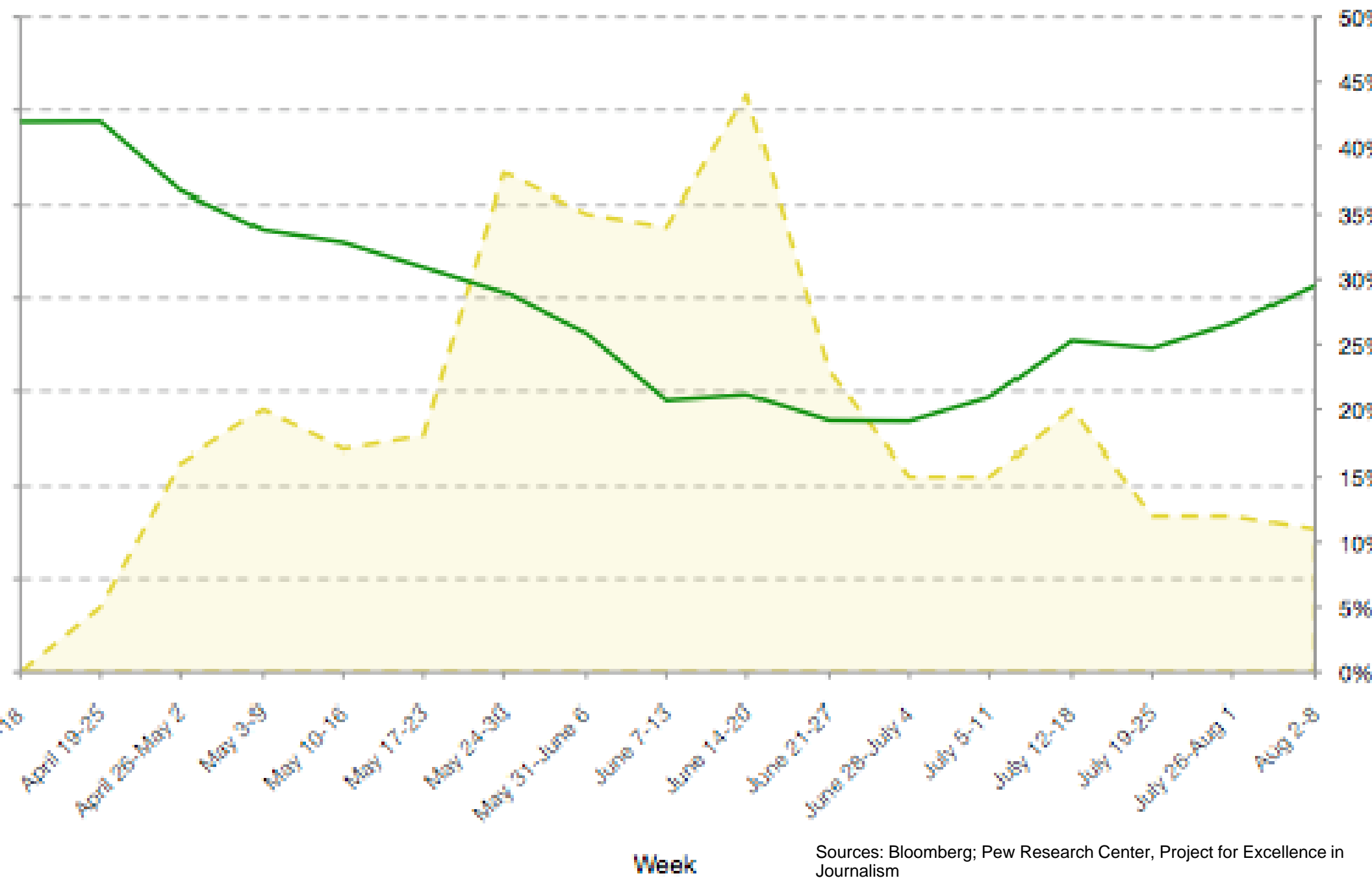
BP CDS Contracts and Oil Spill Coverage



Sources: Bloomberg; Pew Research Center, Project for Excellence in Journalism

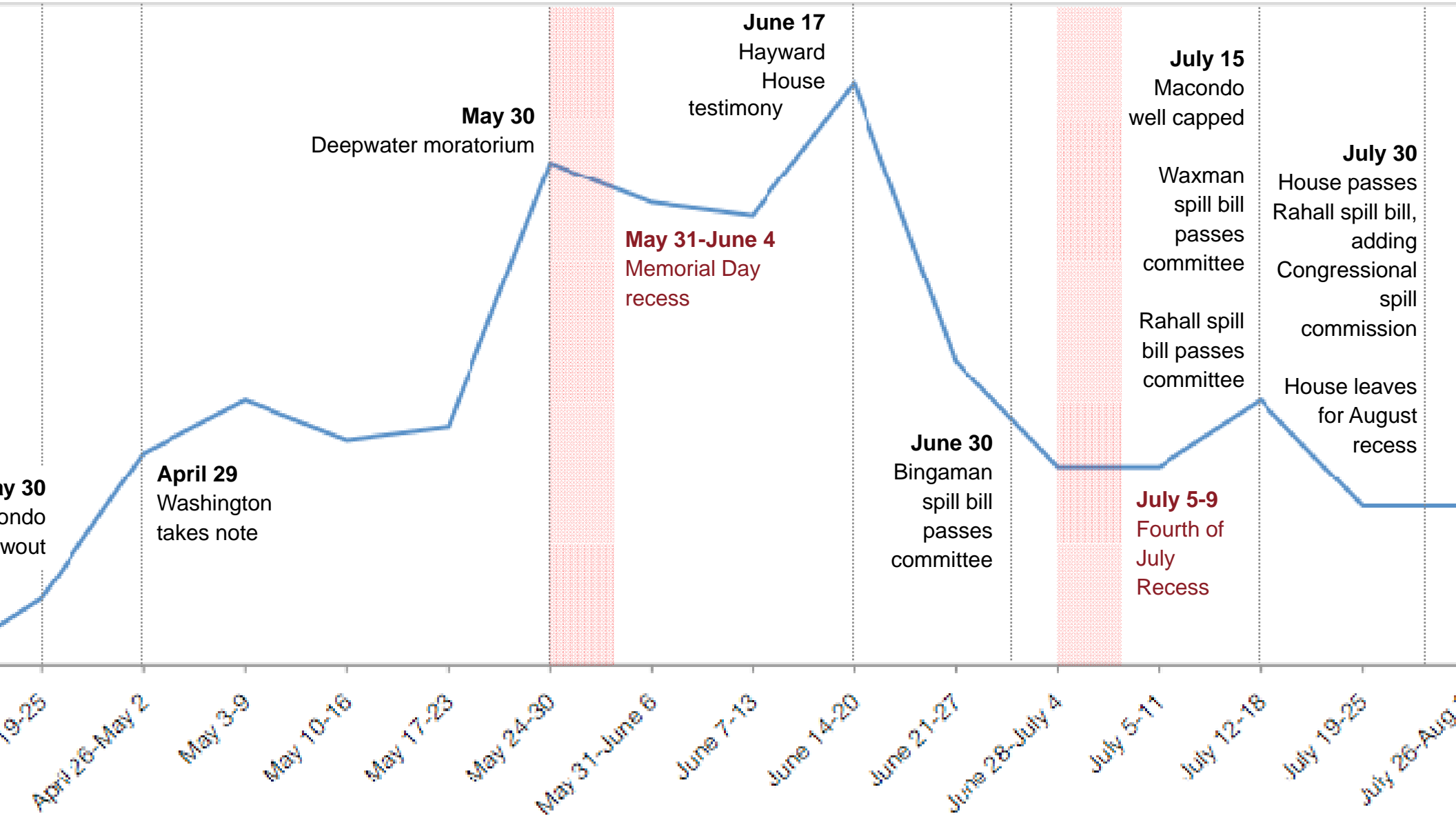
BP Share Price and Oil Spill News Coverage

Pew Oil Spill News Coverage Index (all media) BP Weekly Closing Share Price



Sources: Bloomberg; Pew Research Center, Project for Excellence in Journalism

Oil Spill Timeline and News Coverage



Week

Source: Capital Alpha research, Pew Research Center, Project Excellence in Journalism

* Percentage of total time (TV, radio), or words (Newspaper) dedicated to coverage of the explosion and spill

-No answer to five basic questions:

-How much oil?

-When will it stop?

-What will it cost?

-Where is landfall?

-What exactly happened and why?

- Opportunity cost, opportunity lost
- An irreplaceable cyclical moment
- Impact slight on surface, lasting impact will be deep
- Spill hardens, polarizes existing perceptions

- 110 days from blowout to cement
- Trust fund established
- Consolidation of docket
- 74% of oil dispersed or removed
- 40% of fishing areas reopened

0 days President Obama would rather have talked about something

- 11 dead
- 4.9 million barrels
- BP costs in excess of \$40 billion
- Landfall limited
- No impact on oil and gas prices

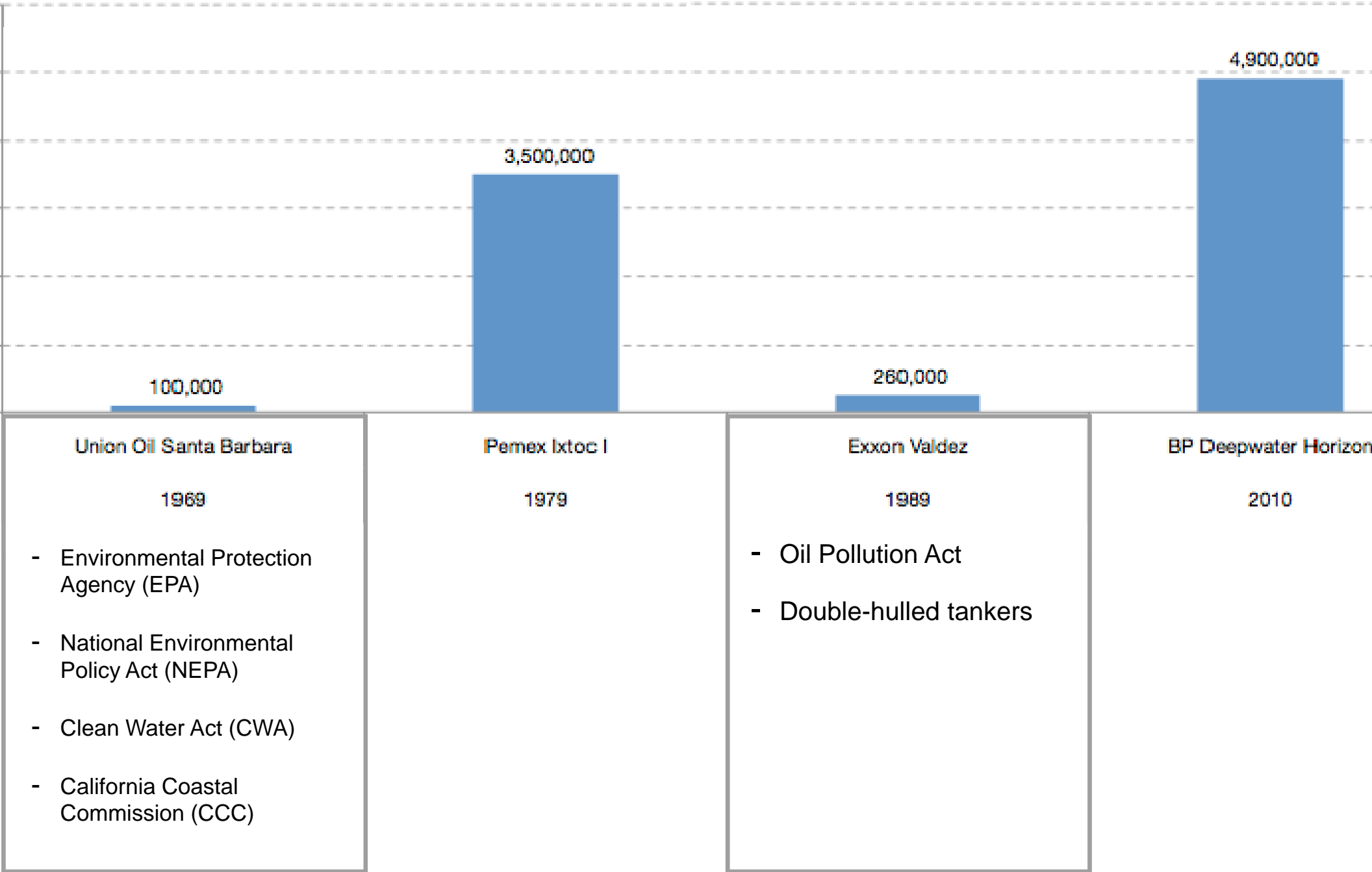
1.5 million barrels of oil



15 quadrillion barrels of
water in Gulf of Mexico

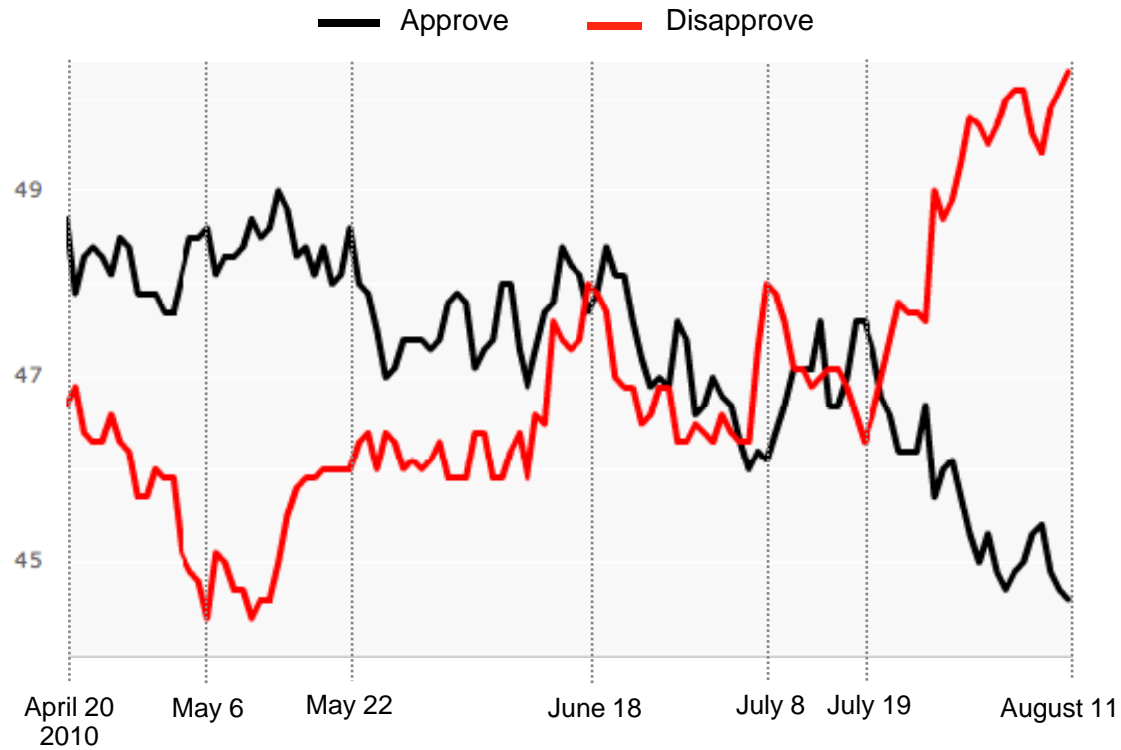
= 1 part per billion

Past Oil Spills



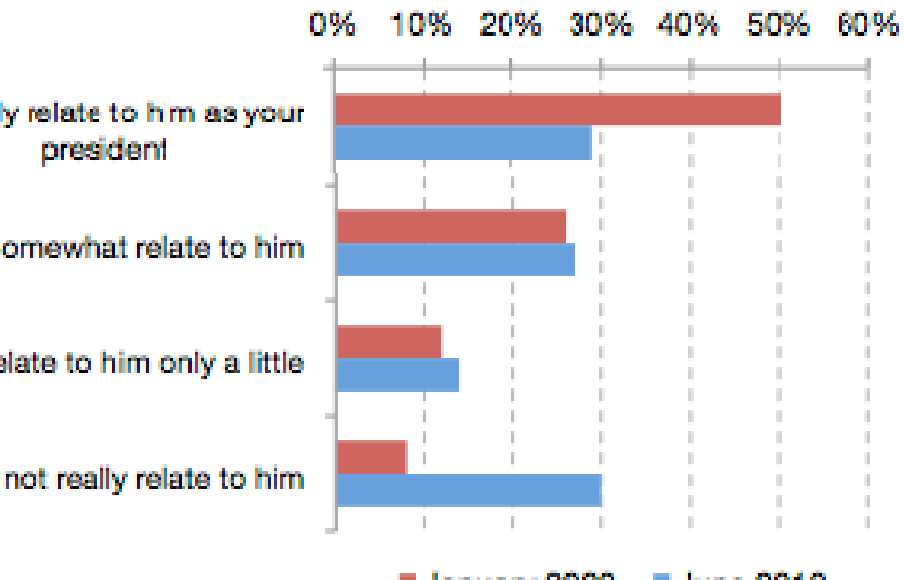
- A positive, proactive agenda to communicate
- Energize his base prior to election
- Kagan, immigration, campaign finance, healthcare defense, middle class tax cuts
- Energy agenda completely wiped out

Real Clear Politics Presidential Approval Poll Average

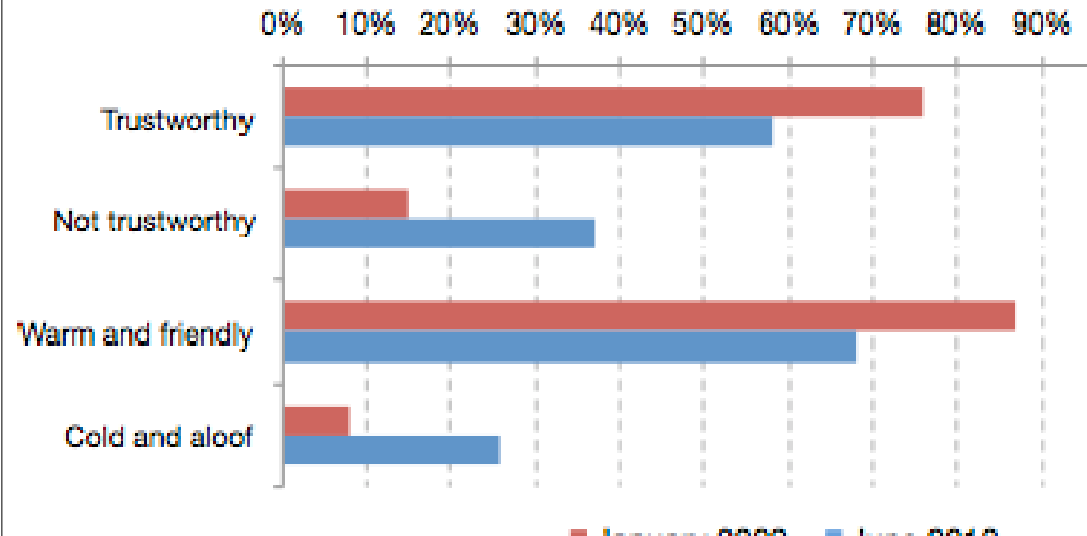


Source: Real Clear Politics

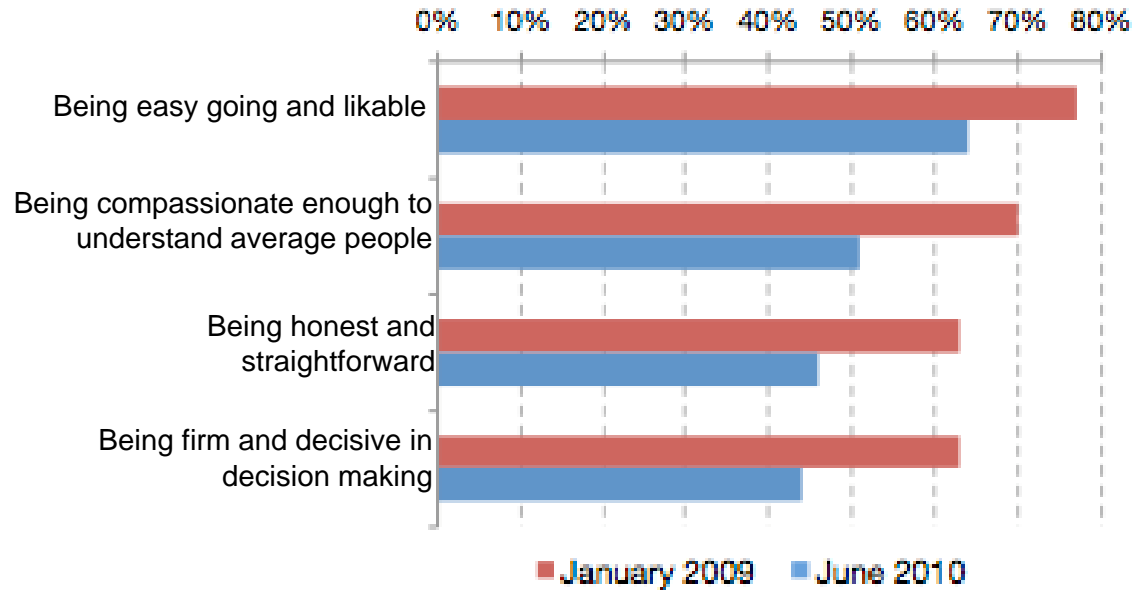
it comes to the presidency of Barack Obama, do you...?



As I read some pairs of opposite phrases, which one best represents your impression of Barack Obama?



How would you rate Barack Obama on the following qualities?

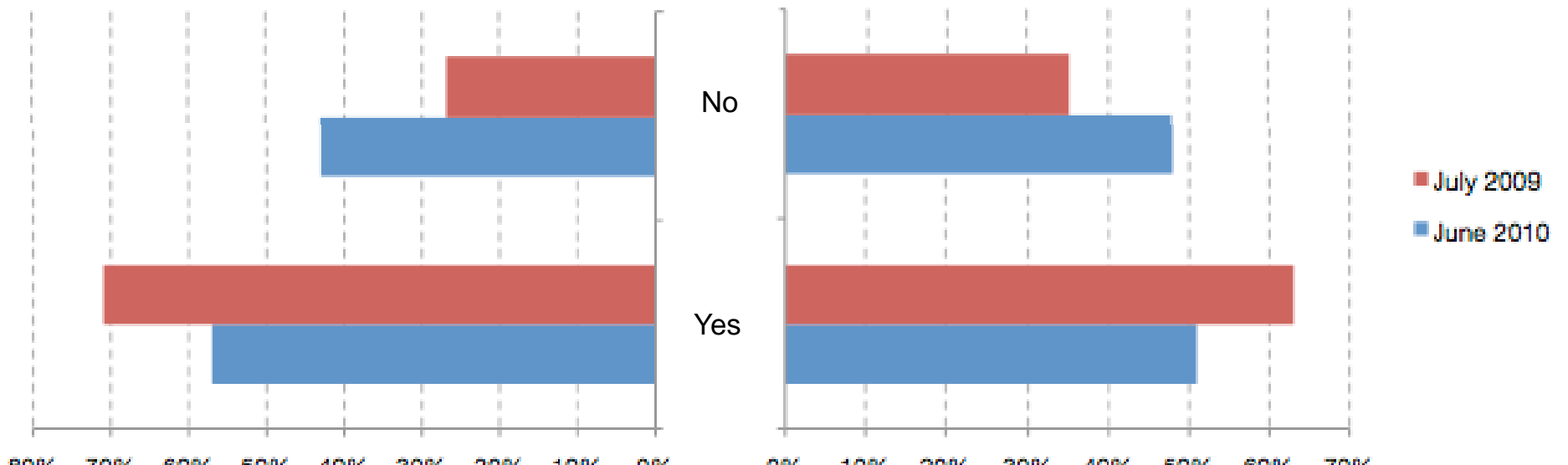


Source: NBC/Wall Street Journal Poll, June 17-21, 2010

Tell me whether the following statement applies to Obama, or not?

Obama is a strong leader

Obama understands the problems of people like you



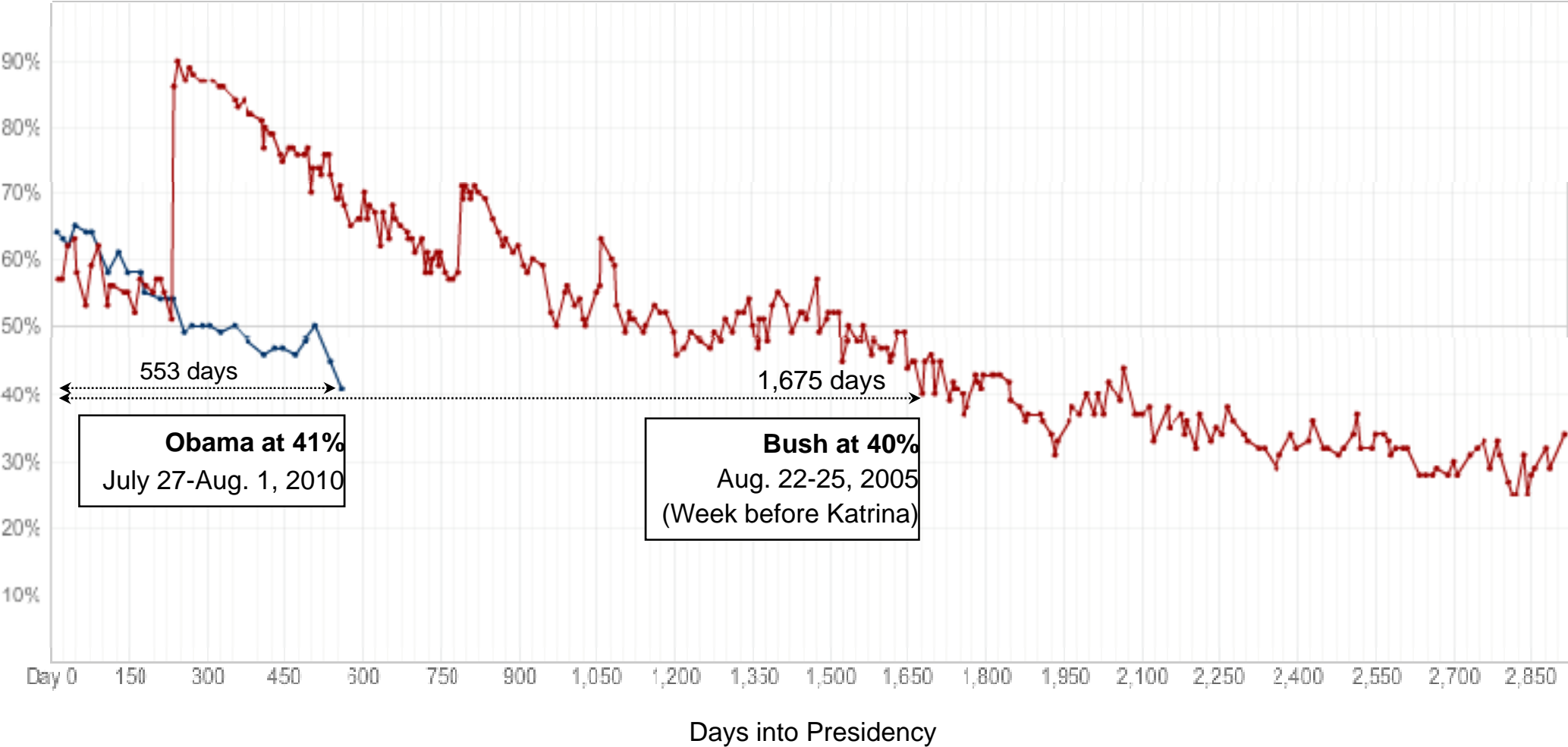
bigger disaster (in human terms) at a worse time

- At least 1,836 people dead, tens of thousands homeless, 1.2 million evacuees
- \$80 billion in property damage
- Historic New Orleans feared destroyed
- Looting, violence, chaos
- A major port shut down
- Retail gasoline price spikes and shortages not seen since Iran hostage crisis

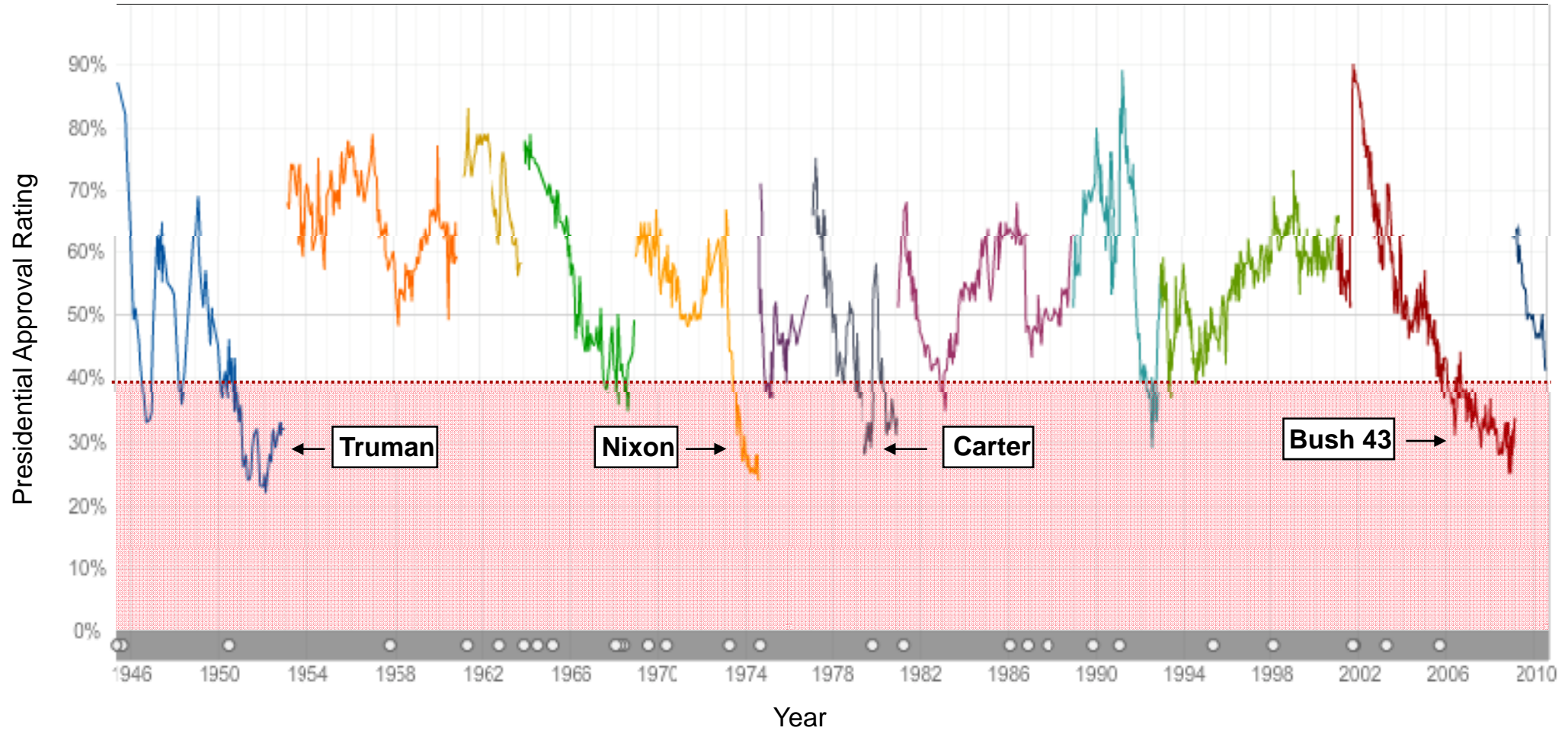
A bookend to 9/11 and the opposite end of the trajectory --Bush's second mid-term *Iran contra* moment

USA Today Comparative Presidential Approval Ratings

President Bush President Obama

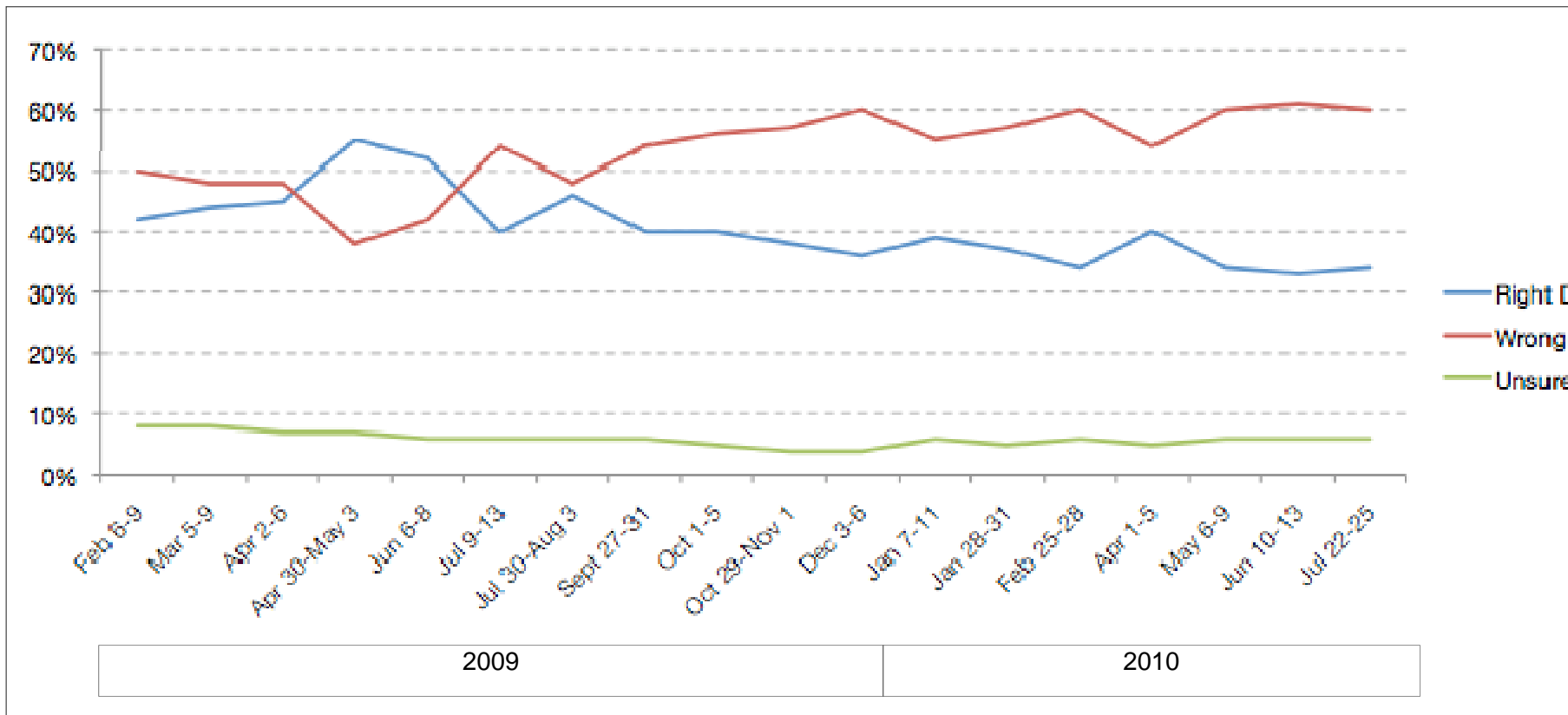


USA Today Presidential Approval Ratings 1945-Present



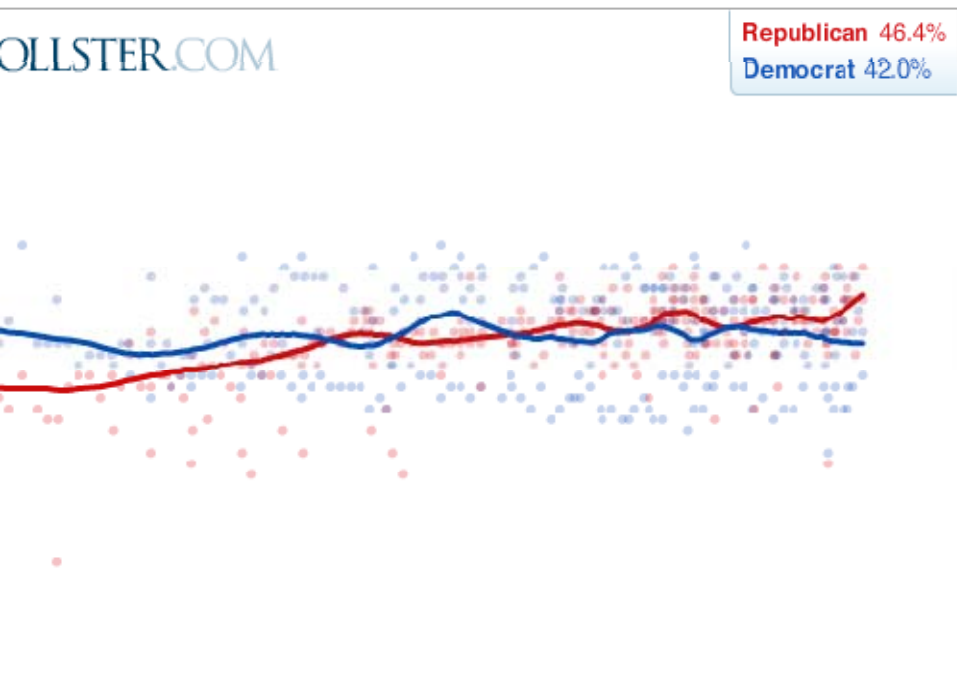
Source: USA Today

...saying, would you
...in this country are
...the right direction, or
...off on the wrong
...track?"

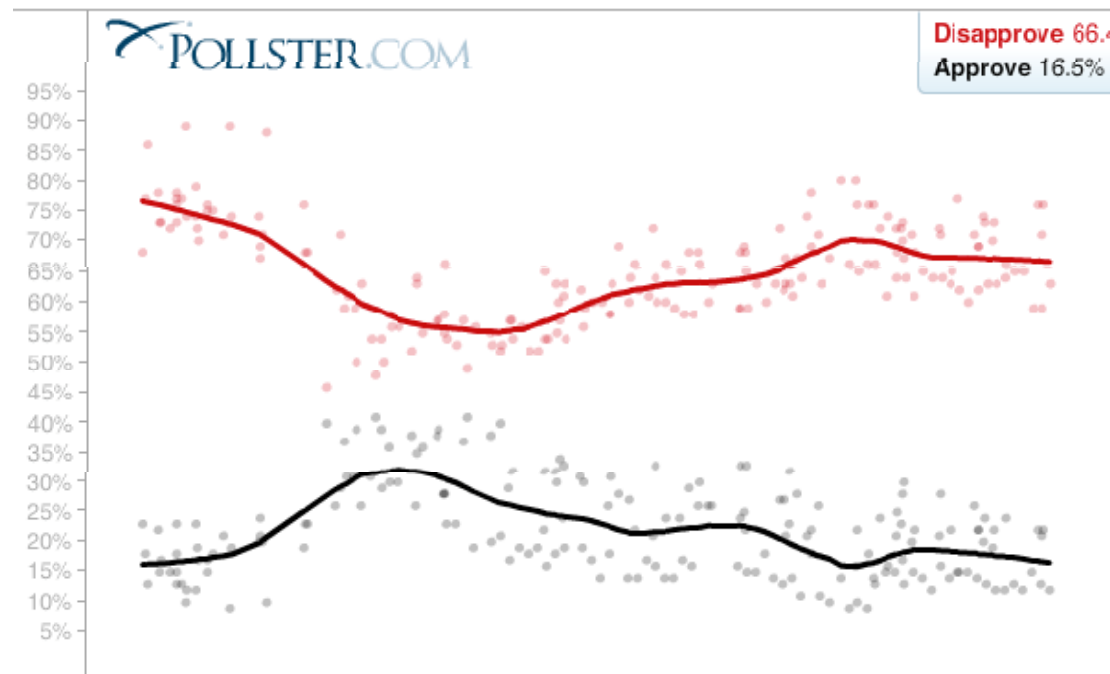


Source: Ipsos/Reuters
Poll, July 22-25, 2010

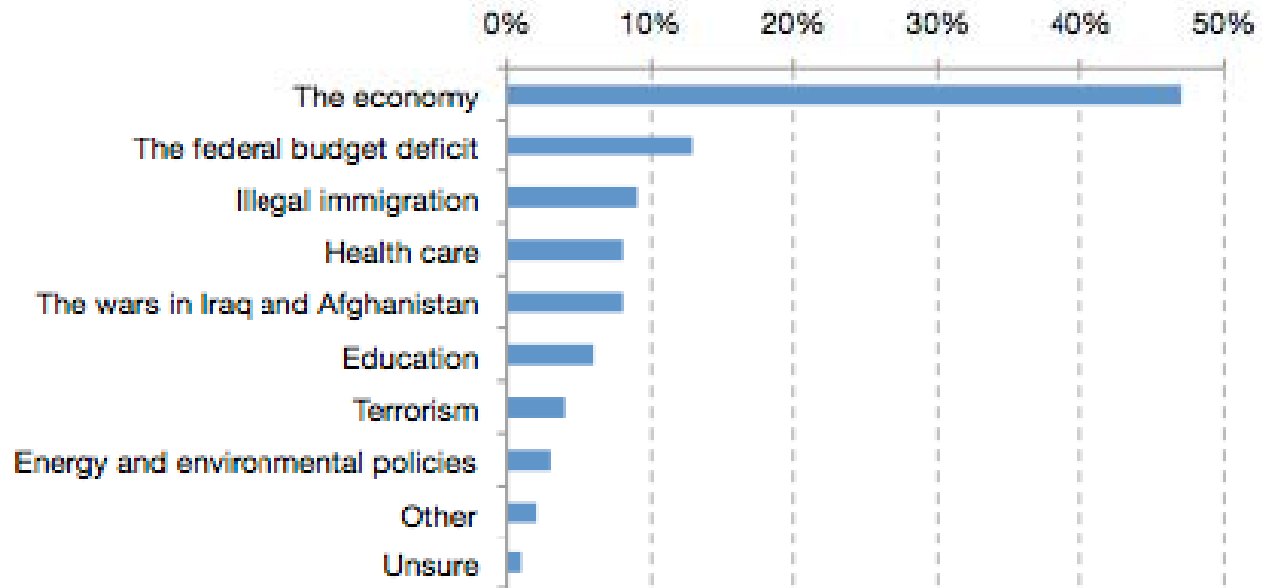
Generic Ballot



Congressional Job Approval



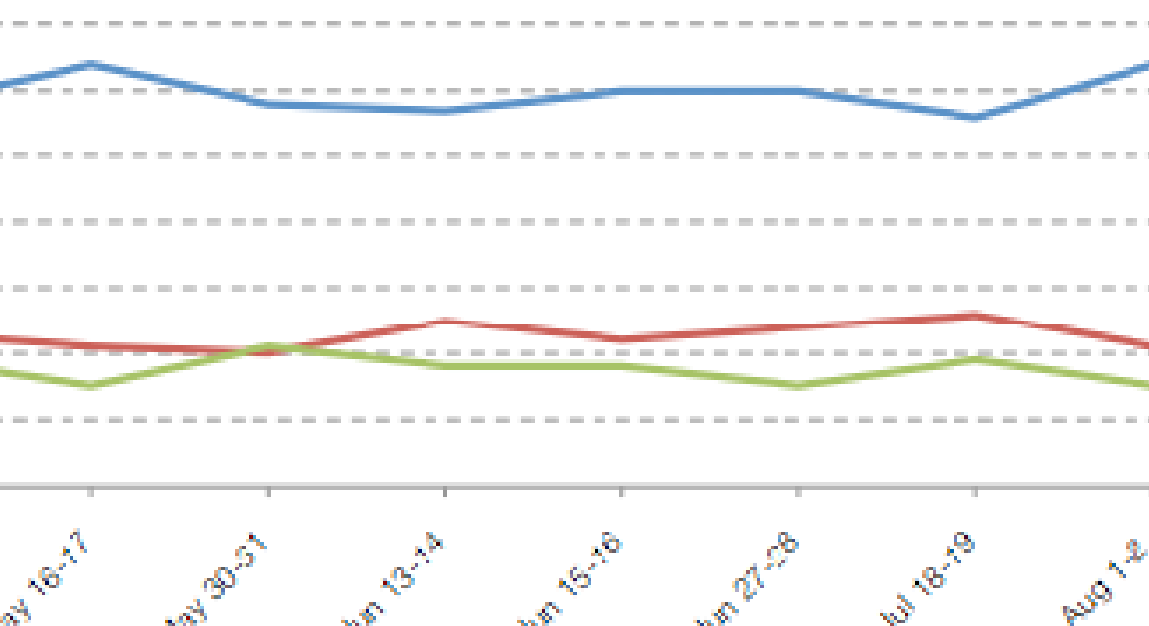
Which of the following is the most important issue facing the country today..?



Source: CNN/Opinion Research Poll, July 16-21, 2010

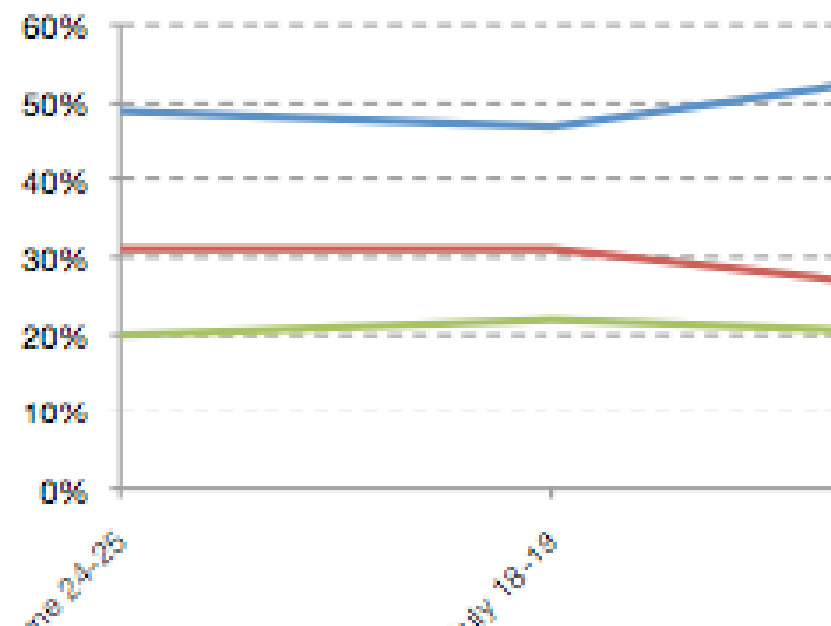
Should offshore oil drilling be allowed?

Yes No Not Sure



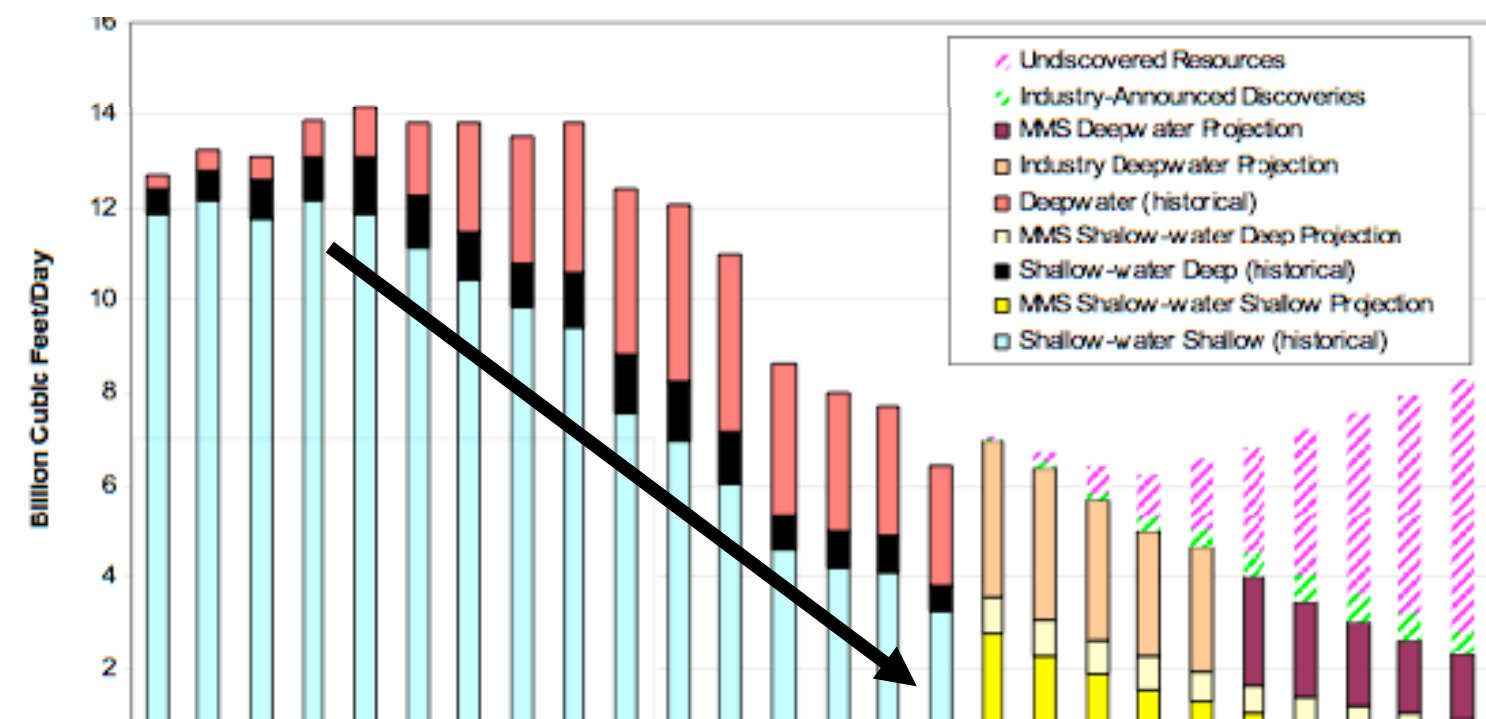
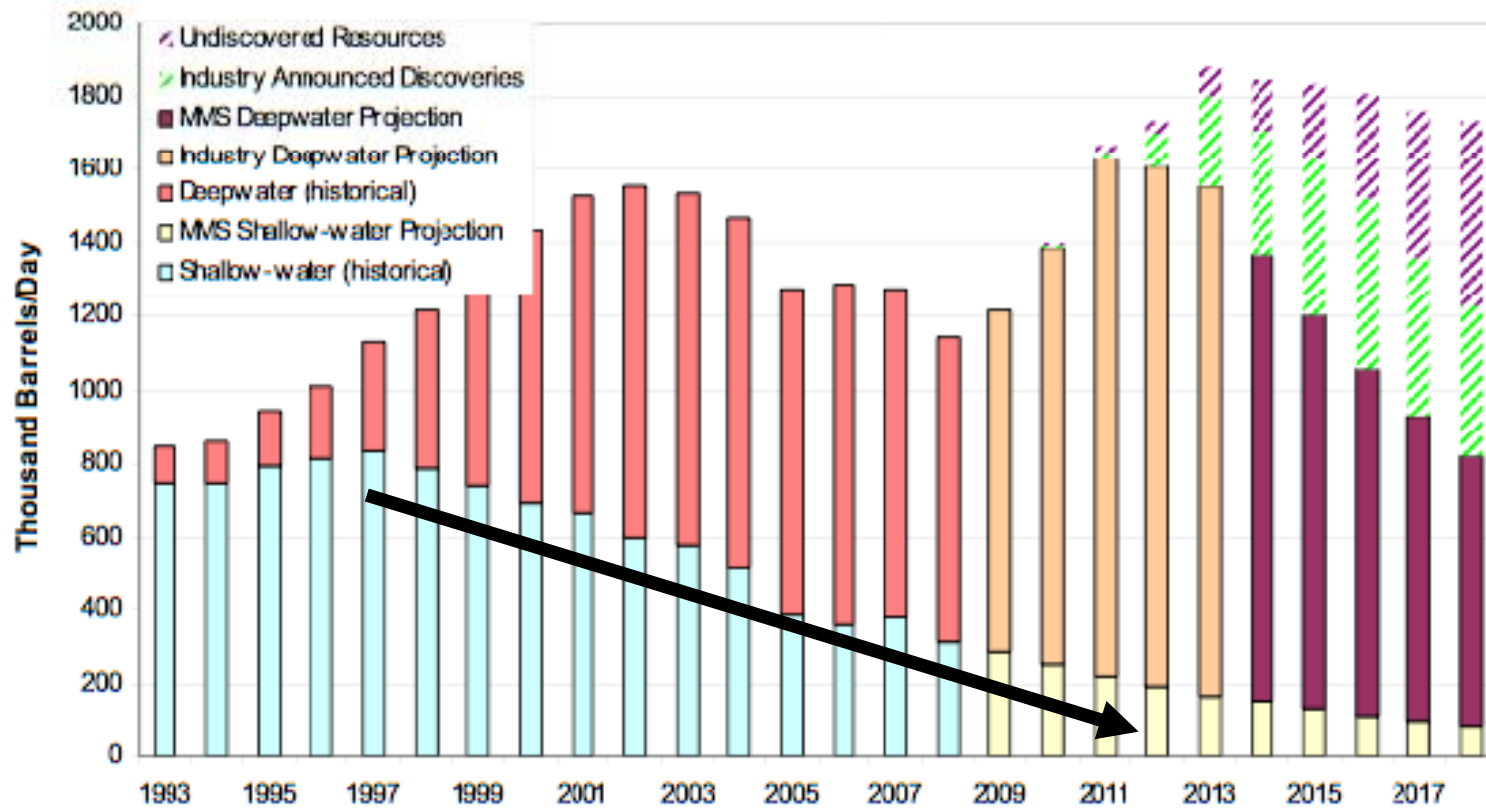
Should deepwater oil drilling be allowed?

Yes No Not Sure



- Both House and Senate remain in play
- Slight negative for Democrats: a few Gulf Coast seats affected, off-message, distracted
- Not particularly positive for Republicans
 - Bobby Jindal and David Vitter do well
 - Policy victories for Obama drive Republican turnout too
- FL Senate: Three-way race between Rubio, Christ, and a Democrat
- Overhang:
 - Obama on track to lose Senate seats in 2010, a big change from 2009 outlook
 - Dems on defensive in 2012, 2014
- Election outcome: neither side has effective control
 - Tense gridlock, budget focus
 - 2011 is about 2012 cycle

- Congress may pass nothing this year
- The Slow Mo-ratorium
- The Orphan Commission
- Institutional paralysis at Interior Dept.



Gas

Source: OCS Report MMS 2009-C Mexico Oil and Gas Production Forecast

	Date Announced	Description	Leaders	Report
Joint Fact-Finding Commission on the BP Oil Spill	May 22, 2010 (by Executive Order)	Investigation into cause of Deepwater Horizon spill; will recommend regulations to prevent and mitigate future spills	Co-Chairs: Fmr. Sen. Bob Graham (D-Fl.), Fmr. EPA Administrator William Reilly	January 2011
Coast Guard Marine Board of Investigation, Department of the Interior Bureau of Ocean Energy Management, and Regulation Joint Fact-Finding	April 27, 2010 (convening order)	Coast Guard Marine Board of Investigation into the "factors leading to the explosion, loss of life, sinking, and subsequent oil spill of the Deepwater Horizon"	Co-Chairs: Coast Guard Capt. Hung Nguyen David Dykes, BOEM	January 2011
Department of the Interior Bureau of Ocean Energy Management, and Regulation "Fact-Finding Commission"	August 4, 2010 (first meeting)	To "collect information and views about deepwater drilling safety reforms, well containment, and oil spill response..." for consideration in evaluating if changes need to be made to DOI deepwater moratorium	BOEM Director Michael Bromwich	Unannounced
House of Representatives Commerce Committee	April 22, 2010 (first letter to BP, RIG)	Causes of the incident, adequacy of safety measures and practices, emergency response, and the role of the Interior Dept.	Full Committee Chair Rep. Henry Waxman (D-Calif.), Oversight & Investigation Subcommittee Chair Rep. Bart Stupak (D-Mich.)	Unannounced
House of Representatives Committee on Energy / National Energy Policy	July 16, 2010 (first meeting)	Requested by Interior Dept., Determine "probable" cause of explosion, BOP performance, technology failure; recommend technology, best practices, and standards to prevent future accidents	Fmr. Navy Secretary Donald Winter	Unannounced
House of Representatives Energy and Hazard Investigation	June 18, 2010	Requested by Reps. Henry Waxman (D-Mass.) and Bart Stupak (D-Mich.) June 8; Investigation into "root causes of the accidental chemical release" that resulted in Deepwater Horizon explosion and any similarities to 2005 Texas City refinery explosion	<i>Unannounced</i>	Unannounced
Department of Justice Criminal Division	July 28, 2010 (Washington Post story)	Criminal investigation into relationship of regulators with BP, Transocean, Halliburton -- e.g., any falsified statements, test results, bribes to MMS, etc.	<i>Unannounced</i>	Unannounced
House of Representatives Energy and Hazard Investigation	July 27, 2010 (BP 10-Q)	"Securities-related matters" from spill	<i>Unannounced</i>	Unannounced
Department of Justice Criminal Division	June 1, 2010	Civil and criminal investigation under the Clean Water Act, the Oil Pollution Act, the Migratory Bird Treaty Act, the Endangered Species Act, and other criminal statutes.	Head of DOJ Environment and Natural Resources Division, Ignacia Moreno Head of DOJ Civil Division, Tony West	Unannounced
Department of Justice Criminal Division	July 27, 2010 (BP 10-Q)	Louisiana Attorney General has filed discovery petition, requested document production related to explosion and spill, others are expected to be conducting investigations and preparing suits	Gulf States Attorneys General	Unannounced

- Strong asset base, cash flows, and settlement structure
- Economic damages
- Fines, criminal penalties, natural resource damages
- Finger-pointing, negligence, criminal violations: BP vs. partners
- Litigation: class actions, environmental mass torts

- The Deepwater Horizon oil spill narrative is still up for grabs.
- Existing perceptions -- mostly negative -- of the President and Congress have hardened.
- The President loses a chance to reset prior to 2010 election cycle.
- The Gulf becomes a deepwater game for big companies only.
- The spill was no Katrina, Santa Barbara, or Valdez. "Drill, baby, drill" may ride again some day.

Likely Democrat 60-80%	Leaning Democrat 51-60%	Leaning Republican 51-60%	Likely Republican 60-80%
New York (Kirsten Gillibrand) Connecticut (Chris Dodd)* Oregon (Ron Wyden)	California (Barbara Boxer) Washington (Patty Murray) West Virginia (Carte Goodwin)* Wisconsin (Russ Feingold)	Colorado (Michael Bennet) Nevada (Harry Reid) Illinois (Roland Burris)* Pennsylvania (Arlen Specter)**	North Dakota (Byron D...) Delaware (Ted Kaufman...) Arkansas (Blanche Lincoln...) Indiana (Evan Bayh)*
		Missouri (Kit Bond)* Ohio (George Voinovich)* North Carolina (Richard Burr) Florida (Mel Martinez)*	Louisiana (David Vitter) New Hampshire (Judd...) Kentucky (Jim Bunning)

Retiring
Defeated in primary

Source: Capital Alpha



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