



Oklahoma Wind Energy Newsletter

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Executive Summary:

- Oklahoma is described as the Saudi Arabia of wind energy; great potential, but industry is still in its infancy.
- Opportunity will be constrained until regional/national transmission and storage infrastructure (grid) is built out.
- Robust regional/national grid requires partnering of many stakeholders; Obama administration could speed efforts by creating national energy policy, naming wind energy as a central component.
- Oklahoma businesses should begin to explore wind manufacturing and maintenance contracts now.
- Surface owners should be cautious when executing wind leases. Unfavorable terms will subject one to years of disadvantage.

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Overview:

- 70% of our oil is imported; 50% from Mideast countries; we are “paying for both sides of Iraq war”
- Currently, 2% of US energy is generated by wind; US is ranked #10; Germany is #1
- Wind vs. Natural Gas: wind energy is favorable when natural gas is priced at \$4 to \$5 MCF
- Oklahoma is forecasted to be #1 producer of wind energy by 2030
- Weatherford wind farm is considered model development; FPL Energy developed farm. Check this site for loads of useful information: <http://www.fplenergy.com/>
- Consumers appear to be willing to pay more for wind energy; 40,000 Coloradans volunteered to pay 15% premium for wind-generated electricity
- Key benefits of wind energy: reduction of greenhouse gases (CO2); reduce reliance on Mideast oil; skilled, well-paying jobs for Oklahomans; and water conservation (“whiskey is for drinking, water is for fighting” Mark Twain)
- By 2010, a large transmission line will be available, running from Oklahoma City to Panhandle
- In August 2007, DMI Industries, a North Dakota company that manufactures wind towers, built a 500,000 sq. ft. plant in Tulsa; employs 200
- Surface owners can expect \$4,000 to \$5,000 per year per turbine
- OK Dept. of Commerce appointed wind energy expert: Kylie McNabb

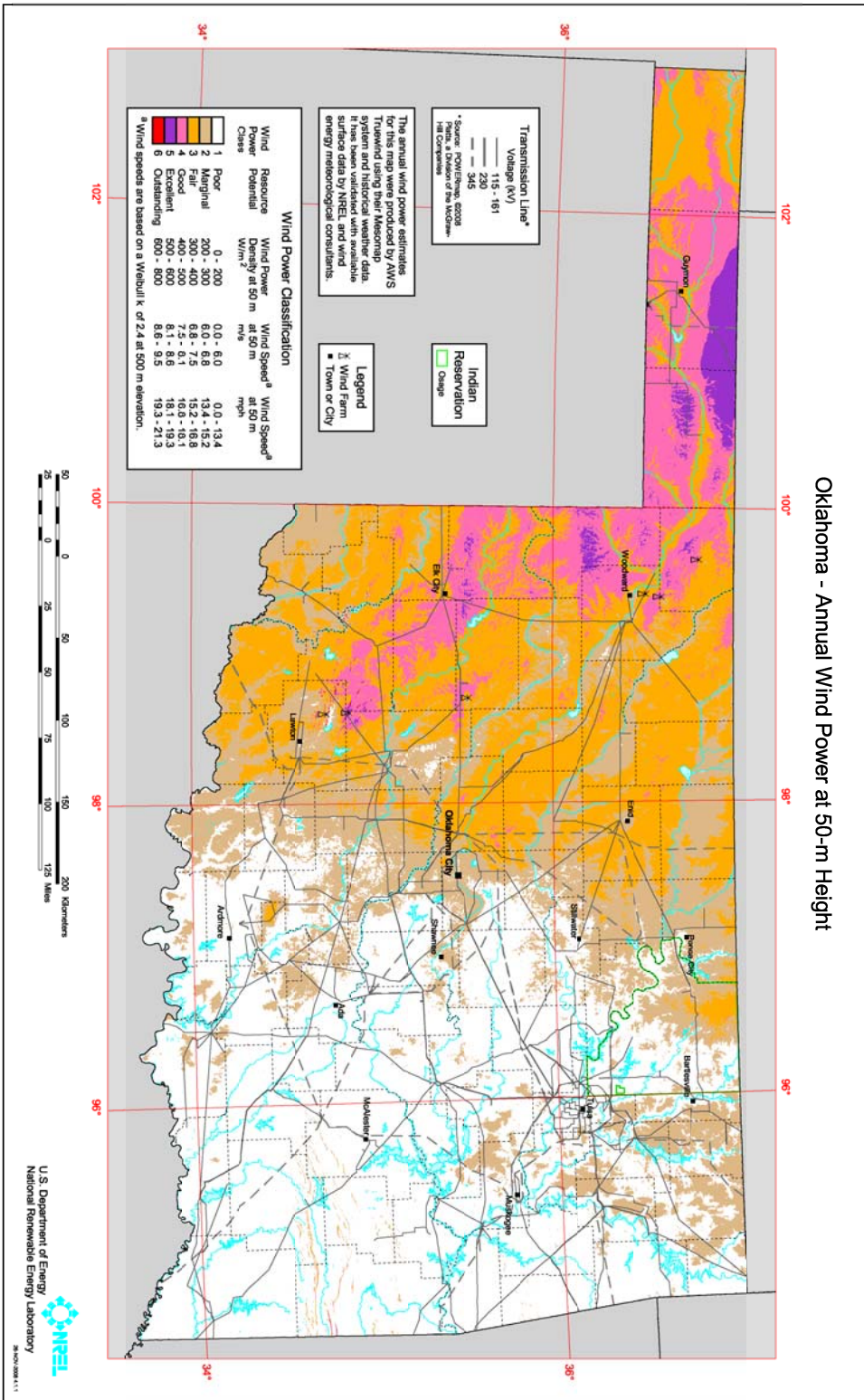
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- Oklahoma's Lesser Prairie Chicken may be deemed an endangered species, triggering a myriad of constraints on land use; wind turbines found to be detrimental to Prairie Chicken
- Power grid needs to be greatly enhanced; Oklahoma wind energy needs to be stored and transferred to Northeast and Western United States; grid build-out needs the same vigor as creation of interstate highway system, circa 1955
- Land use impacts of wind turbines:
 - 60 acres adjacent to turbine will be impacted
 - Disrupts row orientation for crops
 - Prevents aerial spraying
 - Disrupts irrigation
 - Ground cover degradation caused by road, transmission line, and turbine construction
 - Surface owners should check USDA programs that they participate in, such as the CRP, to ensure compliance
 - Favorable hunting areas may be disturbed
 - Construction of dwellings will be constrained
 - Property taxes will increase
- Many landowners are interested in wind energy for personal use; several respected vendors were identified that can test, construct, and install turbines
- Wind lease clauses that protect the surface owner:
 - In case of dispute, Oklahoma law and venue will apply
 - Lessor should post a bond to ensure that if the lessor or assignee declares bankruptcy, then turbines will be removed and surface restored to lessee's satisfaction
 - minimum royalty requirements
 - agreement by lessor to disclose environmental impact study
 - agreement by lessor to disclose feasibility tests
 - 4-7% royalty
 - If turbines are not constructed, then release will be granted

- If turbines are constructed, then only 40 acre tract adjacent to turbine will be held
 - 30 year term
- Ideally, surface owners would install MET towers at their own expense, and then market the leases to number of developers

- Oklahoman's new motto is "Carpe Ventum" Latin for seize the wind

Regarding the attached wind power map, please note that the "Wind Power Class" is based on today's 50 meter wind turbine (approximately 150 feet in height). The next generation wind turbine, which will be available in 2-3 years, will stand 80 meters (approximately 260 feet in height). A wind power map, based on the 80 meter turbine, shows virtually the entire Western half of Oklahoma as "excellent" or "outstanding."



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