SENATE NATURAL RESOURCES
EXHIBIT NO. 8
DATE 3-30-07
BILL NO. HB405

Note from Jones: Johnson County, Wyoming is just South of Sheridan, WY so about a 150 miles from Billings and closest to Big Horn County, MT-same coal fields. Warren Buffet's Berkshire Hathaway, which owns MidAmerican and PacificCorp has $35 billion in cash right now looking for interesting investments which puts them among the handful of companies in America that can do multi-billion risks purely on equity cash with minimal repercussions. As Buffet's the most successful investor of the 20th Century, this will likely draw more investment capital to these projects from all corners.

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Energy giant buys Wyo land
By DUSTIN BLEIZEFFER
Star-Tribune energy reporter Sunday, May 21, 2006

GILLETTE -- MidAmerican Energy Holdings Co. has bought 8,500 acres near Lake DeSmet in Johnson County with the intent to launch a number of energy projects, potentially "super-critical" pulverized coal-fired power generation and coal-gasification processes.

MidAmerican, which is the energy arm of investment mogul Warren Buffet, recently purchased PacifiCorp -- one of the largest electrical utilities in the West -- and also owns Kern River Gas Transmission Co., Wyoming's largest natural gas connection to Western consumers.

Texaco owned the Lake DeSmet properties in the 1970s after the Arab oil embargo spiked energy prices, but nothing was developed, and the properties exchanged hands several times.

David Sokol, CEO of MidAmerican, spoke to the Casper Star-Tribune about the purchase on Thursday. He said he believes today's energy market is sustained by fundamental supply-and-demand factors, making more resources commercially viable, including the coal reserves at Lake DeSmet. "It creates a very different paradigm for developing reserves on the property and the output value," Sokol said.

So far there are no specific blueprints drawn over the two noncontiguous properties, which are located between Buffalo and the southern end of Lake DeSmet. Sokol noted that acquiring the properties is part of MidAmerican's long-term plan to meet energy needs in the West.

Sokol said that unlike a start-up company, MidAmerican holds vast assets across the West, which allows it to dedicate demonstration dollars toward ultra-low emissions coal technology, such as an integrated gasification combined cycle, or IGCC, model for Western coal.

"It is not at all clear that IGCC will work at these elevations and on these types of coal that we have in the West," Sokol said. "But we have to be willing to demonstrate that these technologies will work."

MidAmerican's subsidiary, PacifiCorp, is also one of the leading partners in the Frontier Line initiative -- an effort to export thousands of new megawatts of electricity from Wyoming to California. Sokol said MidAmerican is bullish on Wyoming not only because of its massive energy resources, but also because of its "business-friendly" political environment.

"Governor (Dave) Freudenthal has been very, very effective in both making Wyoming a good place to do business with any of its natural resources, and holding people to a higher standard in environmental protection," Sokol said.

"That's a good environment to do business in," Sokol continued. "There are some states who talk a good game but then fall down on one side of the equation."

Connors shares thoughts on Montana

AP PHOTO

Former Microsoft executive John Connors credits company founder Bill Gates with having a dynamic vision that has changed the world of technology and work.

Montana State University in Bozeman can be good source of tech employees, as can Montana Tech in Butte, especially for energy-based technology companies. Universities can play a big role in economic growth. Look at the Silicon Valley, which has good weather and schools like Stanford and the UC-Berkeley nearby, both of which have good business and engineering schools.

There is a lot of technology transfer that can take place because of that. Google is a good example of that. Cisco is an example. It's just a great entrepreneurial engine.

Q: Is there hope for technology jobs away from the universities, in places like eastern Montana.

A: It's going to be a much bigger challenge to have significant economic development in eastern Montana than in western Montana. Over time, those areas, will see a rebirth of sorts.

Investments in agriculture and energy are the two key advantages and opportunities. In relation, to the Dakotas and Wyoming, Montana is very, very far behind in terms of energy development. I think that potential can be developed in an environmentally compatible manner.

Q: Are there other barriers to economic growth in Montana?

A: The tax structure is an issue. It's still very surprising that a state sales tax doesn't get considered.

Montana has a big tourism industry and most of those people are coming from states with a sales tax. There is a need to move to a more equitable tax system, to make the state more conducive to technology investment.

There are many economic studies that show income taxes are the least effective and most damaging to economic development.

Q: You say Montana can do more to take advantage of its educational system?

A: Good public schools are important to attracting investment. I live in Bellevue and my kids go to public schools. All of my friends in Seattle, they pay to send their kids to private schools. People are willing to choose where they live based on the quality of schools.

For the dollar spent, Montana has terrific public schools. The state should strive to have the best public schools in the United States. That's important. Because people are so connected with communications, people can live just about anywhere they want.

While improving schools will likely mean higher taxes and there is opposition to tax increases, most people will agree to invest the money if we can see the return.

Q: Credit Suisse First Boston recently backed out of a deal with the state board of investments, saying it was unable to generate enough interest among investors to raise $15 million for a venture capital fund in Montana. Is there demand for venture capital in Montana?

A: There is an old saying that says 'capital goes where it's needed and stays where it's well treated.' I think that's probably true in Montana. It's kind of a chicken-and-the-egg problem.

There are Montana companies have attracted the interest of venture capitalists and there are several venture capital funds in the state, including the one run by John O'Donnell and the folks at TechRanch in Bozeman.

But right now, Montana is pretty darn unpredictable. The tax situation is high. The environmental hurdles are legendary.

The state could benefit from a more even-keeled regulatory approach in regard to energy development and timber harvesting. There have been dramatic improvements in the extractive industries that make them a lot more palatable.

Q: What about your Microsoft experience. What was it like to work at a company that really changed the world in terms of technology and how we use it?

A: It was a remarkable experience. (Bill) Gates and (Steve) Ballmer and some of the other guys — they are extraordinary. Their ability to see where things would go and recruit people to help them get there was pretty remarkable.

A large number of the leaders at Microsoft are from small farm and ranch communities. I could easily name 25 or 30 Montana people off the top of my head who are still there. A lot of the UM people ended up in sales and marketing, while most of the folks from MSU are on the development side.

There are a lot of rural kids that made it big. They are used to getting up early and working hard. If something breaks, you fix it and you stay until the job's done. That mentality is still really pervasive there.

When I started in 1989, there were about 2,800 employees and about $500 million in revenue. Now there are 60,000 employees and $45 billion in revenue. It grew at an incredible pace over those 16 years.

Q: Do you miss working there?

A: Not one bit. It's been a really good shift to move into the venture world. I really get involved with a lot more small businesses and I enjoy that. I have more time for family things and community involvement.

The years at Microsoft were great but for me, it's all windshield and no rear-view mirror.

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