

Past President's Message

**Joel W. Miller,
Transamerica Minerals Co.**

BABY BOOMER BONANZA?

Not much keeps me up at night, but one issue that comes close is the coming impingement of the Baby Boomer generation. Two questions that are valid to ask are; "Where do you plan on being in fifteen years?" and "Who will support LAAPL in fifteen years?" Early last year I asked for members to submit their birthday information for LAAPL records and twenty four members responded. I started looking at the numbers and it caught me off guard. Of those who responded, 92% are 50 years or older, and actually 63% are 55 years or older. All else being equal, it would appear a majority of LAAPL members will be retired in fifteen years and LAAPL membership will shrink dramatically. There is no doubt the Baby Boomer generation is going to have a large impact on our economy and the healthcare system. It is easily argued they will also have a large impact on the oil and natural gas industry.

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September Luncheon Speaker

**Honorable Scott R. Baugh
Chairman - Republican Party of
Orange County**



Chairman Scott Baugh, a native Californian, was raised in Redding. Scott was born on the 4th of July, the fourth of Helen and Cason Baugh's five sons.

Scott earned his Bachelor of Science in Business Administration from Liberty University in Lynchburg, Virginia, graduating Summa Cum Laude. Scott then attended the University of the Pacific McGeorge School of Law in Sacramento, where he finished fifth in a class of 200 and graduated with great distinction, and with membership in the prestigious Order of the Coif.

After practicing law for eight years, Scott was elected to the California State Assembly replacing former Assemblywoman Doris Allen in an historic Recall Special Election. After an accelerated eight-week campaign, Scott was elected to the 67th Assembly District. He was overwhelmingly

re-elected in 1996 and 1998 by his constituents.

In 1999, Scott's fellow Republican Assembly Members elected him Leader of the Republican Caucus. Responsible for the preparation of the Republican Caucus for the 2000 elections, Scott also lead the advancement of the Republican legislative agenda that fought tax increases, reduced the size of government at all levels, and restored the principles of liberty to all citizens within California. After leaving the State Assembly due to term limits, Scott returned to the practice with an emphasis on consulting and public affairs. He currently runs a successful practice in Newport Beach, California where he interfaces with local governments throughout the state on behalf of his clients.

On April 19, 2004 the Republican Central Committee of Orange County unanimously elected Scott Baugh as Chairman on April 19, 2004.

Chairman Baugh is a resident of Huntington Beach where he lives with his wife Wendy and son Jackson Mitchell. (July, 2009)

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Editor's Corner

Joe Munsey
Newsletter Chair

Southern California Gas Company

Until the newly installed President appoints a new editor for "The Override," I, an insolent and insubordinate chapter member, have commandeered the newsletter chair; and will continue to so up and to the time the chapter president or the board takes control of the printing press.

A year ago in this column we did a recap of the summer of 2008 – here is it again with editorial comments.

✓ As of September 3rd, the price of a barrel was trading in New York below \$105.05 - its lowest level since April and sharply down from the record \$147.27 seen on July 11th - before rising above \$108. (Can \$100.00 oil, or less, be too far off?) **We not only saw \$100.00 oil – we saw oil drop below \$40.00 bucks – w hew, w hat a r ide.**

✓ We nearly paid \$5.00 bucks a gallon for regular unleaded gasoline. **Gas hit less than \$2.00 bucks here in Southern California – it is currently marching to the \$3.00 dollar range.**

✓ The mantra, "Drill Here, Drill Now" was the shot heard in Washington, DC of all places. **That went b y th e w ayside – ma y h ear the c ry aga in s hould ga soline start p ushing \$ 4.00, a lthough with th e c urrent ad ministration it will f all o n d eaf e ars.**

✓ County of Santa Barbara Commissioners voted 3 to 2 to allow drilling offshore – I'm still bewildered that took place. (Sure does not fit

our Governor's plan for going green.) **The C ommissioners rea lized th e "error o f th eir w ays" and r ecently voted to renege on that vote; f nd their r ight m inds an d v ote aga inst drilling o ffshore. C ertainly g lad they are b ack to th eir o ld w ays.**

✓ We have a female Vice President candidate running for office. (She's an "oil man" plus more.) **Guess oi l money can't buy elections anymore.**

✓ We have a candidate running for President who claims all we need to do is inflate our tires to where they become balloons and the energy problem is solved – overnight. (That begs the question, will the price of air go up at the local gas station as a result of that genius breakthrough.) **The price of air did not go up at the local gas station b ut th e h ot a ir co ming out of DC is going to cost everyone.**

✓ T. Boone Pickens promoting windmills – but not on his ranch in Texas. (He's in good company with the Kennedy clan, his saving grace is the fact he still believes in drilling, and then more drilling, and then some more drilling.) **The K ennedy legacy is f nally over – but there are many mo re f lling T eddy's s hoes with w rong headed energy policies.**

For the political junkies, what would be the re-cap for the summer of 2009? Rather than clicking off the hot buttons, let me use some infamous quotes to get where I'm going with this.

• **"Get your facts frst and then you can distort them as much as you wish." Mark Twain**

• **"Because television can make so much money doing its worst, it often cannot afford to do its best." Fr ed Friendly**

• **"When you trust your television, what they give is what you got. When they own the information they bend it all they want." John Mayer**

• **"Nothing is real unless it happens on television." Daniel Boorstin**

• **"Journalism is mor e addictive**

than crack cocaine. Your life can get out of balance." Dan Rather

• **"The one function that TV news performs very well is that when ther e is no news we give it to you with the same emphasis as if it wer e." David Brinkley**

• **"...an excess of passion is likely to be followed by a disastrous crash." Lisa W. Hess**

OK – so we know the current administration is using Mark Twain's strategy to sell us healthcare, cap & trade, "energy-less" policy and a host of other issues as part of "hope and change" in America. So where do all the quotes about journalism sandwiched between Twain and Hess fit in? Replace the subject of journalism and insert political rhetoric and you get the same picture – both professions have their share of blow-hards touting their own wonderfulness on the unsuspecting public.

Should this current administration get its wish list of "wants" [excess of passion] the end results will always be something less than what was promised [the disastrous crash]. So, Mark Twain warns us of the strategy and Ms. Hess has a handle on the end results.

Enough of the dour – the last quarter of year is a busy time for the LAAPL. Starting In September we kick off our fall meetings at the Petroleum Club; the LAAPL sponsoring the 27th annual West Coast Land Institute in Santa Barbara and rounding out the year are the holidays – Thanksgiving and Christmas/Hanukah. As of the date we wrote this column, you have 120 days, or less depending on which holiday you celebrate, to get your shopping done.

Trusting we'll see you all at the Petroleum Club on September 17th. Our luncheon speaker is the Honorable Scott Baugh, Chairman of the Orange County Republicans; bring friends and foes alike to listen to what Mr. Baugh has to say about the current state of affairs.

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Too many Landmen will be walking out the doors in the next fifteen years. To make matters worse, the recent shake up in our industry is going to compound the effect even more. Hopefully the “Golden Handcuffs” will be given to many of you in the form of nice overrides and large stock options. If not, then enjoy retirement and stop by a LAAPL meeting or two.



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AAPL Director
Transamerica Minerals Co.

Chapter Board Meetings

Partial list of issues to be discussed at the next board meeting:

- ✓ Report on the Annual Mickelson Golf Classic
- ✓ LAAPL finalizing plans for hosting the WCLI

The 2009 – 2010 Board of Directors meet on the third Thursday of the month at 11:00 AM at the Long Beach Petroleum Club. Board meeting dates coincide with the LAAPL’s luncheons.

We encourage members to attend and see your Board of Directors in action.

Our Honorable Guests

May’s luncheon was another successful LAAPL Chapter luncheon meeting held at the Long Beach Petroleum Club. Our many guests of honor who attended:

Oops....so many guests we forgot to write down the names. You may induce thirty strips on the back of the editor for his gross act of negligence.

New Members and Transfers

Our Chapter Board of Directors welcomes the following new members to the Los Angeles Chapter:

Ed Starman
Starman Oil Company
P.O. Box 3606
Thousand Oaks, CA 91359
818-620-6665
818-865-0850 Fax
royalflusheddy@yahoo.com

Brandt Fletcher Payne
Royal Energy, Inc.
7676 Hazard Center Drive
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619-881-2800
619-881-2899
brandt@royl.com



**Treasurer’s
Report**

As of : /52/2009, the LAAPL account showed a balance of	\$10,609.30
Deposits	792.36
Deposits 2009 MCGT	7,330.00
Total Checks, Withdrawals, Transfers	-3,808.85
Balance as of 8/30/2009	\$14,922.81
Merrill Lynch Money Account shows a total	\$11,096.90

**LAAPL CHAPTER OFFICERS
FOR 2008 - 2009**

At our May luncheon, the LAAPL members voted in for office:

President - Thomas G. Dahlgren, Industrial Relations & Land Coordinator, Warren E&P

Vice President - Stephen T. Harris, Oxy Petroleum/THUMS

Secretary - Jennifer Evan, Aeneas, Inc.

Treasurer - Charlotte Hargett, Land Technician,
PXP – Plains Exploration

Director - L. Rae Connet, Esq., Managing Partner, PetroLand Services

Director - Joseph D. “Joe” Munsey, Senior Land Advisor, Southern California Gas Company

Region VIII AAPL Director¹ - Joel W. Miller, Senior Energy Asset Analyst, Transamerica Minerals Company

¹Not an elected position – by Board appointment.



2009 MICKLESON GOLF CLASSIC

**Joel W. Miller, Senior Energy Asset Analyst
Transamerica Minerals Company
Golf Committee Chairperson**

The 5th Annual LAAPL Mickelson Golf Classic held at the Malibu Country Club on August 7th was a rousing success. It was an extremely tough year for fundraising due to tremendous budget cuts. However, the generosity of those who did support the tournament were able to raise around \$3,500 for the benefit of the R.M. Pyles Boys Camp.

The great conditions led to low scores posted by at least one scramble team:

1st place - Mike McPhetridge, Jim Drennan, Brent Davenport, & Carl Glatz with a score of 59

2nd place – Jerry Rushing, George Romero, Matt Cordona, & Mike Fernandez with a 62

3rd place – Terry Allred, Rick Peace, Grant Rodges, & Mike Ramsey with a 63

Brent Davenport, Board Member of R.M. Pyles Boys Camp, addressed the dinner crowd explaining the focus and direction of Pyles Boys Camp. Brent stressed the importance of the LAAPL's financial support to Pyles each year.

Once again, the LAAPL thanks everyone for their support and generous contributions to this fundraiser. We look forward to the 6th Annual Mickelson Golf Classic in 2010.

Comparison of 2008 vs. 2009

	2008	2009	Change
High Oil Price (First 7 Months)	\$145.16	\$72.69	-50%
Low Oil Price (First 7 Months)	\$87.16	\$34.03	-61%
High Gas Price (First 7 Months)	\$12.00	\$6.70	-44%
Low Gas Price (First 7 Months)	\$8.00	\$3.50	-56%
CA Onshore Drilling Rigs (July)	75	31	-59%
No. of Mickelson Classic Golfers	48	26	-46%
No. of Event Sponsors	1	0	-100%
No. of "Hole In One" Sponsors	1	0	-100%
No. of "Eagle" Sponsors	5	1	-80%
No. of "Birdie" Sponsors	3	4	+33%
No. of "Par" Sponsors	2	3	+50%
No. of "Clubhead" Sponsors	3	2	-33%
Sponsorship \$ (Not Including Event Sponsor)	\$10,025	\$4,100	-59%
Golf Net \$ (Golf Only)	\$2,880	\$1,560	-46%
Donate to Pyles	\$4,380.70	\$3,500	-20%

Lawyers' Joke of the Month

**Jack Quirk, Esq.
Bright and Brown**

An old Italian lived alone in New Jersey. He wanted to plant his annual tomato garden, but it was very difficult work, as the ground was hard.

His only son, Vincent, who used to help him, was in prison. The old man wrote a letter to his son and described his predicament:

Dear Vincent,

I am feeling pretty sad, because it looks like I won't be able to plant my tomato garden this year. I'm just getting too old to be digging up a garden plot. I know if you were here my troubles would be over. I know you would be happy to dig the plot for me, like in the old days.

Love, Papa

A few days later he received a letter from his son.

Dear Pop,

Don't dig up that garden. That's where the bodies are buried.

Love,
Vinnie

At 4 a.m. the next morning, FBI agents and local police arrived and dug up the entire area without finding any bodies. They apologized to the old man and left.

That same day the old man received another letter from his son.

Dear Pop,

Go ahead and plant the tomatoes now. That's the best I could do under the circumstances.

Love you,
Vinnie

Special Event
West Coast Landman Institute

Edgar Salazar, Land Manager, PXP
Plains Exploration, Chair and Kevin
Rupp, CPL, Independent, current
Chapter President, Co-chair.

The 27th Annual West Coast Land
Institute

When:

October 7 – 9th

Where:

Hotel Mar Monte
1111 East Cabrillo Blvd.
Santa Barbara, CA 93103

Room Rates:

\$139 per night in Newly Remodeled
Rooms

For Hotel Reservations call 800-643-
1994 or 805-963-0744 and reference
WCLI 09.

Schedule of Events:

- ✓ Wednesday, October 7th:
Welcome Dinner at the Hotel
Mar Monte
- ✓ Thursday, October 8th:
Breakfast, Lunch, and
Conference
- ✓ Thursday Night: Rooftop
Clambake at the Canary Hotel
- ✓ Friday, October 9th: Breakfast
& Conference



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Special Article

**DOGGR NAMES NEW
SUPERVISOR**

*As reported by the DOGGR Press
Release*

Elena M . Miller has been named
State Oil and Gas Supervisor effective
September 1, California Department
of Conservation Director Bridgett
Luther announced. Miller is currently
Public Adviser at the California Energy
Commission (CEC) and has also served
as Staff Counsel.

“The Division of Oil, Gas, and
Geothermal Resources (DOGGR) has
important responsibilities with respect
to protecting public safety and the
environment. Elena’s extensive and
diverse background will serve her well
in overseeing the division,” Director
Luther said.

Miller’s main responsibilities with
DOGGR will be to direct the state’s
oil, gas, and geothermal regulatory
programs and to provide direction to
a field staff that carries out programs
overseeing the drilling, operation,
maintenance, and plugging and
abandonment of wells and related
facilities. She will also coordinate
the division’s activities with those
of industry; professional, civil,
and independent groups; and other
governmental agencies.

Governor Schwarzenegger appointed
Miller to the Public Adviser position
at the CEC in June 2008. Miller’s role
has been to ensure participation by all
stakeholders – government entities,
environmental organizations and
the public at large – in Commission
proceedings such as licensing power
plants. As Staff Counsel at the CEC,
Miller was assigned to support the
Fuels and Transportation Division on
the Alternative and Renewable Fuel
and Vehicle Technology Program.

Prior to joining the CEC, Miller worked
on employment litigation matters
as Staff Counsel at the California

Department of Corrections and
Rehabilitation. She also practiced law
in the private sector in Los Angeles.
Miller has experience in the oil, gas,
and geothermal fields, working for a
number of years as a Senior Paralegal
for Atlantic Richfield Company in Los
Angeles and Venezuela (she speaks
fluent Spanish).

Miller earned her undergraduate degree
from UC Davis in Political Science
and her law degree from Southwestern
University School of Law. While an
undergraduate student, Miller worked
at the Geothermal Resources Council
in Davis and the Advocacy Institute in
Washington, D.C.

Ms. Miller is the first woman to
head the Department of Oil, Gas and
Geothermal Resources and is believed
to be the first Supervisor appointed
from outside the oil industry since the
Department’s creation in 1915.

Scheduled LAAPL Luncheon
Topics and Dates

September 17, 2009
Honorable Scott Baugh
Orange County Republican Chair

October 7th – 9th, 2009
West Coast Land Institute

November 19th, 2009
Speaker – TBD

January 28th, 2010
Joint Meeting With
Los Angeles Basin Geological Society

March 18th, 2010
Speaker - TBD
Officer Nominations

May 20th, 2009
Speaker – TBD
Officer Elections





Case of the Month

U.S. SUPREME COURT REJECTS JOINT AND SEVERAL LIABILITY WHERE A REASONABLE BASIS FOR APPORTIONMENT EXISTS, AND LIMITS ARRANGER LIABILITY

Burlington Northern & Santa Fe Railway Co. et al. v. United States et al.
(Case No. 03-17125, U.S. Sup. Ct., May 4, 2009)

By
Thierry R. Montoya, Esq.
Ardno, Yoss, Alvarado & Smith

In an 8-1 decision, the United States Supreme Court addressed two CERCLA issues: 1) Shell's "arranger" liability, and 2) whether liability of the two Railroads who owned a portion of the property that was contaminated was properly limited to only 9% of the total remediation costs. The Supreme Court overruled the lower courts on the issue of Shell's "arranger" liability. Regarding liability, the Court applied the United States v. Chem-Dyne Corp. 572 F. Supp. 802 (S.D. Ohio 1983) precedent upholding apportionment when "there is a reasonable basis for determining the contribution of each cause to a single harm." A sufficient basis for apportioning liability existed on the record based on the Railroads' length of ownership of the relevant parcel of land, the relationship between the Railroads' parcel as compared to the overall contaminated parcel, and the volume of relevant activities on the Railroads' land as compared to the volume on the rest of the parcel.

Background

B&B stored chemicals D-D, Nemagon, and Dinoseb on its 3.8-acre facility. From 1960-1989, B&B discharged contaminated wastewater into a sump that was used to wash agricultural equipment, and then into a pond. The sump and the pond were both located on B&B property, and were, at first, unlined so were very pervious.

The government alleged that B&B's activities on the Railroad parcel contaminated the groundwater. Following a bench trial, the district court found B&B's parcel to be the primary source of groundwater contamination, with reported detections showing higher levels than on the Railroad parcel.

B&B purchased the agricultural product D-D from Shell pursuant to a non-exclusive marketing agreement for the resale of Shell D-D. Shell shipped D-D to the B&B facility by common carrier trucks "FOB Destination." The trial did not reveal any evidence that the transportation caused any leakage or that the tanks carried by the trucks leaked. Upon arrival at the B&B facility, the D-D from the trucks was transferred to B&B's storage tanks, in a rather messy process during which D-D spills regularly occurred. The district court found that responsibility for D-D passed to B&B when the common carrier arrived at the B&B facility, and before the transfer of D-D to B&B's storage tanks.

The district court ruled that both the Railroads and Shell were "potentially responsible parties" ("PRPs"), and apportioned 6% of the cleanup liability to Shell, 9% to the Railroads on the following rationale: i) the Railroad parcel only consisted of 19.1% of B&B's entire facility; ii) the Railroad parcel was only leased to B&B for 13 of the 29 years of the B&B facility's operation, or 45% of that time; and iii) the fraction of hazardous products attributable to the Railroad parcel was 66%. The multiplication of these three proportions, rounded upward, resulted in 6% liability. Accounting for error, the district court assumed a 50% error rate and raised the Railroads' liability to 9%.

Shell contested its liability on appeal. The 9th Circuit held Shell liable as an "arranger." The 9th Circuit interpreted "arranged for" to rest on two alternative bases for liability: "direct" and "broader" arranger liability. The 9th Circuit held that under the "broader" arranger liability standard, an entity need not have direct involvement with an arrangement for the disposal of a hazardous substance; liability will be found on circumstances where the entity had "sufficient control over the process that created the waste." [Citation omitted.] Under this analysis, the 9th Circuit imposed liability on Shell as a seller of the agricultural product D-D to B&B, which then contaminated its facility in part with Shell's product. The 9th Circuit reasoned that because unintentional practices like "leaking" are included within CERCLA's definition of "disposal," a finding of intent is not required.

Regarding the Railroads, the 9th Circuit held that the district court's severability focus on only 3 factors (percentages of land area, time of ownership, and types of hazardous products) was insufficient to support apportionment. The 9th Circuit held that premises landowner liability should focus on ownership of a facility, not on ownership of a certain parcel of land within a facility. Regarding the Railroads, the 9th Circuit held that operations on its site were dynamic, with fertilizer stored on this parcel, empty pesticide cans stored, crushed, and disposed of as well. Therefore, the synergistic use of this part of the B&B facility precluded a division based on percentage of land ownership.

Case of the Month
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The 9th Circuit also held that the Railroad parcel added an unquantified and exponential amount to B&B's soil contamination, as without this parcel, less fertilizer would have been stored, meaning that less would have leaked on B&B's site.

Court's Rationale

CERCLA section 9607(a)(3) applies arranger status to those that "arrange[s] for disposal...of hazardous substances." Under this definition, arrange liability would apply to those that enter into a transaction for the sole purpose of discarding used and no longer useful hazardous substance. Under this section, arranger liability would not attach to an entity that sells a new or useful product that the purchaser later disposes of, unbeknownst to the seller, and that disposal leads to contamination. The gray area is how to define arranger liability for arranger relationship in between these two circumstances - where the seller has some knowledge of the purchaser's planned disposal, or whose motives for the sale of a hazardous substance are unclear.

The Governments suggested that the focus should be on the term "disposal" which CERCLA broadly defines as "the discharge, deposit, injection, dumping, spilling, leaking, or placing of any solid waste or hazardous waste into or on any land or water." Under this definition, the Governments argued that Congress intended to impose liability on parties like Shell that engaged in the legitimate sales of hazardous substances, knowing that some disposal may occur as a collateral consequence of the sale itself.

The Supreme Court rejected this approach, as the extent of liability cannot exceed the limits of CERCLA's statutory language. As CERCLA does not specifically define what "arrang[e] for "disposal of a hazardous substance" means, the Supreme Court defined it in its plainest sense. "In common parlance, the word 'arrange' implies action directed to a specific purpose." Therefore, a CERCLA arranger is one who "...takes intentional steps to dispose of a hazardous substance.

As applied to Shell, although Shell knew of minor, accidental spills that occurred during the transfer of D-D from the common carrier to B&B's bulk storage tanks after the product's arrival at the Arvin facility, those facts did not support the inference that Shell intended the spills to occur. Contrastingly, the evidence showed that Shell took numerous steps to encourage its distributors to reduce the likelihood of such spills, providing safety manuals, imposing maintenance obligations on their storage facilities, and providing discounts for those that took safety precautions. Although Shell's efforts were less than successful, the Supreme Court held that one cannot extrapolate from Shell's mere knowledge that spills and leaks continued to occur that it "arranged for" disposal within the meaning of section 9607(a)(3).

Regarding apportionment, the Supreme Court held that the Railroads should not have been held jointly and severally liable for the full cost of the Governments' response efforts. All parties agreed on the principles that govern apportionment within the CERCLA context, and the lower courts agreed that the harm created by the contamination of the Arvin facility was theoretically capable of apportionment. Therefore, the Supreme Court determined that the only question was whether the record provided a reasonable basis for the district court's conclusion that the Railroads were liable for only 9% of the harm cause by the contamination.

Despite the 9th Circuit's criticisms, the Supreme Court held that the record reasonably supported the apportionment of liability. Specifically, the record substantiated the primary source of contamination as being centered on the unlined sump and pond in an area distant from the Railroads' parcel, and that the Railroads' parcel contributed no more than 10% of the total site contamination. Accordingly, the Supreme Court found it reasonable for the district court to rely on the size of the leased parcel and the duration of the lease as the starting point for its apportionment analysis.

Moreover, the Supreme Court held that that record reasonably supported the apportionment based on the fact that evidence did suggest that fewer spills occurred on the Railroads' parcel, and of those spills that did occur, not all were carried across the Railroads' parcel to the B&B sump and pond. These facts strengthened the district court's conclusion that the Railroads' parcel contributed only Nemagon and Dinoseb in quantities requiring remediation.

Conclusion

Arranger liability now requires some evidence of intent; how much intent is not addressed in this case and is reserved for future decision[s]. It is presently clear that other PRPs must understand that arrangers can now avoid some or all liability in Superfund matters, putting greater settlement pressure on non-arranger PRPs. This new category of arrangers can also pressure other PRPs on the apportionment side. Now arrangers can argue that they can only be held responsible for the contamination they caused, assuming a reasonable basis for apportionment exists.



Special Article

CANADA STRIKES OIL (TEXAS TEA) BEFORE TEXAS? Part II of the Canadian Oil Story

Joe Munsey
Newsletter Chair

As promised in our May issue of “The Override” we are using this second part of the Canadian Oil Story to introduce you to the real first oil baron family. Contrary to oil field myth, it was not the Rockefellers who were the first. It was the Fairbank Family of Canada who are still alive and doing well in the oil business.

The patriarch Fairbank, not to be confused with the Hollywood mogul Douglas with an “s” at the end of his name, started out as a land surveyor. “John Henry Fairbank was a 29 year old American with a Canadian wife struggling on a farm in Niagara Falls, Ontario.”¹ Life would change as he knew it once he set foot upon the first oil patch in North America.

The Fairbank name does have a California connection – does Elk Hills Oil Field conjure up any thoughts of oil field grandeur? Not the recent newly found Oxy discovery but the Teapot Dome political scandal.

Though not part of the scandal which plagued Mr. Edward L. Doheny of Los Angeles, the Fairbank connection to Elk Hills had to do with purchasing land from the State of California; that portion of land being part of the lucrative section of the Elk Hills Oil Field. The case hinged on whether the lands came with “known minerals” when it passed from the U. S. federal government to the State of California in 1903. A law suit ensued over mineral rights which involved Fairbank and was subsequently settle but not in the favor of Fairbank.

Fortunately I was introduced to our famed oil baron family by Jack Norman, my old boss and Principal owner of Elexco, Ltd., of Ontario, Canada. Like any good “reporter” worth his weight in oil, I dropped Jack’s name when calling Mr. Fairbank (“Charlie” for those of us on a first name basis) to do a story on his current operations and family history.

As a result of our phone conversations, Charlie sent me several publications which included the history of the Fairbank Family which played an important part in the records of Petrolia, Ontario itself. However interesting the books have turned out to be so far, time was working against me to put together a “scoop.”

Lady luck came my way; we found a wonderful article previously written about the Fairbank legacy. So I ask myself, “Why re-invent the wheel?” I was able to obtain permission from the author, Catherine Teasdale, editor of *The Review*, Imperial Oil’s national magazine, www.imperialoil.ca/thereview, to republish her article here. The article first appeared in the Fall 2008 issue of *The Review*.

“150 YEARS OF FARMING FOR OIL”

By Catherine Teasdale

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The very first oil boom began in 1858 when James Miller Williams dug a shallow well on his property in Black Creek, Ontario, later to be renamed Oil Springs. When oil bubbled to the surface, he made history by turning his discovery into the first commercially successful oil well in the world.

Dozens after him followed to punch holes in the ground in hopes of finding their fortune. Unfortunately, peak production for Oil Springs hit in 1862 and then began to drop off. Four years later, neighbouring (sic) own Petrolia struck oil and became Canada’s oil capital. Almost overnight Petrolia became dotted with hurriedly built shacks that eventually made way for opulent homes in the boom days. Times were good but they didn’t last. By 1908, salt water began to flood the Petrolia wells putting an end to the boom days in the area. As a result, many oil pioneers had no choice but to return to the plow.

The hamlet of Oil Springs, nevertheless, persevered. Families continued to produce oil despite reports that the crude was all but gone and the land had been rendered worthless after years of carelessness and contamination. The verdict from a 1949 issue of the Imperial Oil Review was grim. “There has been no farming here since the wells first came into production... nor will there ever be,” wrote the Review. The oil wells had “nearly come to the end of their usefulness. Now they produce so little crude that when a serious breakdown occurs at a pump, the well is more likely to be abandoned than repaired.”

And yet, through generations of hard times, some families stubbornly kept the faith that this historic village would have its day. The longest-standing are the Fairbanks, an oil-producing family who supplied fuel to Imperial even before the company was incorporated in 1880.

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Special Article
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“We are the oldest supplier to Imperial Oil,” says Charles Fairbank III from his hardware store in Petrolia. “We’ve been pumping oil longer than anyone in the world as a family.”

The family’s oil legacy started with his great-grandfather, John Henry Fairbank, an entrepreneur and land surveyor who was too independent minded to join his friends at the Imperial Oil Company and become a refiner; he was determined to be an “oilman.” And, in the early days, his logic made sense. In 1880, when Canada’s oil production was about 400,000 barrels per year, Fairbank’s company was the largest oil producer in the country.

He was also the inventor of the jerkerline system of pumping oil, which involves running multiple wells from a central steam engine rather than powering the wells individually. It was a simple but efficient invention that caught on and spread around the world.

Despite the eventual loss in standing for Fairbank Oil the company always kept good relations with Imperial Oil. Fairbank III recalls a time when his father dropped in at Imperial’s former head office on Church Street in Toronto to discuss prices with the then vice-president Alex McQueen: “When the prices were too low for local producers, Imperial would help out. It wasn’t an accommodation you’d expect for the little guy.”

Now Fairbank is determined to keep the family business alive. In the ’90s, he bought adjacent properties with wells that had been abandoned some 50 years before. With a metal detector in hand, he went out and found several wells, cleared the brush around them, and then re-established production.

He describes himself as a “historic oil producer” and a man who’s “passionate about the history of the wells.” So passionate in fact, that he and his wife, Pat McGee, joked that they should have had “for boom or for bust” as wedding vows. It’s unclear just how much time is left for properties in the area to continue to produce. Fairbank believes that 10 million barrels of oil have already been produced in Oil Springs and as much as 1.2 million may still remain. Even if this is true, the entire Fairbank annual production could be used up by the world in 24 seconds. But if the area isn’t rich in oil, it’s definitely rich in history. That’s why this 150th anniversary is so important, perhaps important enough to capture the world’s attention. Fairbank and others are working to have the area – while it’s still operational – recognized as a world heritage site by the United Nations Educational, Scientific and Cultural Organization (UNESCO). It would be one of a handful of industrial sites on the organization’s list.

Whether their bid is successful is anyone’s guess, but if we’ve learned anything from history it’s this: never underestimate “the little guy.”

-Catherine Teasdale

Our good friend Cliff Moore made a very astute comment after reading the entire article, and I end with it. “Once we understand when and where the oil boom originated, we can all agree the Rockefellers had their day in the sun but it was the Fairbank Family that showed the first light.”

¹The Story of Fairbank Oil. Patricia McGee. Words Unlimited Ink. Browns Graphic & Printing Inc. Petrolia, Ontario, 2004.

Thank You Letter

If there is any doubt as to all the good our donations to the Pyles Boys Camp provides, read the following open letter to the LAAPL from Derrious Jennings.



R.M. Pyles Boys Camp
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L.A. Assoc. of Petroleum Landmen
5640 S. Fairfax Ave
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Dear Petroleum Landmen
Thank you for your contribution to Rm Pyles Boys camp
with out you I wouldnt had the time of my life.
on my first day here at Pyles Boys camp I was
a little nervous for a little while and I met
new friends. when I got here I thought we were
going to have to sleep in tents, but we had cabins
with beds, and the food was really good. we did
a lot of activities like ropes, horse back riding, and
archery. every night we had a campfire. I like
campfire because we do songs and skits and stories.
we went to outcamp for five days. we stayed at
and saw a lot of cool animals. we stayed at
Angels flight, upper Pyles, lower Pyles, and somewhere
else. I learned how to treat others and how to
treat others and also how to face my fears. when
I go back home I will help my family and my
house and treat others the same way I want
to be treated. I've had a lot of fun all because
of your donations.
Sincerely, Your friend
Derrious Jennings



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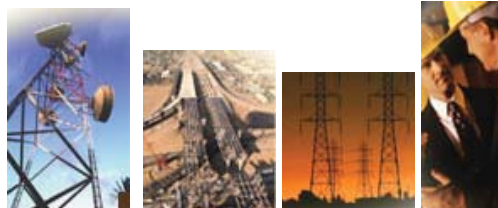
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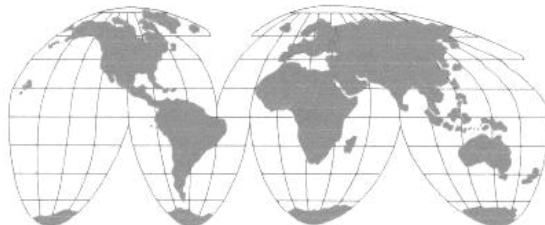
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