

# OILMAN JAMES CARL ANDERSON WAS A RELENTLESS, RESTLESS BUSINESSMAN

Max Fawcett - Special to The Globe and Mail

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Canada's oil and gas industry was built by a small fraternity of large personalities: wildcatting oilmen who lived as much by their wits and wiles as their wells. Perhaps the largest was James Carl Anderson, who died on Sept. 3 of congestive heart failure just a couple of weeks shy of his 85th birthday.

The Anderson Exploration founder's straightforward way of doing business earned him renown in the industry, and his equally straightforward manner of expressing himself resulted in more quips and quotes than all his peers put together could manage.

For instance, when pressed by the California Public Utilities Commission in a hearing over a possible conflict of interest between Anderson Exploration and Alberta and Southern Gas – which was buying gas that Anderson produced and also owned a small working interest in some Anderson wells – Mr. Anderson told them, “I pass more gas in bed at night than those wells made.”

Mr. Anderson's other calling card was his integrity. J.C., as he was known, was among the last of a generation who believed that business could – and should – be consummated with a handshake rather than a written contract.

“His word was his bond,” says John Richels, the former CEO and current vice-chairman of Devon Energy and the man who sat across the proverbial table from Mr. Anderson in the 2001 deal that saw Devon buy Anderson Exploration for \$5.3-billion in cash.

“You could shake hands with J.C. and know you had a deal, and it's always gratifying to do business with people on that basis,” Mr. Richels said.

That honesty extended into his personal interactions, too. “He called it like it was,” his son John says. “You always knew where you stood with my dad. If he liked you, or even if he didn't, you knew.”

Mr. Anderson always wanted to know where he stood, too, so he'd often call his son, a stockbroker with Nesbitt Burns at the time, while he was on his way to the office, to check on his company's stock.

“He'd always want to know, ‘How's AXL?’ AXL was his ticker symbol, and I'd give him a quote. ‘What's Clay [Riddell] doing today? How about [Allan] Markin? What about [Murray] Edwards?’ That's how he'd refer to their quotes – he wanted to know what all the other guys were doing.”

That competitive streak could make him a challenge to work for. “He demanded a lot from you, but you learned a lot in return,” says Brian Dau, the CEO of Anderson Energy, the company Mr. Anderson founded after he sold Anderson Exploration. “You had to if you wanted to work there. And not everybody could work for him because of that.”

There was also a lighter side to Mr. Anderson, Mr. Dau recalls. “A lot of guys in this town worked for J.C., and we always get together and talk about the positive things that we did together and what we learned working for him. But we also talk about the fun times, too, and the fun things we did, because J.C. had this ability to laugh at himself when he did something stupid. And he did some stupid things. He'd tell us about them and we'd all have a big laugh.”

J.C. Anderson was born on Sept. 21, 1930, in the small farming community of Oakland, Neb., the son of Anna and Alvin Anderson. His father was a cashier at the Farmers and Merchants National Bank. His younger brother, Robert, remembers J.C. as a good student and even better basketball player as a teenager. When J.C. took a geology course at Midland Lutheran College, he discovered his passion for the oil and gas business. He went on to get his degree in petroleum engineering at the University of Texas at Austin. After graduating, he joined the military in 1954 and spent two years in the counterintelligence corps before leaving to take a job at Pan American Petroleum (a predecessor company to Amoco, which was eventually bought by BP).

Fittingly for a man who lived to work, he met his future wife, Barbara Goulette, when they were both transferred into the company's Denver office. His job as Amoco Canada's chief engineer brought them north to Calgary on New Year's Eve in 1965, and they started to build a family that would include two sons (John and Bryan, who died in an equestrian accident in 2013) and two daughters (Sandra and Susan).

By 1968, Mr. Anderson decided the time was right to strike out on his own. With a \$400,000 grubstake that he raised from a small group of Texas investors, he created Anderson Exploration. “We did tell him not to leave Amoco with a bad taste in their mouth,” his brother, Robert, says, “because he might have to go back to them. But that was never necessary.”

Anderson Exploration was not an immediate success, and his decision to leave a steady job at a company where he was rising up the ranks was risky. But his confidence never wavered, according to those close to him, including his former wife, Barbara.

"I think I was pregnant with Brian, my second one, and here he's walked off the job and bought a well that's been a dry hole from Imperial. But he said, 'Nope, I think they drilled in the wrong zone.'" He was right.

On Sept. 19, 1970, two days before Mr. Anderson's 40th birthday, the land that had produced a dry hole for Imperial yielded one of the biggest natural gas discoveries in Canadian history for his fledgling company, a massive pool near Peace River that contained more than 1.4 trillion cubic feet of natural gas reserves. It was, as he said, a "company maker."

By 1987, when a young Brian Dau showed up for an interview, Anderson Exploration had grown into a serious player that was on the verge of going public. Mr. Dau still remembers that interview, too, and the moment when realized he wanted to work for Mr. Anderson.

"We had a big technical discussion about drilling a certain reservoir formation. There were some logs sitting on his table that we started talking about. And then he turned to me and said, 'You know, I've got a necktie like that. But mine's got a gravy stain on it.' I thought, 'I've got to work for this guy.' He had a tremendous understanding of the business. But he also had a great sense of humour."

Together, they helped grow the company from the 10,000 barrels per day of oil equivalent that it was producing when Mr. Dau was hired to the 200,000 barrels per day that Anderson Exploration was producing when Devon decided to buy it.

But while the Devon deal was the biggest of his career, it wasn't the most important. That, Mr. Dau says, was the 1995 deal to take over Home Oil in one of the most ambitious – and innovative – transactions the patch had seen to date.

"When we did the deal, the financial advisory at the time said, 'In Canada, with a hostile cash bid on the table, nobody's come out with an equivalent all-stock bid of equal value and won. It's never been done before,'" says Mr. Dau.

What made the offer even more interesting was the fact that the hostile cash bid was coming from Amoco – Mr. Anderson's former employer. And despite Mr. Anderson's putative status as a white knight, Home Oil's board didn't recommend his company's offer. Instead, they put the two offers to their shareholders, which forced Mr. Dau and Mr. Anderson to spend an intense two weeks trying to sell them on their offer's merits. But, in the end, the Anderson Exploration bid carried the day – thanks, Mr. Dau says, to its CEO. "J.C., despite the advice we got from our investment bankers, always believed he would win. And we all believed in him."

John Anderson had just finished taking down the tents at the Anderson Ranch, which had played host to a series of show-jumping events over the summer, when his father died. So he immediately arranged to have them put back up to accommodate hundreds of guests for a celebration of Mr. Anderson's life. When asked about his father's legacy, he cites those guest and their diverse backgrounds and interests. They, John says, are his father's legacy – not the deals he did or the companies he led, but the people whom he helped throughout his career.

"If you talk to people who worked for him, whether they stayed with the company or went on to do other things, a lot of people learned a lot of things from J.C. Anderson. Sure, he loved doing deals. But he got a lot of satisfaction out of helping people."

That help often came in the form of direct financial assistance. There was the \$11-million in Anderson Exploration stock that he donated to the Calgary Foundation in 2001 when he sold his company to Devon; an ongoing relationship with the Easter Seals' Camp Horizon, near Alberta's Bragg Creek; and a record bid in 2009 of \$135,000 for a commissioned Stampede painting featuring Outlaw the bull. He also gave back to the equestrian community through his investments in the Rocky Mountain Show Jumping facility, which is located on the Anderson family's ranch, just a few kilometres down the road from the world-renowned show jumping facility Spruce Meadows.

The Rocky Mountain Show Jumping facility, of which John is the president, plays host to upwards of a dozen show jumping tournaments a year and as many as 500 horses. In recognition of the family's contributions to that community, they were inducted into the Jump Canada Hall of Fame in 2011, in the builder category.

Mr. Anderson leaves his son John; daughters, Susan and Sandra; grandsons, Austin and Eric; brother, Robert; and nephews, Steve and Michael. He was predeceased by his son Bryan and parents, Anna and Alvin.

While he will be missed and fondly remembered by many, Mr. Anderson wasn't quite a saint. By all accounts he was intrinsically averse to the all-important work-life balance that everyone else seems to seek today, and the drive that made him such a relentless – and restless – business person almost certainly detracted from his personal life.

"He was a very hard worker – as a matter of fact, he probably worked too hard," his brother, Robert, says. Meanwhile, the stubborn streak that made him such a good businessman often made him difficult to deal with.

"Trust me, I grew up with him – he could be a tyrant," John says. "He was tough. He worked hard and it had to be his way." But, he says that more often than not Mr. Anderson's way – one that was defined by honesty, integrity and a forthrightness that's increasingly hard to find in the industry he helped build – was the right way.

"He did everything on his own terms," John says. "Everything. You couldn't tell him what to do. And if you told him 'No,' you can't do that or this isn't possible, he'd find a way to make it possible – just to say 'I told you so.' He didn't believe in the word 'No.'"