

## Johnson Petroleum

Johnson Petroleum leased property from Center Farms for oil storage tanks. When the lease ended Johnson Petroleum removed the tanks, but left behind some oil residue in the soil from an accidental spill. Center Farm has asked Johnson Petroleum to clean up the residue. Johnson Petroleum has refused to clean up the land claiming it would have to spend \$300,000 to restore land that is worth only \$50,000 in pristine condition.

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### Questions

1. How is this similar or different from what occurred in Peevyhouse?
2. Should specific performance be required of Johnson Petroleum or should damages be assessed? How should the damages be calculated?
3. Suppose Johnson engaged in a cleanup and had returned the land to its pre-spill condition. However, because of the knowledge that the land had once been contaminated, the market price of the land is now lower. Should Center Farms receive stigma damages for a diminution in the market value of the land? Does economic efficiency require stigma damages?