

Gina Nila

From: Dave Mochizuki
Sent: Thursday, November 16, 2006 10:17 AM
To: Gina Nila; Thanos Gauthier
Subject: FW: Landfill wells

FYI... looks like we proceed with abandonment.

From: J.C.McFarland [mailto:mac@mcfarl.com]
Sent: Thursday, November 16, 2006 9:38 AM
To: Dave Mochizuki; Steve Helvey
Cc: Jeff Kerns; Mike McCaskey
Subject: Fwd: Landfill wells

Steve and Dave,

See below for write up from Jeff Kerns on the two Landfill wells. Matrix does not see economic potential for trying to resurrect and put either well back on production. They recommend that you move forward with abandonment plans. Matrix will be glad to assist you with technical advice, contractor contacts, etc.

As indicated, both Jeff and Mike do see potential for drilling new wells into the former Chevron acreage. Today's oil prices make that feasible. The key would be a "drillsite" of approx. 2 acres from which they could drill wells, erect a tank farm, etc. Of course, The City and Matrix would also need the permission/cooperation of the Habitat Authority and other agencies with jurisdiction over the area and activities, and we would have to clarify the ownership of mineral rights underlying the land.

Please let us know how you would like to proceed.

Begin forwarded message:

From: "Jeff Kerns" <jkerns@matrixoil.com>
Date: November 14, 2006 11:51:57 AM PST
To: "'Mike McCaskey'" <mmccaskey@matrixoil.com>, "Mac McFarland" <mac@mcfarl.com>
Subject: Landfill wells

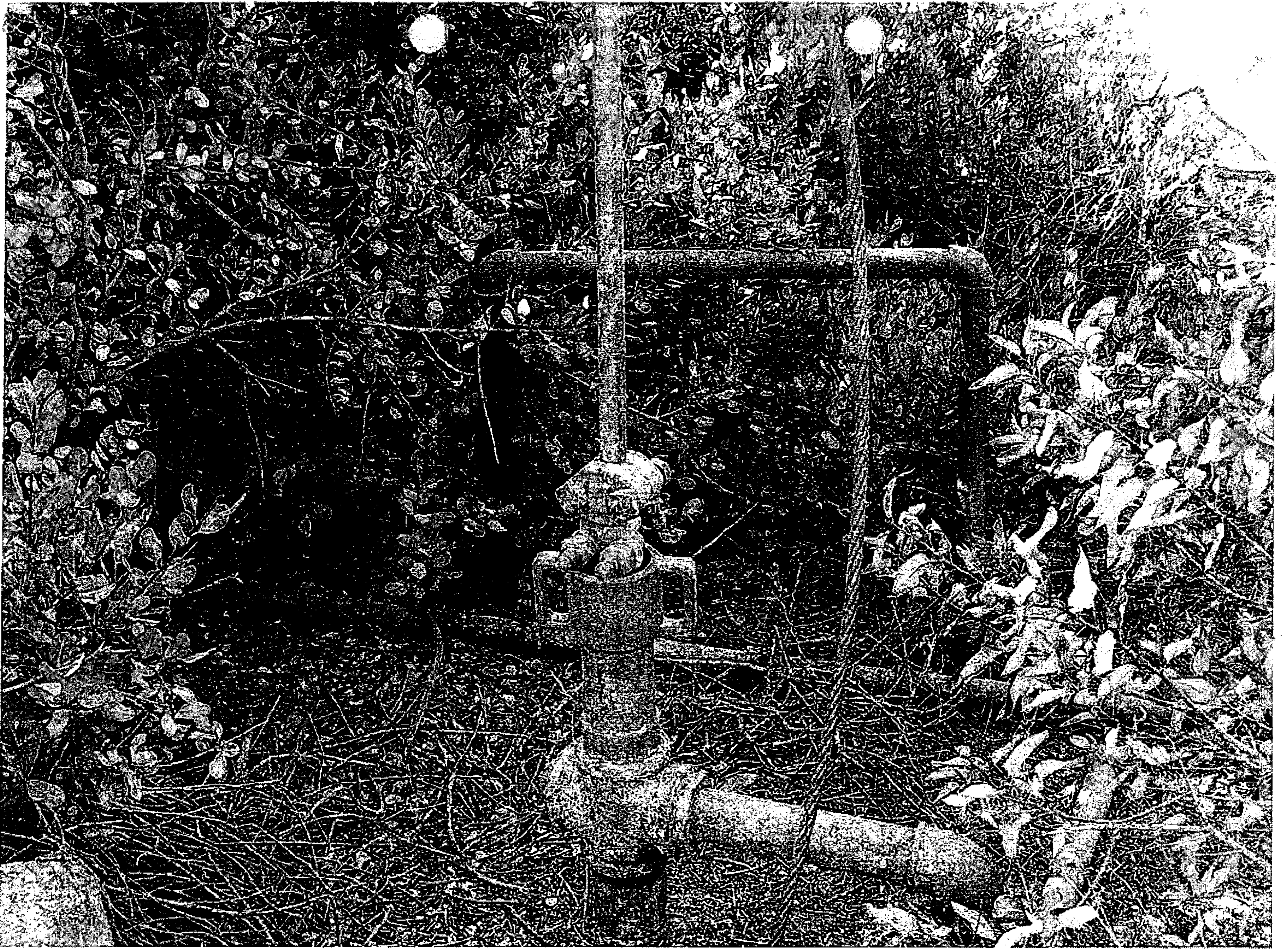
Silas Briones and I visited the Whittier Landfill on November 2, 2006, primarily to look at 2 wells, Central Fee 63 (the so-called "leaking well") and Savage #1 (the well with a gin pull over it). We don't see potential in resurrecting these 2 wells. The Savage #1 is an orphan well and may have some potential for someone. A person can test the well for 90 days and then either keep it or turn it back to the DOG. The challenge would be placing tanks and facilities within the landfill boundary and working with all the landfill agencies.

We do see potential in a field wide type development, which would require about 2 acres of land adjacent to the landfill from which we would drill wells and process oil and gas. This is what we discussed at our meeting with the City on October 18. If the City owns such a tract of land, we could start thinking about what kind of deal

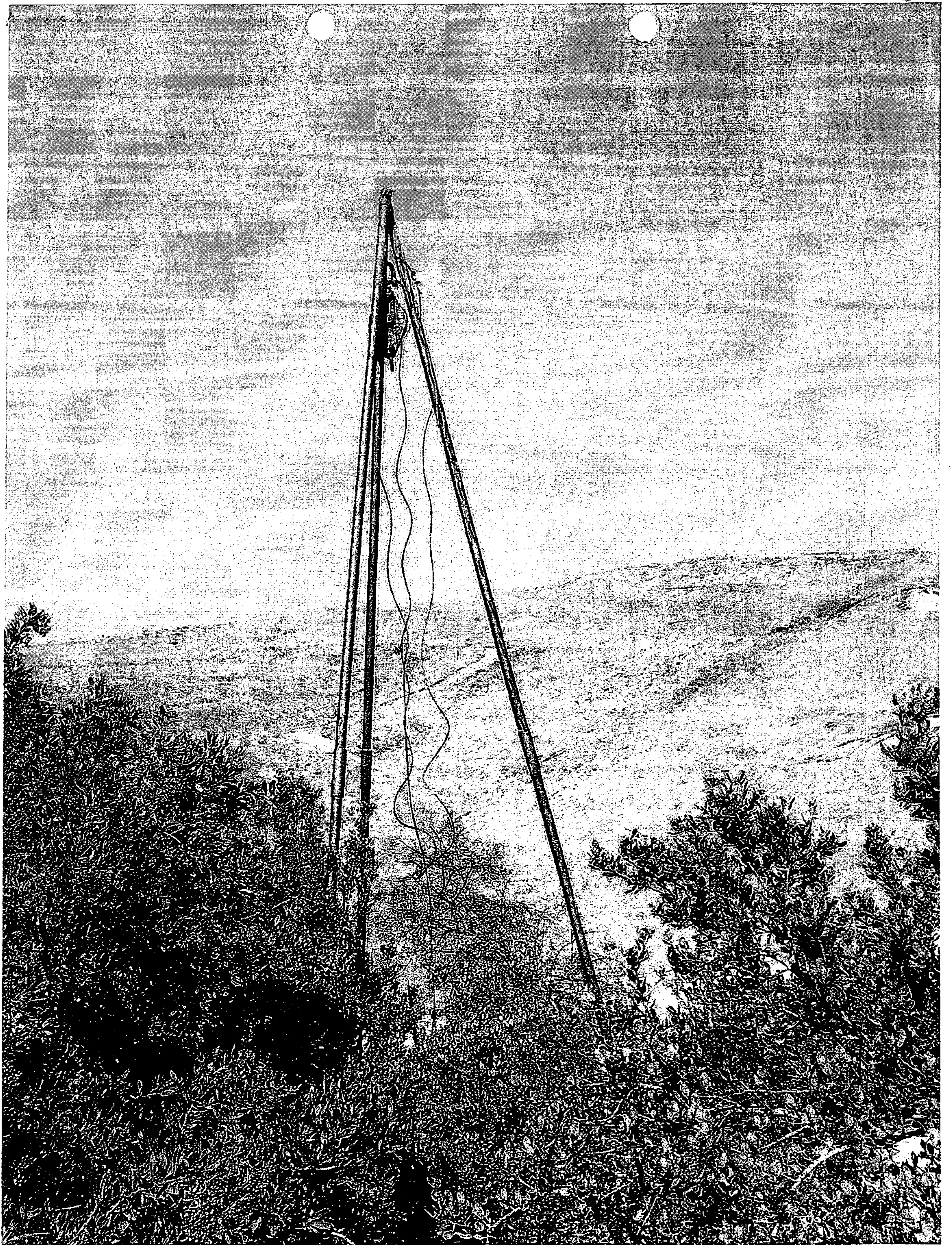
11/20/2006

structure might work for all the parties.
Jeff Kerns

11/20/2006



UNKNOWN WELL #



Unknown well #



CF63 - looking well in Phase 2B