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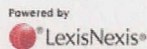
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## Los Angeles County wants cut of oil money from hills near Whittier



By Mike Sprague The Whittier Daily News, Calif.

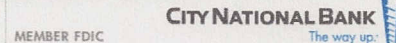
Publication: The Whittier Daily News (California)

Date: Friday, February 12 2010

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Feb. 12--WHITTIER -- There's black gold in them there hills, and the county wants its cut.

The county is demanding the city share oil royalty income if Whittier allows drilling in a wilderness area in the Puente Hills, according to a letter from Russ Guiney, director the Los Angeles County Regional

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Park and Open Space District.

The city is considering allowing Matrix Oil Co. to drill on 7 acres in part of wilderness park owned by Whittier. The oil company would slant drill under 1,273 more acres.

The county wants a major share of the proceeds from the 7 acres, according to the letter. And it wants to force the city to use Whittier's share of the money for parks programs.

The letter does not lay out exactly how the royalties would be shared.

City Manager Steve Helvey said the letter is a good

beginning to negotiations with the county.

"They're trying to make a favorable interpretation of the rules as it relates to our situation," he said.

The county contends that \$9 million of the money used to buy the wilderness area came from Proposition A, a statewide parcel-tax measure approved by voters in 1992.

Guiney's letter rejected the city's initial position on Proposition A that it only had to replace the seven acres of property that would be used for oil drilling.

"County counsel has advised that this conclusion is incorrect in that it ignores plain language of the proposition and the grant agreement," Guiney

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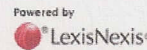


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stated.

The letter contends the county is entitled to oil royalties or the value of the land -- depending on which is worth more.

Even if the county gets a big cut, there should be plenty of money to go around, city officials said.

Two years ago, Matrix Oil learned that Chevron was getting 1,000 barrels a day out of the field before it abandoned the area due to low oil prices.

At today's oil prices, the field would gross about \$25 million a year if oil was pumped at that rate.

The city spends \$9 million a year on parks and recreation.

"If we could pay for the parks and recreation budget, it would be as much as all of the sales tax we generate citywide," Helvey said.

The city would still need to work out an arrangement to split extra proceeds.

"It's a start," Henderson said. "They have in some ways reached out to try to make (the oil money) available to other properties which I think is very appropriate."

Henderson was a major player in the effort to preserve the hills as a wilderness area, which were considered at different times to be turned into a cemetery or a housing development.

He said the only reason the Puente Hills Native Habitat Preservation Authority bought the mineral rights was to keep out drilling operations that would spoil the area, which was once a major oil field.

"I thought honestly the fields were exhausted and they were closing it down because there wasn't enough oil to worry about," he said.

mike.sprague@sgvn.com

562-698-0955, Ext. 3022

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