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Guest View: Matrix Oil Corporation following rules

By Michael McCaskey
Posted: 05/19/2010 08:03:36 PM PDT

Recent letters to the paper have asked questions and presented concerns from certain citizens relative to the proposed Matrix Oil Corporation oil-development project in Whittier Hills.

Matrix welcomes dialog and looks forward to scheduling meetings to discuss the project, answer questions and highlight the benefits of the project to the community. Matrix will be holding meetings independently from the City and in those meetings residents will be encouraged to ask all questions about the project.

The Whittier Hills Oil Project involves proposed drilling and development under city-owned lands. Development would be from 7 acres within the state of California designated Whittier Oil Field which is now used as a park and wildlife habitat. The area has experienced oil drilling activity that began in 1890.

There are many false statements in circulation about the project. We wish to set the record straight. In 2006, Matrix approached the city to potentially develop certain city lands near the city's landfill. The city was interested but cautious, and encouraged us to submit a proposal to be reviewed like any other land use proposal. We were informed by city staff that California law required that our project and a potential contract with the city would only be possible as a competitive bid process. That process, with public notice, was completed in October, 2008.

The city picked our project proposal as the bid contained the highest royalty,

which is 30 percent escalating upward as the price of oil and gas and/or volume of production increases. The city awarded a lease contract which gave us time to submit a business permit application. Even though this high royalty offers a great potential opportunity for the city, we were told repeatedly and consistently that our project application for a permit to develop would only be approved depending on the outcome of a comprehensive Environmental Impact Report (EIR). This fact has been reiterated at numerous meetings of the City Council since 2008.

We welcome factual discussion about the project. Matrix Oil Corporation is a privately held company with production in California and Texas. We have a co-applicant partner on the project, Clayton Williams Energy, Inc., which is a publicly-traded company that owns and produces oil in excess of 16,000 barrels per day from over 6,000 onshore wells in Texas, Louisiana and California. Both

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companies will be jointly developing the project should the city decide to award us a permit after the EIR process is completed.

The project is in the EIR stage that is being managed by city staff. The initial project description has been published. The city staff and environmental consultants hired by the city after a competitive bidding process, are analyzing the project, including potential alternatives. All details of that analysis are to be published in a public review process with first and second draft stages to include analysis of numerous factors, such as noise, traffic, fire safety, hazardous waste, and the results from biology studies conducted over a 300-acre

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area.

The current review is considering the impact of drilling three test wells from a 130-foot high drilling rig. If those wells are successful, up to 57 additional wells may be drilled over the next several years using one rig which will be sound-proofed and shielded for light and noise minimization.

The wells, if drilled, will be mostly shallow and will not encounter high pressures. The wells will be bottomed under the hills and well away from neighborhoods or housing. The project proposes to use underground pipelines and utilities, which is customary in oil and gas operations and is wide-spread in urban planning as most streets have rights of way for sewer and utility pipeline use in which 6-inch lines or pipelines can easily be installed. Should the City permit the project to move forward, it will be incumbent upon to us and our partners to achieve the highest level of safeguards to the community and environment. That goal is facilitated by the fact that the City lease area has a 100-year database of old wells, occurrence of oil and gas underground and all reservoir fluid and pressure information.

We look forward to discussing the facts and benefits of the project in many local meetings with civic, service and neighborhood organizations. Many leaders in the community, including the Board of the Whittier Chamber of Commerce, have expressed preliminary support for our project, pending the results of the EIR study . This project can greatly benefit the community of Whittier in terms of royalty revenues, property and sales taxes and jobs. For example, if we can simply restore the volume of oil and gas production existing when the field was shut-in some 20 years ago, according to sources in the city staff, the city's yearly royalty share will exceed the total annual sales tax revenues it presently receives from all its retail stores and car dealers combined.

We look forward to meeting all interested parties in the months ahead.

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