

California Files Suit Against Whittier to Stop Oil Leases

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The City of Whittier, California wants to allow oil drilling on a 20 acre parcel of land purchased as part of a much larger parcel acquired by the City in the 1990's using bond funds approved by Proposition A. The Santa Monica Mountains Conservancy (SMMC), a state agency which provided funds to assist in purchase of the land, wants to prevent the drilling.

At the heart of the dispute is Whittier's desire to generate royalties from oil drilling to help fund City government versus SMMC's desire to preserve land as open space in accordance with its charter.

The City entered into a lease agreement in 2008 with Matrix Oil and Clayton Williams Energy.

As [reported](#) in the Whittier Daily News, SMMC argues that "the city's plans to lease about 20 acres for oil and gas exploration and pocket the revenues 'is an improper use of the Conservancy's grant of bond funds.'"

SMMC tried to intervene in an earlier lawsuit related to the oil lease but that effort failed. Now the State has commenced a separate suit, filed August 6, 2012 in Los Angeles Superior Court.

Whittier's oil lease project is years in the making. If the State's new effort to prevent the project from going forward is successful it would be a huge setback to the City (which expects millions in revenue) and Matrix Oil.

This dispute underscores the importance of private companies doing due diligence before undertaking any process or government contracting, no matter how reputable or trustworthy the lead agency might be.

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