

FIELD, REFINERY SEIZED BY PERU

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Subsidiary of Standard Oil
Owns Property

LIMA, Peru (AP) — Peru's revolutionary military government confiscated the \$200-million oil field, refinery and related property of the International Petroleum Corp. Wednesday.

The corporation is a subsidiary of Standard Oil of New Jersey.

"At this moment the armed forces are entering Talara site of the refinery and are taking possession of the entire industrial complex," President Juan Velasco Alvarado said in a broadcast speech to the nation.

The moment was 1:11 p. m. Expropriation and nationalization of the property, the country's major petroleum complex, climaxed years of dispute. It centers in north Peru in one of the Western Hemisphere's oldest producing oil fields.

The action is certain to have repercussions in Washington and affect the scope of Peruvian-American relations. It will adversely affect the climate for foreign investment, badly needed by Peru.

NATIONALISM MOTIVE

Velasco, a general in the coup that overthrew and exiled President Fernando Belaunde Terry last Thursday, made it plain that the armed forces were moving out of a spirit of pride and nationalism.

"The revolution is on the march," he said.

This declaration drew a tremendous round of applause from several hundred military officers crowded into the ballroom of the presidential palace.

Velasco and other generals in his Cabinet sat in a small anteroom off the ballroom, but his speech was transmitted throughout the palace and to the streets by loudspeakers.

It had been plain from the start that the generals would be tough on International Petrol

um, which has headquarters in Coral Gables, Fla.

One day after the coup the new regime issued a communique denouncing a contract, signed Aug. 13 under Belaunde's direction, that provided for the Peruvian oil agency, Empresa Petrolero Fiscal, to take over IPC's La Brea and Parinas fields.

Under this contract IPC would have continued to operate its Talara refinery and would have bought crude oil from Empresa Petrolero Fiscal.

CRISIS IN CABINET

Shortly afterward Carlos Loret de Mola resigned as president of the Peruvian agency and set off a Cabinet crisis by saying Page 11 of the contract had disappeared. He said the missing page contained his personal notation that payment would be in dollar equivalent—a protection against decline in value of the Peruvian sol.

The revolutionary government said it would bring to justice the officials responsible "for this grave defraudation of the country." Former Premier Osvaldo Hercelles and three members of his Cabinet have since been arrested.

In New York, a spokesman for Standard Oil of New Jersey said the company had been unable to confirm the seizure and would have no immediate comment.

He said an agreement was signed in August with the government of Belaunde which provided for the Peruvian government to take over the oil field in December.

No payment was involved, but the government gave up its claim of \$144 million in back taxes, which it claimed were owed back to 1924 when the American firm bought the field from a British company.