

How World Heard Of Mexico Oil Find

By Edward Cowan
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By off-the-record telephone calls and selective distribution of an internal memorandum, a major U.S. oil company has brought to the world's attention the discovery of what the company says is a major oil field in Mexico with probably twice the reserves of Prudhoe Bay, Alaska.

The government of Mexico has said that newspaper accounts of a field with 18 billion to 20 billion barrels were exaggerated, but it has refused to release any other estimates. The memorandum that inspired the initial press account says its conclusions were partly based on information obtained indirectly from officials of Pemex, Mexico's state oil monopoly.

These events have raised at least two large questions:

- Why did the company, which has refused to acknowledge its role publicly, inspire the news accounts?

- How reliable is the estimate?

A source close to the company has said that the company had nothing to gain from the disclosure and that its only motive was to try to undermine the solidarity of the international oil cartel, the Organization of Petroleum Exporting Countries.

With a cohesiveness that has surprised many ana-

lysts, OPEC's 12 member nations have worked together to raise crude oil prices, now roughly \$11 for a 42-gallon barrel.

"The OPEC stranglehold is threatening the world economy," the source said. "Psychologically, it's not a bad idea to remind OPEC countries there might be oil elsewhere. We just wanted to give them a gentle reminder that new oil fields still can be found."

Analysts were unable to suggest any way in which the company that wrote the memorandum would benefit from a softening of world prices.

The company made a memorandum on the Mexican discoveries available selectively to the press and to government agencies, including the Interior and State Departments.

"The White House finally

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asked for a copy," an informed source noted with a chuckle.

The basic fact, that Pemex's exploration program was yielding promising results, had been discussed in fragmentary reports in trade publications and in a Central Intelligence Agency memorandum that circulated among federal agencies in late summer.

Then, on September 12, Platt's Oilgram, a respected trade daily, reported: "Esti-

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mates in Mexico's Chilapas and Tabasco oil fields now range as high as 18 billion to 19 billion barrels."

That was an eye-catching item to anyone interested in oil. The estimate of proven reserves at Prudhoe Bay, Alaska, is 9.6 billion, and that is regarded as a big field.

Government officials were quoted in print as speculating that if Mexico made a decision to export substantial quantities of oil, there could be a depressing effect on price — particularly in light of expected production from the North Sea and the

production potential oil men assign to such regions as the Aegean Sea, Egypt, the South China Sea, the northern continental shelf of Australia, and, not least, the continental shelf of the east coast of the United States and the Gulf of Alaska.

That was just the message the authors of the memorandum wanted to send to the OPEC countries, particularly the more populous, revenue-hungry states, such as Indonesia, Nigeria and perhaps even Iran, which has militantly led the campaign that quadrupled prices from 1973 to 1974.

The major oil company memorandum, distributed with the company's letterhead and personnel names blanked out, is an excellent example of how the craft of oil intelligence is practiced.

The cautiously stated conclusions of the memorandum are based partly on trade journal reports, partly on Pemex's own annual reports and partly on information gleaned through industry friends, former schoolmates and former associates who have contacts within Pemex.

"It's a very tight little fraternity, this world of petroleum geologists and drillers" said an industry source familiar with the memo.