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The Pentagon's Oil Industry Man



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DESPITE DISCLAIMERS, Deputy Defense Secretary William P. Clements, who came to the Pentagon from the oil industry, is making decisions about the Pentagon's oil reserves.

His boss, Defense Secretary James Schlesinger, assured the press on November 30 that Clements "has not been involved" and would be "the first to remove himself" from oil decisions.

(On Saturday, Schlesinger, reacting to earlier charges of conflict of interest between Clements' duties at the Pentagon and his personal financial interest in developing arctic oil fields, barred Clements from making any decisions on oil exploration.)

Two internal memos reveal that Clements not only had poked his nose into oil policy but that his decisions could enhance his personal holdings in Sedco, a Texas-based oil drilling firm. He still owns 1.6 million shares of Sedco stock, worth an estimated \$107.8 million.

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JUST 13 DAYS before Schlesinger promised Clements would keep his hands off oil problems — on November 17, to be precise — the quiet Clements signed a memo declaring: "I hereby approve the creation of a defense energy policy council reporting directly to me for the purpose of approving major policies related to energy matters."

On the same day, according to another

memo, Clements approved a Pentagon plan that would allow "a procurement strategy that will permit industry participation in the exploration, development and production of the reserves."

One company that is eager to join in this "industry participation" is none other than Sedco, which is seeking new engineering contracts for Arctic exploration.

The military's largest oil reserve, of course, is located in the Alaska north slope and Beaufort Sea area. With this vast reserve, according to the General Accounting Office, naval reserves may hold "close to the current proven recoverable oil from all domestic oil fields."

Clements has set up a task force, which is now considering whether to open this massive oil reserve to alleviate the energy crisis. If this decision is made, according to the memos in our possession, private industry likely would be invited to help extract the oil.

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SEDCO would have an inside track in getting some of the lucrative contracts. Meanwhile, trade publications say that Sedco may also be a bidder on the construction of the Alaskan pipeline.

A Pentagon spokesman told my associate Jack Cloherty that the idea of taking oil out of the Alaska reserve is hypothetical, at least at this time. Therefore, he said, it is "too early" to charge Clements with a conflict of interest.