

Pentagon Bars Clements From Any Oil Decisions

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Hoping "to avoid even the appearance of a possible conflict of interest," Defense Secretary James R. Schlesinger barred his deputy, William P. Clements, yesterday from making any decisions on oil exploration.

Schlesinger's action followed charges by Rep. Les Aspin (D-Wis.) that there was a "blatant" conflict between Clements' official responsibilities at the Pentagon and his personal financial interest in developing Arctic oil fields.

Aspin said Clements should be required to sell or place in trust his 1.6 million shares of stock in a Texas oil drilling company that specializes in Arctic oil exploration and production equipment.

The company is Sedco, Inc., which Clements started in 1947. The Senate Armed Services Committee allowed him to keep his stock in the company when he became deputy defense secretary early this year.

Aspin said the price of Sedco stock has risen from \$35 a share to \$66 in the past year. At Sedco's present prices, Clements' holdings would be worth more than \$105 million.

The Defense Department's largest untapped petroleum reserves lie in the Arctic, south of Point Barrow, Alaska.

A task group appointed by Clements last month recommended a 10-year, \$5 billion program for development of the field.

Pentagon spokesman Jerry W. Friedheim said Schlesinger would have ruled Clements out of any oil policy decisions even if Aspin had not made his criticism last Wednesday. He said Schlesinger's decision was "a direct result of the fact we'll be doing a lot of things in the oil business" in the next few years.

A Pentagon statement said "Clements will not handle any decisions concerning oil drilling or oil field exploration, not because there is any legal conflict of interest involved but because the department wants to avoid even any appearance of a possible conflict of interest."

The statement said Assistant Secretary of Defense Arthur Mendolia will direct Pentagon energy policy, and that Schlesinger will make all policy decisions after receiving recommendations directly from Mendolia and the service secretaries.

Schlesinger will seek Clements' advice because of the deputy secretary's expertise in oil matters, Friedheim said, but will not feel bound by that advice.