

**NYTimes**  
**Saigon and Phnom Penh Action**  
**To Resolve Oil Claims Expected**

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PARIS, May 8—The Communist Governments of South Vietnam and Cambodia have decided to try to resolve a dispute over the boundaries of their continental shelf before authorizing further oil exploration in the South China Sea and the Gulf of Siam, according to French sources.

Rival claims over the continental shelf are being made not only by Cambodia and South Vietnam but also by Indonesia, the sources said. They added that the two new Communist regimes were intent on settling the demarcation conflicts through diplomatic negotiations.

Over the last two years, the previous administrations had granted exploration permits covering undisputed zones. All earlier permits are now declared void, the French sources said, and will have to be renegotiated.

**Experts See Potential**

In 1973 and 1974 the Saigon Government granted about a dozen offshore exploration permits, mainly to American but also to European and Japanese companies.

Most international oil experts feel that the South China Sea area has a promising potential for oil. "It is an area that many oil companies think warrants important investments," said a British petroleum consultant.

Cambodia and South Vietnam have laid rival claims in an offshore area west of the tip of South Vietnam roughly south of the Cambodian capital of Phnom Penh. Indonesia and South Vietnam dispute a zone in the South China Sea.

Similar arguments have arisen elsewhere—for instance, between France and Britain at the mouth of the English Channel.

The British and French have agreed to an international arbitration process but the oil issue remains tense between Greece and Turkey. Oil has already been discovered in the Aegean.



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**Cross indicates area to which Phnom Penh and Saigon have laid claim.**

**Technology Is Needed**

An international conference on the law of the sea is under way in Geneva to try to prevent just such disputes but the chances of agreement are not seen as great.

Even if South Vietnam and Cambodia come to an accord and decide to pursue exploration activities, they face the problem of how to proceed. They can either call on the Chinese or Russians, whose offshore expertise is limited, or invite Western companies to return.

"The Soviet Union has provided seismic and geological support for exploration in India," said a London-based petroleum consultant, "but you cannot get equipment from the Russians or the Chinese on any scale."

He noted that the Chinese had acquired drilling equipment from the West, along with Western technicians for offshore exploration off the China coast.

French sources believe that

eventually the Cambodian and South Vietnamese Governments will call on the West for technological help. The sources believe that for political reasons French and Italian state-owned enterprises are in a strong position, as are the national oil enterprises of oil-producing states, such as Sonatrach of Algeria and Petromin of Indonesia.

Italy's state-owned Ente Nazionale Idrocarburi has negotiating an offshore oil exploration contract with North Vietnam.

International oil company representatives said drilling platforms and other equipment were pulled out of the offshore Vietnamese and Cambodian regions some weeks before the Communists took over. A number of dry holes were sunk, but no oil was discovered.

South Vietnam and Cambodia have to import practically all their oil. Both countries operate refineries near their capital cities, but these were damaged during the war.