

SFChronicle

JUL 10 1975

Oil Firm's Coverup

Washington

Ashland Oil, Inc. permitted a spy from the Central Intelligence Agency to operate in Western Europe for some five years as an official of the company, authoritative sources said yesterday.

The CIA paid Ashland, the nation's largest independent

oil company, almost \$99,000 from 1968 to 1973 to reimburse the company for that part of the man's time and expenses involved in carrying out assignments for the agency, these sources said.

Part of the money, \$30,000, was paid in a lump cash sum to settle the CIA's financial dealings with Ash-

land after the operative returned to the United States and ceased to spy for the CIA, they said.

This money, one source said, was intermingled with funds Ashland used to make illegal political contributions and as a result came to the attention of federal investigators in 1973.

The CIA agent, these sources said, was not originally infiltrated into Ashland's corporate structure. He was an employee, they said, of a concern Ashland bought in 1967.

Shortly after the purchase the CIA approached Ashland officials and told them that one of the executives of the

for a CIA Spy

firm was a secret operative for the agency. The CIA asked Ashland to continue the relationship and the oil company agreed.

"They (at Ashland) thought it was the patriotic thing to do," one source said. The CIA agent was paid a full salary by Ashland and all the documentation, Internal Revenue

Service filings and other details showed only that he was an employee of Ashland.

The agent, these sources said, operated in Western Europe both on behalf of Ashland and for the CIA. During this period the agency made a series of payments to Ashland, part of it in cash and part by check,

to reimburse the company for the time and expenses the agent spent on CIA missions.

After nearly five years of undercover work the agent and his wife decided to quit the CIA and move into private life entirely, the sources said.

New York Times