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27 AUG 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA : Deputy Director for Intelligence

FROM : [Redacted]
Director of Global Issues

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SUBJECT : Newly Emerging Third World Oil Producers

1. Action Requested: None. The attached memorandum responds to your 27 August request for background information on oil and gas production in non-OPEC less-developed countries. Some of the responses are preliminary and will be fleshed out by next week. [Redacted]

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2. Background: Your questions were stimulated by (a) the [Redacted] and (b) concerns about denying the Soviet Union access to energy technology and equipment. [Redacted]

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Attachment:
As stated

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[Redacted]

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The Newly Emerging Third World Oil Producers1. What was the standard for selection of these seven countries?

These countries were chosen because they began oil production after 1975, thanks to a concerted exploration effort which gained impetus with the world oil price hikes of the early 1970s. Sudan was included because significant oil reserves have been proven, but their remote location will delay production until 1986.

2. What other countries have significant oil prospects?

<u>Country</u>	<u>Current Production</u>	<u>Prospects</u>
Malaysia	280,000 b/d	Favorable prospects for additional oil discoveries. Substantial natural gas reserves.
Indonesia	1,400,000 b/d	Production currently declining because of world oil glut; however, exploration continues at a bullish pace.
Morocco	less than 500 b/d	Interest of international oil companies in obtaining concession acreage indicates evidence of additional liquid hydrocarbon potential. Oil shale reserves are substantial.
Egypt	650,000 b/d	Good prospects for additional oil discoveries.
Angola/Cabinda	135,000 b/d	Angola has good prospects for further oil discoveries. Cabinda production will double by 1986 because of Gulf Oil's massive investment program.
Gabon	140,000 b/d	Prospects for additional finds remain good.
Ecuador	205,000 b/d	Limited prospects for further finds. Export surplus will continue to decline due to rapidly rising domestic oil consumption.

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Peru	200,000 b/d	Prospects for further large discoveries are probably marginal although exploration continues.
Colombia	140,000 b/d	Some geologists believe that prospects in the mountain region could be substantial. Recent exploration has encountered some promising areas.
Argentina	480,000 b/d	Prospects for oil discoveries onshore are minimal. Offshore area was once viewed enthusiastically but exploration results have been very disappointing.
Chile	42,000 b/d	Oil production has been rising gradually since 1978. Southern offshore area (Magallanes) is geologically promising.
Kenya	none	Oil exploration has not yielded any positive results, but the IBRD has recently awarded Kenya a petroleum exploration promotion loan which will encourage further activity.
Benin	none	Production of about 2,000 b/d scheduled to begin in November 1982, and could rise to as much as 10,000 b/d by 1986. Likelihood of further discoveries is probably small.
Equatorial Guinea	none	Recent exploration has uncovered some oil deposits

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3. Which Third World countries have significant prospects for additional gas production?

<u>Country</u>	<u>Prospects</u>
Cameroon	LNG (liquified natural gas) export project in the works.
Ivory Coast	LNG export project under study.
Bolivia	Growing gas reserves will soon support a major gas export project to neighboring Brazil.
Thailand	Sizable gas reserves have been proven. However, Gulf of Thailand reserve estimates have recently been downgraded, calling into question the feasibility of a proposed LNG export project.
Chile	LNG export project under study.
Argentina	LNG export project in the works.
India	Large proven natural gas reserves will be used for domestic consumption.
Trinidad & Tobago	LNG export project under study.
Egypt	Gas reserves currently insufficient to support export projects, although some companies are optimistic that sufficient reserves will be proven.

4. What is the relevance of US technology, know-how, and capital to increase exploration and discovery in these countries?

Requires further research on technical aspects. Most LDCs rely heavily on US technology, know-how, and capital, although French and Italian firms are also very active in Third World energy projects.

5. What are the opportunities and obstacles to promoting deep gas drilling?

This technical question requires substantial further research, which OGI will complete by 3 September. For now, we suspect the obstacles are (a) the high cost of deep drilling; (b) the small size of domestic LDC gas markets and currently sluggish world gas demand, and (c) limited LDC experience with deep drilling technology.

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