

Energy Insider by William Engdahl

Pentagon pushes new oil fraud

A study being pushed by some moles in the DOD echoes the CIA 'Soviet shortages' scandal of April 1977.

A little cabal under the direct supervision of the Assistant Secretary for International Security Policy, Richard Perle, is promoting a fraud which threatens to cause greater long-term damage to the credibility of the U.S. intelligence establishment than did the infamous April 1977 CIA report, "The International Energy Situation."

The current scandal involves a report issued by a certain Dr. Steven Bryen of the DOD Office of Trade and Security under Perle. This report, first leaked in public testimony by Bryen on May 11 to friendly members of the Senate Subcommittee on Investigations, claims that the North Sea contains far more oil and gas than had been thought: what a source in Bryen's office said was "two and a halftimes the reserves of the United States," claiming that this is sufficient to replace the European supply of Soviet natural gas from the West Siberian Yamal region.

Whether this remarkable revelation was instrumental in persuading President Reagan to abruptly reverse his Versailles pledge to West Germany and the other U.S. allies on June 18 is not certain. The fact that such information is being circulated by government officials, however, is an issue of national security as well as energy policy.

The Bryen report was first floated in testimony before the Senate Investigations Subcommittee, on which Henry "Scoop" Jackson and

Charles Percy sit. Richard Perle was Jackson's top aide before moving to DOD last year. After considerable inquiry among knowledgeable oil-intelligence sources, I was surprised to find that a report as potentially earthshaking as Bryen's had gone practically unnoticed.

The U.S. Geological Survey is in the midst of an in-depth survey of North Sea oil and gas resources. The director of that study, Charles Masters, called the allegation by Bryen, "rather absurd on the surface." Masters, who has pored over extensive geological data, stated that the gas reserves, for example, in the North Sea are on the order of "tens of trillions of cubic feet, not hundreds of trillions." By comparison, he noted, the Soviet Urengoi field alone contains more than 200 trillion cubic feet, a full order of magnitude larger than anything known in the North Sea. The total U.S. consumption of natural gas last year was about 20 trillion cubic feet.

The magnitude involved in the U.S.S.R.-European natural gas deal could reach as much as 3.5 trillion cubic feet (tcf) per year to Europe. A new \$2 billion Norwegian North Sea gas transmission system to continental Europe, by comparison, will deliver about 0.245 tcf per year beginning in 1986. And the Dutch North Sea gas fields are acknowledged even by the Dutch government to be depleting and past their peak output. Dutch gas

currently supplies the largest share of Germany's needs, at 37 percent, and Holland is expected to reduce this amount by the end of the 1980s.

A highly placed source at the Defense Intelligence Agency (DIA) who had actually studied the Bryen/Perle report said diplomatically, "I frankly did not think too much of it." A number of DIA memos have gone to the White House which document the fact that we, the United States, as one source put it, are "shooting ourselves in the foot" when we announce a ban on licenses of export of certain turbines, compressors, and pipe-laying equipment to build the \$45 billion Siberia project.

Engineering sources at GE, one of the U.S. companies involved in turbine licensing for the pipeline, frankly state that if the U.S. doesn't allow GE export licenses, the Soviets can get the machinery easily from converting aircraft turbines, using seven instead of three of the larger GE turbines. Further, reliable intelligence sources report that the Soviets have already "reverse-engineered" the GE turbine design and produced two prototypes.

But I am convinced such discrediting is precisely the intended effect. Bryen was an aide to Sen. Frank Church when the latter was busy launching witchhunts against the traditional U.S. intelligence community in the 1970s. In 1979, Bryen was caught passing U.S. military secrets to a person at the Israeli Embassy. He resigned and the affair was hushed up. His boss, Richard Perle, also places evident London-Israeli intelligence loyalties above those of this nation. Perle is a member of the elite International Institute of Strategic Studies in London.