

Soviets could face need to import oil

Continued from Page 1D.
shortages of raw materials and parts, leading to a vicious circle of declining production at one factory after another.

Oil production in the Tyumen district alone dropped 30 million metric tons in 1990 and could fall another 50 million metric tons this year, *Pravda* said, quoting a letter to Mr. Gorbachev from the area's government, business, union and Communist Party officials.

That would put total output near 500 million metric tons this year. The Soviet Union has been using 425 million to 475 million metric tons of oil domestically, according to various estimates.

The Soviet domestic market has been starved for gasoline this year, with Aeroflot planes stalled in remote Siberian towns for lack of fuel and a huge grain crop left to rot in part due to lack of gas for combine harvesters.

Soviet oil exports already have dropped 20 to 25 percent the past two years, International Monetary Fund experts estimate.

The Soviet petroleum industry has been hard hit by three years of political strikes and ethnic violence in Azerbaijan. Its capital of Baku is both the site of significant oil fields and two-thirds of the nation's factories for oil drilling and production equipment.

Oil industry officials also com-

plain of a shortage of government investment in both exploration and production facilities.

The IMF report last summer noted the government has promised changes that would attract foreign investment to restore the output of inefficient Soviet oil fields. The government has begun working out agreements with Western oil companies to expand and upgrade Soviet facilities.

Meanwhile in Houston Tuesday, plans for the first competitive sale of oil and gas leases in the Soviet Union were announced by Soviet representatives and officials of a Denver-based company. The move was touted as a dramatic departure from past policy.

Some 90,000 square kilometers of the Soviet Turkmen Republic will be available for sealed bids by non-Soviet oil and gas firms. Soliciting the bids is Geointertech, a joint venture of the Ministry of Geology of the Soviet Union and Wavetech Geophysical Inc. of Denver.

Bids will be taken until Sept. 25 for blocks of about 100 square kilometers in the primarily desert republic in the southwestern part of the Soviet Union, bordering the Caspian Sea, Iran and Afghanistan.

"I don't think the current political situation should greatly concern Western companies," said G.A. Gabrielyants, the Soviet Minister of Geology, referring to the turmoil in the Soviet Baltic republics.



Mikhail S. Gorbachev ... has been warned that the Soviet Union could become an oil importer in as little as three years.

"There are problems I'm sure you're aware of. They're natural when going from one (economic) system to another."

Edward Gendelman, president of Wavetech, said contract and lease terms will replace the protracted and often frustrating direct negotiations that several Western oil and gas companies have attempted with the Soviet government.

"The utilization of outside capital, exploration and production expertise and technologies will allow relatively rapid development of these oil and gas reserves, providing the world markets with an alternative and long term source of petroleum outside the Middle East," Mr. Gendelman said.