

02781 Department of State

TELEGRAM

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ACTION SS 70

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R 120916Z MAY 69
FM AMEMBASSY DJAKARTA
TO SECSTATE WASHDC 9885
INFO AMEMBASSY KUALA LUMPUR

~~CONFIDENTIAL~~ DJAKARTA 2890

SUBJ: INDONESIA-MALAYSIA OFFSHORE BORDER PROBLEM

REF: DJAKARTA 2110

LIMDIS

1. PERTAMINA SOURCE MAY 10 TOLD EMBOFF IN STRICTEST CONFIDENCE (AND FOR USG INFO ONLY) THAT CONOCO'S SEISMIC SURVEY HAS REVEALED "ENORMOUS" GEOLOGICAL STRUCTURE WHICH IS "EXTREMELY LIKELY" OIL RESERVOIR IN AREA PROBABLY SUBJECT TO DISPUTE BETWEEN INDONESIA AND MALAYSIA. STRUCTURE LIES BETWEEN NATUNA ISLANDS AND SARAWAK. SHELL HAS CONCESSION ON SARAWAK SIDE, BUT IS APPARENTLY UNAWARE OF THIS POSSIBLE BONANZA. CONOCO PLANS TO SELL 25 PERCENT EQUITY IN ITS INDONESIAN SOUTH CHINA SEA BLOCK TO GETTY.
2. SOURCE SAID PERTAMINA OFFICIALS VERY WORRIED ABOUT EFFECT THIS DISCOVERY MIGHT HAVE ON OFFSHORE BOUNDARY TALKS WITH MALAYSIANS. SOURCE PREDICTED IT WOULD BE COMMON KNOWLEDGE IN INDON OIL CIRCLES WITHIN WEEK AND SAID PERTAMINA PLANS APPROACH "MALAYSIAN COUNTERPART" IN EFFORT KEEP DISCUSSIONS ON TECHNICAL, NON-POLITICAL LEVEL, WHILE GOVT-TO-GOVT TALKS CONTINUE. ACCORDING SOURCE, TALKS SO FAR HAVE REVEALED SUBSTANTIAL AREAS PROBABLY IN DISPUTE BETWEEN NATUNAS AND SARAWAK.
3. CONOCO VICE PRESIDENT PETER WALL AND LOCAL COMPANY REP CALLED ON CHARGE MAY 7. IN COURSE OF CONVERSATION WALL EXPRESSED CONCERN OVER BORDER QUESTION. HE SAID "OF COURSE" CONOCO WOULD NOT RPT NOT DRILL IN ANY DISPUTED AREA. BUT HE DID NOT RPT NOT MENTION DISCOVERY OF LARGE STRUCTURE;

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SURPRISING THAT COMPANY SHOULD HAVE EVEN TOLD PERTAMINA.
LYDMAN

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