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INFORMATION REPORT

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SUBJECT Recent Developments in the Soviet Oil Administration (SMV)

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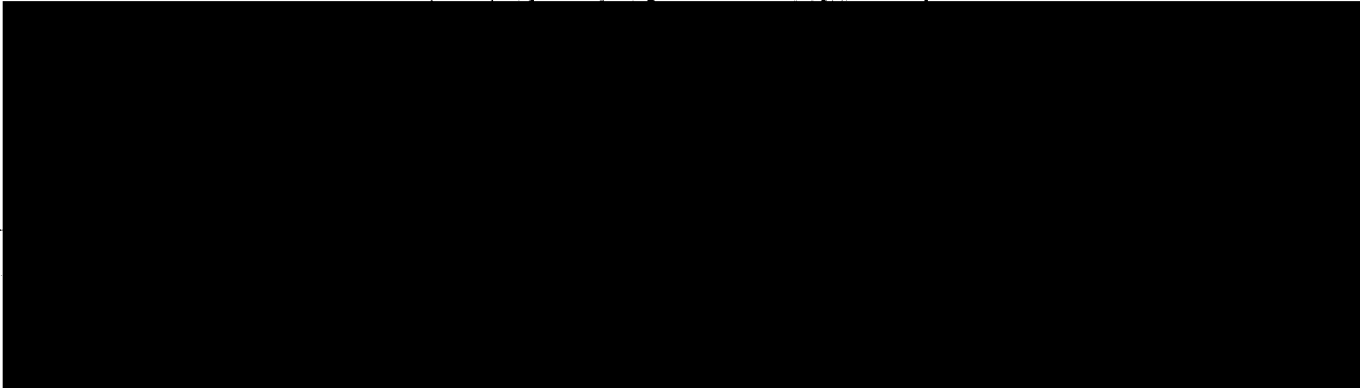
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SUPPLEMENT TO REPORT NO. 25X1A [REDACTED]



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Matzen and Aderklaa

- In line with their plans to develop the Matzen and Aderklaa oilfields, the Soviets have transferred additional drill rigs and derricks from the Zistersdorf fields and have started to move equipment from the SMV Central Warehouse at Neusiedl a/d Zaya to this area. (1) The Soviets intend to lay a pipeline from the new Matzen and Aderklaa wells to the nearest railway siding. The SMV is now building additional barracks, sanitary facilities and a hospital at Matzen. It is rumored that the Soviets are planning to build similar facilities in addition to a large warehouse at Aderklaa.

Zistersdorf

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sure of the other wells in this area. Oil experts who recently inspected these fields believe that the excessive water seepage and sand content of many Zistersdorf wells is an immediate result of ruthless Soviet exploitation of these fields during 1948 and 1949.

- Two USIA firms, "Vianova" A.G. and Ueberland A.G., are trying to collect a total of 13,000,000 schillings from the SMV. This sum represents losses incurred by these firms recently when the SMV cancelled large contracts for construction projects in the Zistersdorf fields. (2)

Exploratory Drilling

- In recent weeks SMV employees have heard that exploratory drillings in the vicinity of Lake Neusiedl have brought promising results. (3)

SMV Refining

- Sometime during the latter part of the week of 14 August 1950, USIA-controlled Donau Chemie A.G. received a shipment of pyrites which arrived in Vienna by barge from Bulgaria. (4) A week later Donau Chemie delivered sufficient quantities

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of sulfuric acid to the Moosbierbaum, Kledering, Nova-Denow and Voesendorf refineries to enable them to start work on a large order for a special type of high-grade oil which the SMV received some time ago from the Polish Government. Now that Donau Chemie is again manufacturing sulfuric acid, the SMV refineries will probably resume regular production by mid-September. Meanwhile, during the week of 14 August 1950 the Shell and Vacuum Oil Company refineries abruptly stopped requisitioning sulfuric acid from the SMV Purchasing Office. It is possible that these refineries have been able to purchase sulfuric acid from the Yugoslav supplier who offered this commodity to the Nova-Denow refinery only a week ago. (4)

6. In response to a recent query from Kuzin, Soviet director of the SMV Purchasing Office, SMV refining officials have drawn up the following estimate of monthly sulfuric acid requirements:

<u>SMV Refinery</u>	<u>Number of Metric Tons of Sulfuric Acid Required Per Month</u>
Moosbierbaum	90
Nova-Denow	75
Voesendorf	60
Kledering	45
Vacuum Oil Company	45
Shell	30
Korneuburg	15
Okeros	15

Shipments From the Soviet Union

7. During July 1950 the turnover at the SMV Central Warehouse in Neusiedl a/d Zaya reached a total of 34,670,269.70 schillings; the turnover at the Lobau warehouse totalled 2,320,521.35 schillings.
8. During the week of 14 August 1950 the following shipments from the USSR were delivered to the SMV Central Warehouse in Neusiedl a/d Zaya:
- 4 carloads containing 104,030 kilograms of pipe from Dnyeprovsk.
 - 2 carloads containing 26,330 kilograms of pipe from Sartana.
 - 5 carloads containing 102,420 kilograms of pipe from Khrompik.
 - 3 carloads containing 97,490 kilograms of pipe from Taganrog.
 - 16 cases of drilling tools weighing a total of 1,438 kilograms from Soyusprom Export, Moscow.
9. The following pipe shipments from the Soviet Union were received at the SMV Central Warehouse in Neusiedl a/d Zaya during the week of 21 August 1950:
- 1 carload containing 20,600 kilograms of pipe from Nikopol.
 - 1 carload containing 13,500 kilograms of pipe from Sartana.
 - 2 carloads containing a total of 61,090 kilograms of pipe from Kop.
 - 1 carload containing 23,070 kilograms of pipe from an unknown origin in the USSR.

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SMV Scrap

10. To date, the USIA-controlled firm, Eisen- und Stahl A.G., has shipped three carloads of steel scrap collected from SMV installations to Czechoslovakia, Hungary, and the Soviet Union. A fourth carload of SMV scrap which was consigned to USIA may have been destined for another recipient.

SMV Purchasing Office

11. During a meeting in Vienna on 21 August 1950, Kuzin, Soviet director of the SMV Purchasing Office, informed a group of SMV officials that by the first of September 1950 his office will be in a position to disburse large schilling payments for the purchase of sufficient amounts of equipment and raw materials to enable SMV enterprises to meet their production norms. He then distributed bonuses ranging from 200 to 600 schillings to employees who had performed outstanding service during the first half of 1950. Lastivka, chief bookkeeper of the Purchasing Office, received the highest award of 600 schillings. When the bonuses had been distributed, several Communist employees protested Kuzin's failure to award bonuses to more than two Party members. Once again Kuzin expressed his view that membership in the Communist Party does not necessarily bring efficiency to a job.(5)

12. During the period from 14 to 27 August 1950 the SMV Purchasing Office paid cash for the following purchases:

<u>Firm</u>	<u>Item Purchased</u>	<u>Payment in Schillings</u>
Brixlegg Montanwerke G.m.b.H.	Heavy spar	59,000.00
Anton Mach and other firms	Swab rubber	31,500.00
* Teudloff-Vamag A.G.	Slide valves	56,000.00
ACA-Werke A.G.	Oxygen	2,000.00

KPOe Activities

13. Despite Kuzin's recognition of competent non-Communist employees, the KPOe has not relaxed its current efforts to install Communists in jobs now held by non-Party members. For this reason many SMV employees believe that a large-scale purge in Soviet-controlled industry may be imminent.

Transfer of SMV Offices in Vienna

14. The SMV Central Laboratory and Transport Section which were formerly located in the A. Porr A.G. building on Getreidemarkt, Vienna I, have been moved to Vienna IV, Moellwaldplatz. SMV employees have heard recently that the Porr building will be used to house a Soviet cinema and a Red Army hospital.

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25X1A (1) Comment: all those derricks now idle in the Neusiedl, Muehlberg area

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25X1A (2) Comment: the SMV had cancelled several million schillings worth of construction firms.

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been discovered along the Danube stretch between Vienna and


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25X1A (5)  Comment: The SMV policy of granting efficiency awards was introduced by Kasyura, former director of the SMV Purchasing Office. It is interesting to note that Kuzin, a member of the Politburo in Vienna, has departed from his predecessor's policy of recognizing the achievements only of card-bearing Communists.

* Firms marked by an asterisk are USIA-controlled.

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