

PET 6

A-562

AIRGRAM
UNCLASSIFIED

AIR POUCH

TO: Department of State 2 36 PM '68
(Pass copy to U.S. Bureau of Mines) ACTION COPY

INFO: BRASILIA, CORITIBA, SAO PAULO ACTION TAKEN

FROM: Amembassy, RIO DE JANEIRO

Feb. 21, 1968

SUBJ.: PETROSIX and Oil Shale

REF.: CERP Section D

DIST
AMB
DCM
EXEC
POL

Mr. BARA-

NOWSKI

MINECON

AID/ADDP

AID/ADCD

Col. MOURA -

ARMATT

ECON

ECON/COMML.

MINATT: 5 Enclosure:

CF: 2

1. The attached Memorandum of Conversation covers briefly the present status of PETROSIX (Superintendência de Industrialização do Xisto), the prototype plant at São Mateus do Sul, and probable forthcoming request to AID for some financial assistance.

2. Additionally mention is made of reported activity by CIRB (Companhia Industrial de Rochas Betuminosas) and BRASCONPLA (Byington interests) in oil shale development.

TUTHILL

1. Memorandum of Conversation regarding
Oil Shale

EMBOFFICE
Brasilia

P.O.	1
Pol/Econ	2
Adm.	
PER	
GSD	
Comm	
Dist	
PSO	
TRM	
SISG	
CE	

UNCLASSIFIED

ECON:ALRansome:dh

ECON:Mallen

MEMORANDUM OF CONVERSATION

February 16, 1968

SUBJECT: PETROSIX and Oil Shale

PARTICIPANTS: Mr. Robert Harris, Petroleum Engineer with Cameron and Jones, Engineering Consultants, Denver, Colorado.
Mr. Antonio Rosa, Engineer, Petrobrás Industrial Department, Petrochemical Division.
Mr. Alfred L. Ransome, Minerals Attaché

Mr. Harris, having just returned to Rio from Curitiba and São Mateus do Sul, wanted to give a brief report on what he saw relative to PETROSIX (Petrobrás Superintendência de Industrialização do Xisto) activity in oil shale development. He brought with him Sr. Rosa who is directly concerned with oil shale development and its relationship with petrochemicals. Sr. Rosa has had many years of experience in oil shale research and development with Petrobras (was Superintendent of Petrosix for a period to August 1961). Mr. Harris' interest in oil shale stems from his training and experience as a petroleum engineer, work on oil shale at the Bureau of Mines Rifle, Colo. oil shale experiment station, and as a senior member of the firm Cameron and Jones (C and J) of Denver, Colo. C and J has been under contract with Petrobras for a number of years in the design phase of the prototype shale oil retort project at São Mateus do Sul.

According to Mr. Harris, work at the São Mateus Plant site has moved forward with the one major exception that there has been no construction or even material-or equipment-ordering for the retort complex. The power plant has been completed, a tank farm is being built, the water system for the over-all complex has been installed, and shops, offices, and accessory buildings have been constructed. Also the first bench of the mine has been stripped of overburden preparatory to actual mining of the shale upon completion of the retort. Mr. Harris promised to send the Minerals Attaché a copy of his detailed report of his São Mateus visit.

The President of Petrobras, General Arthur Duarte Candal da Fonseca, in a speech given at São Mateus do Sul a few days prior to Mr. Harris' visit gave emphasis to the need to speed up the oil shale project. According to both Mr. Harris and Sr. Rosa Petrobras is anxious to proceed, but the problem now is financing. In this respect it was clear that Petrosix (Petrobras) will want to explore the possibilities of U.S. assistance. It was recalled that several years ago \$7 million was made available to Petrobras for oil shale development but no application was ever submitted to AID although preliminary discussions were held. Mr. Harris said that Sr. Carlos Bruni, Superintendent of Petrosix in Curitiba, was planning on being in Rio at an early date and would call on the Minerals Attaché. It was obvious that the question of financing would be high on the agenda. Mr. Ransome stated that the present status of the \$7 million was not certain, and that although it might yet be available any discussion would have to be with AID Mission personnel. (Note: Mr. Jerome I. Levinson, AID/W confirmed "availability" verbally on February 14 in the Embassy to the Minerals Attaché and Mr. John H. Kaufmann AID/ADDP/Rio and said AID would be happy to consider an application for oil shale development financing).

Mr. Harris said that all engineering work by C and J was completed and that Petrobras has all bids from equipment companies for retort items. However, C and J has been asked to update its several-year-old feasibility study for use as a basis for financing requests. Also much of the data on costs of equipment based on bids submitted are now outdated and subject to revision -- upward.

A question was asked about the current status of Companhia Industrial de Rochas Betuminosas (CIRB) that reportedly had a \$90 million credit arrangement with the Russians in 1965 for the development of an oil shale processing retort complex. About a year and a half ago the project died down, reportedly from lack of demonstrated progress by CIRB with resultant Russian disinterest. Now there is a rumor that the deal is on again to the tune of \$150 million from the U.S.S.R. According to Sr. Rosa CIRB recently had been authorized to place stock on the market for public sale totaling NCr\$ 25 million. In connection with such promotion the firm has advertised its financial support arrangement

UNCLASSIFIED

Page 3
Encl. No. 1
A-562 from Rio

with the U.S.S.R. giving the above figure. The consensus was that the matter probably was more promotional than factual.

Neither Mr. Harris nor Sr. Rosa had any knowledge of current activity, if any, of Sociedade Civil Brasileira de Consultoria e Planejamento, Ltda. (BRASCONPLA). This group representing the Alberto Wyington, Jr. estate interests had arranged with four private companies to finance an oil shale development feasibility study (See TOAID A-1264, January 25, 1966). Reportedly this study has been completed and recently submitted to the Ministry of Mines and Energy for review and approval, but this has not been confirmed.

UNCLASSIFIED