are also hints of tension building between the National Iranian Oil Company (NIOC) and BP and Shell, whose personnel make up the majority of the foreign management of the Iranian oil industry. The *Petroleum Intelligence Weekly* on Dec. 11 quoted an unnamed NIOC official saying "things will never be the same again" between NIOC and the multis.

Well-informed Iranian sources say that at the bottom of Iran's crisis is a British and Israeli intelligence manipulated anti-Shah movement designed to blackmail the Shah into renewing a now defunct service contract with the consortium, opposed by the National Iranian Oil Co.

If the Shah succeeds in reaching a compromise with opposition figures in the coming days, he may complete the 1953 nationalization of the famed Prime Minister Mohammed Mossadegh. The personalities which will comprise his new government are directly out of Mossadegh's movement, including the mooted new Prime Minister Sadighi. A move against BP and Shell by the Shah would compound the effects of the OPEC pricing maneuver and leave London's speculators standing out in the cold.

—Judith Wyer

Yamani sees price freeze in 1979

Following the OPEC meeting on Dec. 17, Saudi Arabian Oil Minister Zaki Yamani told the press that he "predicted a price freeze for 1979." His attitude was seconded by the oil minister for the United Arab Emirates. Yamani added: "We wanted a 5 percent increase and were prepared for much smaller doses each quarter . . . but if you look at it from the overall picture . . . I tried my best to make it a little bit lower — the market itself today is in a unique situation, especially with the Iranian crisis. The price of our marker crude went up (on the spot market) by more than we raised it today."

In New York, a leading oil analyst was asked to clarify the OPEC pricing policy, and its effect on companies like Shell.

"I would agree that there will be less of an incentive now to speculate as a result of the new incremental pricing policy. But there is another feature to this decision, which is that it will only apply to the Saudi marker crude, which of course is only a small percentage of the total number of crudes produced. I am not sure now we can say for sure what decision OPEC might take in April when the second installment is due to go into effect.

"One thing about such small increases, is that it is only about 20 to 30 cents per barrel, no oil company can make any speculative profit off of that, it is just too small. So I am relieved that it may indeed normalize the markets. The OPEC nations have always resented the companies using their oil for such purposes and then passing on higher prices to consumers . . . this makes OPEC look bad."

In response to a question regarding which companies will be most affected by the pricing mechanism:

"The crude short companies will definitely be the worst hit. Royal Dutch Shell is the biggest international company in that category . . . Royal Dutch has a wild auditing system showing big earnings at the beginning of the year, most of which come from hedging and inventory profit taking. It's a paper system which then is used to bring in more stock purchases. BP does the same things showing great big profits and then selling out a lot of stock."

Venezuelan Oil Minister:
"We must avoid speculation"

In an interview given in mid-November following a series of secret meetings with Yamani, Venezuela's Oil Minister Hernandez told the press from Caracas:

"The system (of small increases—ed.) would have the advantage of allowing consumers to estimate well in advance what the cost of their oil imports would be. At the same time, we (OPEC nations) would avoid the speculation that now takes place in the last quarter of each year and the resulting accumulation of large inventories in anticipation of a price increase."