

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY	Cuba	REPORT NO.	OO- B-3.168,138
SUBJECT	Attitude of Segundo Cevallos, Key Official of National Bank	DATE DISTR.	6 Oct 60
		NO. PAGES	One
		REFERENCES	
DATE OF INFO.	Sep 60 and earlier		
PLACE & DATE ACQ.	-Havana/Sep 60		

THIS IS UNEVALUATED INFORMATION

SOURCE:

US national, graduate engineer, an official on the staff of a large oil company.

Source has had years of experience in company operations outside the US and has been located in Cuba for many years. [Source is normally available for reinterrogation should this report generate additional requirements.]

1. In Sep 60 I talked to an old friend who was president of one of the US-owned tire companies recently intervened by the Castro regime. My friend stated that he had recently contacted Segundo Cevallos, one of the top officials of the National Bank, in connection with obtaining approval for some of the company's US technicians to take their furniture and appliances out of Cuba. Cevallos said, "I don't want those technicians to leave. We need them." At this, the rubber company official stated that it was too late and that the technicians had already gone.
2. Cevallos then made the statement that he was very much concerned about the flight of technicians of all kinds from Cuba. He said that the revolution had been fought to give Cuba a more highly developed industry, but that the technicians were leaving and industry was being seriously effected.
3. Cevallos then said, "Something is wrong. The revolution has gotten off the track somewhere." He then added, "I have got to talk to 'Che' about this."
4. Cevallos is a man of about 60-63 years, and has a very important position, in that he is in charge of granting foreign exchange. My friend said that Cevallos is a very pleasant individual but seems to be a theorist, a professorial type who obviously has had little or no business experience. He has a background as a writer and philosopher, and apparently is extremely naive as evidenced by his comment that he would talk to "Che" Guevara about how the revolution had gotten off the track.

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C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY	Cuba	REPORT NO.	OO-B-3,168,139
SUBJECT	Anti-Castro Attitude of ICP Personnel	DATE DISTR.	6 Oct 60
		NO. PAGES	Two
		REFERENCES	
DATE OF INFO.	Sep 60 and earlier		
PLACE & DATE ACQ.	Havana/Sep 60 and earlier		

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1. As of Sep 60 there appear to be some significant developments occurring among personnel of the staff of the Cuban Petroleum Institute. The Institute has commandeered a building of Esso Standard Oil SA for use as headquarters, and is currently engaged in mixing the personnel of all three intervened oil companies in the new headquarters.
2. The shuffling around of personnel has further lowered the morale of the petroleum industry employees, and I have been told that 95% are strongly in favor of the companies and against the Castro regime.
3. Since ICP established its new offices, indoctrination sessions of employees have been scheduled on a twice-a-week basis. The first session was held recently and was concerned with the "Colored Problem of the World". The gist of the remarks of the conference leader was that Cubans were of Spanish ethnic origin, and because of the close ties of Spaniards and the Moors for so many hundreds of years it had to be realized that all Cubans had colored blood, and should not make a distinction and should have no prejudices concerning people with colored blood.
4. The second indoctrination session was headed by an overt Communist from the Texas Company. He delivered the straight Party Line, anti-US, anti-imperialist, anti-monopoly, "The Soviet Union is the great hope of the world for peace", and only Communist ideology will survive, etc.
5. He also stated that, "The Declaration of Havana of Fidel Castro will be our doctrine," and said that it was desired to obtain the signatures of the whole population of Cuba to show that everyone was behind this doctrine. He then said in response to a question regarding what would happen to those who did not sign, "You are either for us or against us."
6. At this, one of the office girls who had been a strong Fidelista got up and remarked that such comments reminded her of the Batista days, and she strongly disapproved of any pressure tactics.

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COUNTRY	Cuba	REPORT NO.	00-A-3,168,137
SUBJECT	Desire of Oil Industry Technicians to Flee Cuba/Effect on Production	DATE DISTR.	29 Sept 60
		NO. PAGES	Two
		REFERENCES	
DATE OF INFO.	Sep 60 and earlier		
PLACE & DATE ACQ.	Havana/Sep 60 and earlier		

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SOURCE:

US national, graduate engineer, an official on the staff of a large oil company.

Source has had years of experience in company operations outside the US and has been located in Cuba for many years. [Source is normally available for reinterrogation should this report generate additional requirements.]

1. A real body-blow could be given the Castro regime if a few selected technicians in the oil refineries skipped the country. As an example, at the Esso refinery there are four technicians whose loss would have a very severe effect on the production of the refinery. These men are all young, extremely intelligent, well trained, and are completely loyal to the company. They have served immediately below the superintendent and the assistant superintendent. These four would be given immediate jobs in the US, because of their outstanding backgrounds, if they were able to get out of Cuba.
2. The top figure of the four is Leon Hequin Mays, who is a specialist in the Processing Department, one of the most important functions in the plant. This department's responsibilities deal with the physical processing of the product from crude to the finished material.
3. Hequin is 32 years old, married, no children, but expecting a child in Dec 60. He is a graduate of Auburn University, with a degree in chemical or mechanical engineering. He is a Cuban national, I believe of the Jewish faith. He is about 5'10", weighs about 160 lbs, has close cropped black hair, and is a very personable, intelligent young man. He is a very good leader, and was definitely one of the men on their way up in the company.
4. Hequin already has been branded a counterrevolutionary in an official Acta, and has been taken out of the plant and put into the office. Apparently the regime wanted to get him away from the production line for fear of possible sabotage, and also wanted to utilize his undoubted talent and knowledge of the industry in headquarters.
5. Hequin is extremely eager to get out of Cuba, but he does not have a police exit permit, and since he has been branded counterrevolutionary he is afraid he would not get his passport back if he presented it for a police permit.

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C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY	Cuba	REPORT NO.	OO-B-3,164,609
SUBJECT	Operations of Refineries/Effect of Use of Soviet Crude Oil/Jet Fuel Production	DATE DISTR.	23 Aug 60
		NO. PAGES	Two
		REFERENCES	
DATE OF INFO.	Aug 60 and earlier		
PLACE & DATE ACQ.	Havana/Aug 60 and earlier		

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SOURCE:

US national, graduate engineer, an official on the staff of a large oil company.

Source has had years of experience in company operations outside the US and has been located in Cuba for many years. [Source is normally available for reinterrogation should this report generate additional requirements.]

1. As of Aug 60 the three major refineries confiscated by the Castro regime are operating in fairly good shape. Their principal problem is that the Soviet crude being supplied is very light and they cannot run as much volume because gas pressure builds up. The Esso refinery, for example, has a capacity of 36 thousand bbls per day on heavy crude, but 26 thousand bbls per day is the best they have been able to do on the Soviet crude, and it has been running at a rate of only 20 thousand bbls per day since 20 Jul 60.
2. The Soviet crude available to date has been compatible with the refineries and will not damage them, but in addition to not being able to get as much volume, the refineries cannot get as much fuel oil because of light ends. This is true of all three major refineries.
3. The refineries were designed for 26 gravity crude which is fairly heavy. The Soviet crude is 33 gravity, and has caused an imbalance in that they are now producing more gasoline than is needed. As a consequence, Cuba is searching desperately for fuel oil. The USSR has said that it is not in a position to supply fuel oil and so Cuba has turned toward Mexico, even to the extent of attempting to arrange deals whereby they will trade gasoline for fuel oil.
4. The imbalance of gasoline is indicated by the fact that the Cabaiguán refinery was shut down recently because its gasoline storage was completely filled.
5. Cuba will reach a critical point about 1 Sep 60. The Esso refinery slowed down from 26 thousand bbls per day to 20 thousand bbls per day because it had only a 10-day supply of crude. The supply on hand was sufficient to last only until 14 Aug, but around 11 Aug the refinery was supposed to receive a shipment of 80 thousand barrels of crude. However, this is only enough to operate four days.

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19 SEP 1960

STATE	ARMY	NAVY	AEC	FBI	AEC				
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COUNTRY	Cuba	REPORT NO.	OO- B-3,164,652
SUBJECT	Shortage of Lubricating Oil/ Operating Supplies for Refineries/ Ship Bunkering	DATE DISTR.	23 Aug 60
		NO. PAGES	Two
		REFERENCES	
DATE OF INFO.	Aug 60		
PLACE & DATE ACQ.	Havana/Aug 60		

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SOURCE:

US national, graduate engineer, an official on the staff of a large oil company.

Source has had years of experience in company operations outside the US and has been located in Cuba for many years. [Source is normally available for reinterrogation should this report generate additional requirements.]

1. As of Aug 60 there is a shortage of lubricating oil in Cuba which will become critical in a fairly short time. Great efforts have been made by the Castro regime to obtain lubricating oil from US suppliers, and a vessel, the Mar Caribe, has visited a number of US ports attempting to obtain the oil. However, it has been refused everywhere and had to return to Cuba in ballast. As of 10 Aug 60 it is loading molasses for delivery to Boston, and will then proceed to Montreal in an attempt to obtain lubricating oil.
2. A former Esso employee, Frank Garcia, left Cuba on 2 Aug 60 for Mexico to try to obtain lubricating oil. He is going to visit the Mobila blending plant, PEMEX, and several others.
3. A US national ^{Port. Wallace, Tulsa, Okla.} recently employed by ICP to attempt to arrange for the purchase of necessary supplies and spare parts for the oil industry has been traveling throughout the SW part of the US, also attempting to arrange for lubricating oil, but with no success. This individual is such an unsavory character that it is not beyond the bounds of probability that he might "go south" with the funds entrusted to him, which are considerable.
4. There are 20 principal types of lubricating oil needed for the total economy, and the actual status of supply of each is not known. They may be completely out of some and have six months supply of others. However, the general story is that there is a "one month supply" of lubricating oil available.
5. Lubricants for power plants, transportation, and communications are the primary concern. They are in critically short supply in diesel lubricants for engines and heavy equipment, and turbine oil for power plants.
6. There is no lubricating oil manufactured on the island although the Castro regime is trying to set up a plant. However, this is a long range project and takes a lot of time and money.

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C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY	Cuba	REPORT NO.	OO-B-3,164,653
SUBJECT	Friction in New Management of Esso Refinery	DATE DISTR.	23 Aug 60
		NO. PAGES	One
		REFERENCES	
DATE OF INFO.	Aug 60 and earlier		
PLACE & DATE ACQ.	Havana/Aug 60 and earlier		

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- On 1 Jul 60 the Castro regime intervened the Esso refinery in Cuba. The intervantor appointed was Commander Olivio Pino, a career officer in the Cuban Navy. The number two man is (fnu) Guardia, about 35, a former marketing analyst in the office of the company. As of Aug 60 there is evidence of definite friction between Pino and Guardia.
- Commander Pino is an intelligent, affable, and hospitable personality. He wears a business suit, and to the best of my knowledge has never worn a "barbudo" beard.
- Guardia, on the other hand, is a real hard-core Communist, who feels that Pino is too soft and not revolutionary enough. Guardia wants to take a hard line toward the employees. He wants to cut salaries and "get things in line." Pino knows that such abrupt changes would result in a drastic drop in efficiency, and would alienate employees who are at least neutral at present.
- There are indications that Pino recently told Guardia in effect to stay in the office and keep his mouth shut.
- Pino is directly under Alfredo Gutiérrez of ICP, and both are friends and associates of Fidel Castro, not Raul, or "Che" Guevara. If something happens to Fidel, both Pino and Gutiérrez would definitely be replaced quickly, because they are not the hard-boiled Party line type.

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7 SEP 1960

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COUNTRY	Cuba	REPORT NO.	00-A-3164654
SUBJECT	Leonel de Paula Arias, Oil Industry Procurement Agent (Biographic)	DATE DISTR.	17 Aug 60
		NO. PAGES	One
		REFERENCES	
DATE OF INFO.	Aug 60 and earlier		
PLACE & DATE ACQ.	Havana/Aug 60 and earlier		

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1. In Aug 60 the Castro regime sent two representatives to the US to attempt to obtain replacement parts and machinery for the oil industry. One of these men is Julio Caunedo, on the staff of ICP, and the second is Leonel de Paula Arias, a former employee of Esso Standard Oil SA.
2. De Paula is about 28-29 years old, 6'1", 180 lbs. He has black curly hair and fair skin. He is married and I believe has one child. He is a Roman Catholic; and has never been considered as having any left-wing inclinations.
3. De Paul speaks excellent English, and I believe studied in the US. He has a degree in engineering and worked three years with the Esso refinery, mainly in maintenance and construction. As of Jul 60 he was section head of the Refining Department, Purchasing and Warehousing.
4. The choice of de Paula to go to the US to obtain necessary supplies is sound because he is the man which the company would have chosen to do such a job if required. He has a reputation of being a good hard worker, intelligent and dependable. He has a pleasant personality and handles himself very well.
5. De Paula was considered one of the better men of the plant and could be classed as a key technician because of his knowledge, background, and ability, and it would definitely hurt the Castro regime if he fled Cuba. However, the opportunities for employment in the oil industry in Latin America are not good because there is considerable prejudice against Cubans on the part of other countries in which there are refining operations.

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6 SEP 1960

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