


**FORECAST**



Scattered showers with chance of heavy rainfall. Highs in the upper 70s.

**OPINION**

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**"There needs to be a better way of allocating and distributing financial aid money."**

-Ellen Hobbs writes a condensed version of topics you want to hear about.

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**Mobil Cotton Bowl Classic**

Texas A&M moves closer to a New Year's Day matchup with Florida State in the Mobil Cotton Bowl.



# The Battalion

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## Oil slump appears to indicate end for industry, report says

HOUSTON (AP) — The most recent slump in Texas' oil business, which has gone from boom to bust and back again in the past century, could forecast the beginning of the end for the industry, a newspaper reported Sunday.

The nation simply is running out of oil, the Houston Chronicle said.

"There's a lot of head-shaking and nail-biting going on right now," said Harry Spannaus, executive vice president of the Permian Basin Petroleum Association, a Midland-based trade group that has seen its membership drop by more than a third in the past five years.

"There's just not any optimism left. We have all had to face reality," Spannaus

said.

U.S. oil reserves peaked in 1972 at 38.3 billion barrels. Since then, the nation's oil supply has dropped every year, despite Americans' insatiable energy appetite.

Worse still, fields that provided massive pools of crude in the first half of the century have dwindled to mere puddles.

"The bottom line is that there have been an awful lot of holes punched in the ground in the United States," said Jim Payne, president of Santa Fe Energy Resources, a Houston-based independent oil company. "It is highly improbable there are any major fields left."

U.S. oil production in 1990 dropped for the fifth consecutive year, to its lowest

level since 1961. The bellwether drilling rig count — a key barometer of the industry's health — has risen only three times in the last 10 years.

Next year, experts expect U.S. drilling activity to dip to its lowest level since World War II.

"I just can't see how a company like ours can afford to stay in business in West Texas," said Mack McGee, vice president of marketing for Midland-based Cactus Drilling Co., once one of the largest oil drillers in the state.

Cactus last month shut down after 46 years. The company, which once operated 60 drilling rigs with a 2,000-person workforce, is selling off its inventory while its

staff has dwindled to seven.

"I fear that there just aren't going to be many more of our kind of businesses left," McGee told the Chronicle. "We have shrunk and shrunk and shrunk in order to fit the size of the market. Finally, we just couldn't get small enough."

Roy Caldwell, president of Reed Tool Co. in Houston, said the drilling service companies also have noticed the permanent nature of the current slump, which includes poor prices in the natural gas industry.

"There is something different about this decline," Caldwell said. "There is tremendous fear out there."

Many industry watchers had predict-

ed a surge in demand for gas because of its attraction as a cleaner-burning fuel. But the market for natural gas collapsed. Prices fell to their lowest level in a dozen years this summer, prompting major producers to cut their drilling budgets and slash production.

Forecasters now expect prices to remain low for another two years because of excess supplies.

"Gas was the last great hope," said Daniel Yergin, author of "The Prize," the best-selling history of the oil industry. "The collapse in natural gas prices has been pretty invisible to most of the nation, but it has been devastating for the oil patch."

## Serb army captures village

Yugoslavian forces take over crucial area

ZAGREB, Yugoslavia (AP) — The Serb-led federal army captured a village crucial to Croatia's defenses around the battered town of Vukovar Saturday, just as the latest cease-fire of Yugoslavia's civil war took effect.

It was not immediately known whether the village fell before or after 6 p.m., when the cease-fire — the 13th of the 41/2-month-old war — was to begin. Twelve previous truces have failed.

The capture of Borovo Naselje, just north of Vukovar, dealt a severe blow to Croatia's efforts to hang onto what has become an important symbol of the secessionist republic's military struggle.

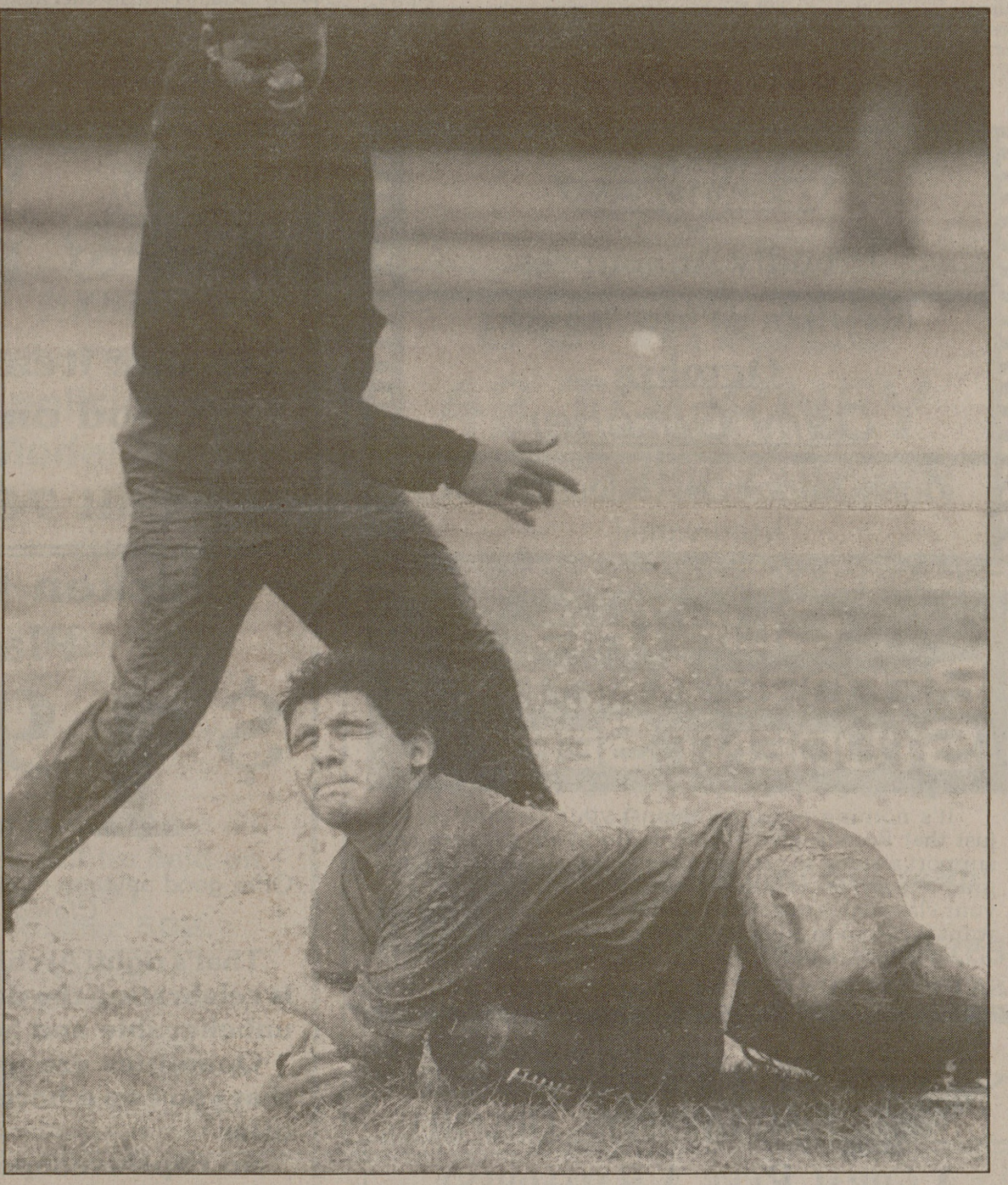
Elsewhere in Croatia, there was sporadic fighting during the day, but the republic was reported to be mostly quiet.

In Zagreb, the republic's capital, federal army and Croatian officials held talks on getting supplies to thousands of people trapped in Vukovar and allowing federal soldiers trapped in barracks in Croatia to leave.

Both sides said last week they are in favor of allowing U.N. peacekeepers into Croatia to halt the fighting. But the United Nations and the European Community say there will be no peacekeepers unless a cease-fire holds. The EC has been mediating peace talks.

It was not immediately clear whether the fall of Borovo Naselje doomed the latest truce.

The war in Croatia began after the republic declared independence on June 25, and it has been the bloodiest in Europe since World War II. The Croatian government says nearly 2,000 people have been killed, but those figures do not include the substantial ca-



**Mud bowl**

Ryan Rodriguez dives for a pass while Wardell Phlegm looks on during a football game Sunday afternoon on Simpson Drill Field. The two were playing with five of their friends.

## China trip successful, Baker says

Secretary of State returns to U.S., reports some progress on issues

BEIJING (AP) — Secretary of State James A. Baker III headed back to Washington on Sunday after a mission to China that he said produced some progress on human rights, trade and arms control, but not as much as had been hoped for.

"I did not come here expecting a dramatic breakthrough," he said after a five-hour session with Foreign Minister Qian Qichen. "The gulf is too wide to accomplish that in one trip."

Baker was the highest-ranking U.S. official to visit China since the bloody 1989 crackdown in Tiananmen Square that set back Sino-American relations.

President Bush has sought to maintain a dialogue with China, but has run into criticism from some members of Congress.

Baker, winding up three-days of talks with Chinese officials, said there had been "some gains ... but not as much as we would have hoped."

The state-run Xinhua News Agency quoted Qian as saying: "To restore and develop Sino-U.S. relations is the common goal of the two sides, for which both sides have made efforts."

The Chinese Foreign Ministry,

also quoted by Xinhua, said the talks led to "progress on some issues of common concern." The Xinhua report did not mention human rights, although Baker said that was the subject of most of the discussions.

"I made clear (that) progress in human rights is essential to progress in the overall relationship," the secretary of state said at a news conference after his meeting with Qian.

The Chinese, Baker said, provided information about people on a list of 800 political prisoners, the first such information they had given. He said he didn't know whether the Chinese planned to release any of the prisoners.

"If there were (releases), we would be extremely happy and pleased about it," he said.

In addition, Baker reported, the Chinese said they intended to observe the guidelines of the Missile Technology Control regime — which restricts Chinese missile sales — but only if the United States lifts sanctions on two Chinese companies and on the licensing of high-speed computers and satellites.

Baker said the two sides reached agreement in principle on steps to prevent Chinese prison-labor products from reaching the United States.

The United States has asked China to release hundreds of political prisoners and halt exports of prison-made goods.



James Baker

## Many face loss of cards if credit interest rates fall

WASHINGTON (AP) — As many as 60 million Americans could lose their charge cards and the economy could return to recession if Congress forces a reduction in credit card interest rates, bankers say.

"Something like this gets to every consumer's pocketbook," said Mark Riedy, president of the National Council of Community Bankers. "Is it the straw that breaks the camel's back and leads us back into another recession? If it goes through, it certainly could."

Based on a spot check of a dozen major card-issuing banks, the American Bankers Association estimates that nearly half the nation's 120 million MasterCard and Visa users would lose their cards.

Those who keep them could face sharply reduced credit limits, higher annual fees and loss of the

standard 25-day grace period before interest is applied.

"The Congress that bounces checks at its own bank should not try to tell real banks how to run their business," said Philip Corwin, the group's director of operations and retail banking.

A plan to impose a floating ceiling on rates won overwhelming endorsement in the Senate last week, a day after President Bush suggested banks bring down the rates on their own.

Friday, the Dow Jones average of industrial stocks plummeted 120.31 points, the steepest drop in two years. Treasury Secretary Nicholas Brady blamed the fifth-worst decline on the Senate legislation and predicted the market would rebound.

"I don't expect that legislation ever to see the light of day," Brady said.

## Edwards appeals for benefit of doubt

NEW ORLEANS (AP) — Gov.-elect Edwin Edwards, who turned fear of ex-Klansman David Duke into landslide victory and an unprecedented fourth term, appealed to his skeptics Sunday for the benefit of a doubt. Duke, meanwhile, looked to a national agenda.

"I hope this time people will look at me less with a jaundiced eye and recognize from time to time I may have a good thought," said Edwards, who has become known as a womanizer and gambler deft at skating on the edge of ethics and the law.

Unofficial returns gave Edwards 61 percent of the vote in Saturday's election. Nearly 1.7 million of the state's 2.2 million registered voters went to the polls, a statewide record 78 percent turnout.

Duke, a state representative and maverick Republican, won a majority of the white vote despite his past leadership of a Ku Klux Klan group and support of Nazism.

"The people were told they would lose jobs, lose tourism," Duke said. "They were threatened with the loss of their livelihood if they dared to vote for me. At the end, they weren't prepared to undergo the sacrifices they'd have had to make or

thought they'd have to make."

Black leaders rejoiced at church services Sunday, as did business executives who had warned in television ads and letters to employees that a Duke election would cripple tourism, convention business and future major sporting events.

"I'm delighted when I think of what he could have done to our economy," said French Quarter antiques dealer David Dixon, who spent \$45,000 for his own radio and television ads. "But I think the way he was defeated — the big margin — we emerge as a kind of knight in shining armor around the country."

Edwards' first three terms were marked by scandals, so much so that the voters shunned him in 1987, giving the job to Buddy Roemer.

But Roemer finished third in the Oct. 19 open primary.

Edwards, 64, forged a coalition of well-heeled, strange bedfellows whose only purpose was to discredit Duke, who said he drew contributions from all 50 states.

He received 96 percent of the black vote, carried 45 of 64 parishes, similar to counties, and dominated every area of the state but the rural northeast.

## Duke plans to join national politics

NEW ORLEANS (AP) — David Duke lost the election but won so much nationwide publicity — and was still winning it Sunday — that he set the stage for a deeper plunge into mainstream politics, perhaps for 1992 presidential primaries or a seat in Congress.

"We have a national move-



David Duke

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