

No. 253

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Memorandum of Conversation, by David Longanecker of the Office of African Affairs

CONFIDENTIAL

WASHINGTON, April 25, 1952. ¹

Subject: Discussion of American Independent Oil Company Operations in the Neutral Zone.

Participants: NE—Mr. Jones
NE—Mr. Awalt
NE—Mr. Funkhouser
AF—Mr. Longanecker
Mr. Harley Stevens—American Independent Oil Company

Following a brief summary of observations relating to current political conditions in the Persian Gulf area, Mr. Stevens stated that he had three specific items to discuss with the Department.

The first item concerned the status of the company's drilling operations. Their fifth exploratory well is down to 4500 feet and prospects at this stage are not too promising. The well is being drilled about five miles south of Khor Mufada, in the southeastern corner of the Neutral Zone, about sixteen miles above the Saudi Arabian border and within sight of the Gulf. If this is another dry hole, some of the stockholders in the American Independent Oil Company (hereinafter referred to as Aminco) may be disposed to withdraw from the company. Any stockholders in Aminco who wish to withdraw must give the other stockholders the first option to purchase their stock participation. Mr. Stevens feels that the Phillips Petroleum Corporation, by far the largest stockholder in Aminco, will wish to continue exploration in the Neutral Zone, at least until the completion of exploration wells in each of four remaining promising structures. He feels that one location which should be tested lies due south of the Burghan field in Kuwait, just across the border in the Neutral Zone, which would seem to be located on the natural extension of the Burghan producing basin. Mr. Stevens also feels that Aminco's equal partner, the Pacific Western Oil Company, which holds a concession from SAG for the latter's half interest in the Neutral Zone, will also wish to continue operations in the Neutral Zone even if the fifth exploration well now being drilled turns out to be a dry hole.

¹ This memorandum of conversation was prepared on May 7.