

with the Department before he undertook any discussions with Iran.

Mr. Greenhill believed that the British would probably try to discourage ICPA from entering the controversy and wondered to what extent they could go in advising Mr. Cowden of their reasons for discouraging ICPA action. Mr. Eakens said that Mr. Cowden had in the past abided by the advice of the Department in this case and that he believed Mr. Cowden to be completely reliable.

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Memorandum of Conversation, by the Officer in Charge of Arabian Peninsula Affairs (Awalt)

CONFIDENTIAL

[WASHINGTON,] May 7, 1952.

Subject: British Inquiry on Current Saudi Arabian Oil Negotiations.

Participants: Mr. Denis Greenhill—British Embassy

NE—Mr. Jones

NE—Mr. Kopper

NE—Mr. Awalt

Summary:

Mr. Greenhill called at his request to say that he had a telegram from the Foreign Office reporting information received in London that in the current SAG-Aramco negotiations the SAG was demanding various additional rights which might upset the oil stability of the Persian Gulf. The Foreign Office wished to ascertain whether there was any truth to the reports. In particular the telegram said that Saudi Arabia was asking for 50 percent membership in the Board of Directors; relinquishment of one-half the Aramco concession area by the end of five years; a penalty on non-production of oil; and Saudi Arabian operation of the oil company in time of war.¹

Mr. Greenhill was told that there was some substance to some of these points but that we knew of no demand on the part of the SAG that it should operate the oil fields in time of war. Mr. Jones added that there was nothing in the current negotiations which would upset in any way the 50-50 division of profits and if a demand for a greater Saudi Arabian share should develop, we would certainly know about it well in advance. Mr. Greenhill said

¹ See Longanecker's memorandum of conversation of Apr. 21, Document 252.