

Mr. Beckett inquired whether it is in fact true that a new oil discovery has been made in Iran about fifty miles south of Tehran. He said that he had noticed in the press that such a discovery has been made and that the initial well would make one thousand barrels per day. Mr. Eakens confirmed that a discovery has been made but the well made gas, oil and water, and it was not certain whether it was a commercial producer. He said that while it was possible that an important discovery had been made, this should be proved by the next well which, on the basis of the information gained from the drilling of the first three wells, should be located more nearly on the structure.

There was brief mention of the amendment in the Egyptian company law which permits major ownership by foreign nationals in Egyptian corporations. Mention was also made of the suspended negotiations between Aramco and SAG. Neither of these topics was discussed on any substantive basis.

Mr. Beckett observed that he had noticed that Turkey seemed to be interested in trying to get foreign companies to come there to engage in oil operations. On questioning, he agreed that Turkey was not a first-class prospect, that it would be a difficult and rugged country for an oil company to operate in, and that there would not be any rush of companies to Turkey.

No. 264

887.2553/9-352: Telegram

*The Secretary of State to the Embassy in Iraq*¹

CONFIDENTIAL WASHINGTON, September 4, 1952—1:21 p. m.

249. Embtel 102 Jul 24² and 296 Sept. 3,³ Brit Emb Rep reported that Brit Emb Baghdad was approached by Iraq min econ re exten-

¹ Drafted by Funkhouser and cleared in draft by PED, BNA, and WE. Repeated to London, Paris, Cairo, Jidda, Moscow, Tel Aviv, Damascus, Beirut, Amman, and Jerusalem.

² Not printed; it reported the French Minister had told an Embassy officer Iraq was formulating a proposal to the IPC to build the extension from the Haifa pipeline to the coast of Lebanon. The Iraqi Under Secretary for Foreign Affairs told the French Minister the time had come for IPC to either abandon the idea of using the Haifa pipeline or to divert it through Arab territory. (887.2553/7-2452)

³ Not printed; it informed the Department of State that the Minister of Economics, on instructions from the Prime Minister, asked the IPC's Baghdad Manager to consider diverting the Haifa pipeline to the Mediterranean coast outside Israel. His argument was that settlement of the Jewish-Arab controversy was unlikely in the near future, and the Haifa pipeline, which was lying idle, could accommodate exports of 7 million tons of crude oil. The Embassy considered the proposal fraught with political implications, especially in view of Israel's inclination to nationalize the Haifa refinery. (887.2553/9-352)