

international agreement and review this matter at future meetings with the British.

No. 314

886A.2553/10-1153: Despatch

The Chargé in Saudi Arabia (Jones) to the Department of State

SECRET
No. 142

JIDDA, October 11, 1953.

Ref: Department's Memorandum of Conversation July 28, 1953, "Aramco Negotiating Plans."¹

Subject: Aramco's "New Proposals".

As the result of a request from Crown Prince Saud that Aramco submit for Government study, prior to resumption of formal discussions on November 8, an outline of the Company's recently determined position regarding oil pricing, Aramco has addressed to Prince Feisal a letter summarizing its so-called "new proposals." * Mr. Garry Owen, the Company's Representative to the Saudi Arabian Government, has informed the Embassy of the provisions of this letter, dated October 6, requesting, however, that dissemination of this information be limited to officers of the Department in Washington.

Under the terms of the letter in question, Aramco undertakes to bill offtakers for *all deliveries for export* on the basis of posted price at Ras Tanura (presently \$1.97) provided, however, that Aramco will accept billings (i.e., deductions from posted price) from offtaking companies for actual selling expenses. While these expenses vary somewhat, they are estimated at present at approximately two percent of published price.

In making this proposal, which is to supersede previous suggestions with regard to assimilation of Tapline properties within Saudi Arabia, Aramco's letter specifies that the Company "anticipates" that the Government will agree to the following:

¹ Document 303.

* At the time of preparation of this despatch this letter had not yet been delivered. It was anticipated, however, that delivery would be effected in the very near future. [Footnote in the source text.]

[Despatch 148 from Jidda, Oct. 18, reported that the Aramco letter had been delivered to Prince Faisal on Oct. 14. (886A.2553/10-1853) Despatch 1217 from Paris, Nov. 3, reported a conversation between the Petroleum Attaché at the Embassy and Lewis McNaughton regarding recent discussions between McNaughton and the Saudi Arabian Minister of Finance at Versailles. The discussion had centered on the sales prices of crude oil as they affected the 50/50 agreement on profits between Aramco and the Saudi Arabian Government. (886A.2553/11-353)]