

accept shipping arrangements provided Article 4 of agreement. Owen states Terry Duce is briefed re Shaikh Abdullah's letter and can inform Department fully why arrangements set forth in letter are impracticable.

3. At Owen's request, I touched on matter briefly at end my audience with King at Tabuk February 3 (Embtel 331, February 4)² and requested his permission obtain further information on agreement from Shaikh Abdullah; King agreed. I also requested him permit companies discuss implications agreement and its effect on Saudi Arabian interests with appropriate Saudi officials and with King himself if companies considered desirable. After some hesitation King said company should first discuss it with Finance Minister after which he willing receive Aramco officials if they believed agreement harmful country's interests.

4. According Owen, Ohliger Aramco Vice President in charge concession affairs has telegraphed King requesting audience but as of last night had not received reply. Owen flew Dhahran yesterday for company conference. I shall comply his request defer discussing matter with Shaikh Abdullah.

5. King outlined some benefits agreement would bring Saudi Arabia as follows: Free transport oil for SAG use, royalty payment to SAG of 1½ shilling per ton on all other oil transported by Onassis tankers; 50 Saudis would be trained yearly therein; most important tankers would be subject Saudi law and regulations and fly Saudi flag.

None of these provisions agreement were mentioned in letter to oil companies but Owen has obtained substantial confirmation thereof from unofficial sources. He is also told Onassis agreed to build drydock Jidda.

WADSWORTH

² Not printed.

No. 330

886A 2553/2-654

*The Acting Secretary of State to the Embassy in Saudi Arabia*¹

CONFIDENTIAL

WASHINGTON, February 13, 1954.

244. Embtel 333.² Aramco has provided Department text letter written by its representative to Finance Minister February 8 stat-

¹ Drafted by Fritzlan and cleared by PED. Repeated to Dhahran.

² *Supra*.