

it were found to be Aramco's fault, appropriate action would be taken promptly.

7. During later conversation with Gargoni and Hussain on other matters I suggested I could better report to Department re Onassis matter were I to have copy agreement. They promised "submit request to King and send his reply tomorrow".

8. I shall discuss foregoing with Aramco officials and report reactions.<sup>5</sup>

WADSWORTH

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<sup>5</sup> Telegram 165 from Dhahran, May 3, reported Aramco officials appreciated the Department of State position that the Onassis agreement was not in keeping with the Aramco concession agreement. (886A.2553/5-354)

### No. 343

886A.2553/5-1254

*Memorandum of Conversation, by the Officer in Charge of Arabian Peninsula-Iraq Affairs (Fritzlan)*

CONFIDENTIAL

WASHINGTON, May 12, 1954.

Subject: The Onassis Agreement

Participants: *British Embassy*

Mr. Brook

Mr. Bailey

Mr. Druitt

Mr. Bullmore

*State Department*

NE—Mr. Mart

NE—Mr. Dorsey

NE—Mr. Fritzlan

L/E—Mr. Metzger

PED—Mr. Eakens

TRC—Mr. Falck

Mr. Brook opened the discussion by saying that the British Government was most unhappy over the [Onassis] agreement as it was understood from reports and rumors received. He mentioned in this connection that the British shipping interests had made strong representations to the Government. He said it was not entirely clear that any British interest was directly involved, but nevertheless, the British had strong objections to this type of agreement based on:

(1) The establishment of an undesirable precedent which could be used by other oil-producing countries;

(2) The agreement as reported was believed to be a breach of unwritten law to the extent that it denied a generally accepted fact that title to oil following production passes to the company concerned which should then be free to dispose of it; and