

and assume that Mr. James Terry Duce of the Arabian American Oil Company continued to be the principal avenue of communication. This was confirmed by the officers of the parent companies.

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No. 350

886A.2553/7-1654

*Memorandum of Conversation, by the Officer in Charge of Economic Affairs, Office of Near Eastern Affairs (Gay)*

CONFIDENTIAL

[WASHINGTON,] July 16, 1954.

Subject: Pacific Western Oil Company and the Onassis Agreement

Participants: Deputy Under Secretary Murphy

Mr. Hadfield, Pacific Western Oil Co.

NE—Mr. Dorsey

NE—Mr. Gay

Mr. Hadfield, after referring to the letter of notification from the Saudi Arabian Government concerning the Onassis Agreement,<sup>1</sup> said Pacific Western's reply to the Saudi Arabian Government had pointed out that the Agreement contravened Pacific Western's concession and incorporated economically untenable terms, but that to the extent possible Pacific Western would cooperate with Mr. Onassis. Pacific Western received a response from the Saudi Arabian Government in April which expressed the hope that Pacific Western could come to agreement with Mr. Onassis.

Mr. Getty who owns 85% of the \$20 million investment of Pacific Western met with Mr. Onassis in Paris and reached a "tentative" understanding. This understanding provides that Pacific Western will employ the Onassis vessel, *Saud I*, for three trips to the Western Hemisphere at rates substantially below those called for in the Onassis Agreement but still somewhat above the competitive level. If in the meantime Aramco comes to agreement with Onassis, Pacific Western is released from the commitment. After these first three loads on *Saud I* have been completed, Pacific Western would give Mr. Onassis forty-eight hours on all offers to meet other competition. Mr. Hadfield emphasized that his client, Mr. Getty, had much at stake and that this understanding offered him a chance to "buy our peace for \$200,000", a price that is "not too high". Mr. Hadfield mentioned incidentally that he did not know if Onassis yet owns *Saud I* or how much money he might have paid on it.

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<sup>1</sup> Despatch 220 from Kuwait, Feb 7, informed the Department of State that Pacific Western had received the letter. (886A.2553/2-754) It was the same as the letter received by Aramco, referred to in telegram 333 from Jidda, Document 329.