

against the Onassis Agreement and that the Secretary, on the basis of preliminary consideration, had inclined to this view.<sup>1</sup> He also mentioned that we had understood Aramco was not anxious to invoke the arbitration clause.

Mr. Murphy expressed interest in the further legal opinions that were mentioned and told the corporation officials the Department would fully re-examine the legal aspects of the case on the basis of all information now brought to bear.<sup>2</sup>

---

<sup>1</sup> A memorandum by Jernegan to Murphy, Aug. 14, gave some background information on the subject matter to be discussed in this conversation. The memorandum suggested the oil company officials might want the Department of State "to take a stronger line regarding the asserted violation of the Aramco concession." The Department of State Legal Adviser's Office, however, had carefully chosen the language used by the Department, since it was considered somewhat debatable whether the Onassis agreement really infringed on the concession in the strict legal sense. The memorandum indicated the Secretary of State had not studied the matter carefully, but had indicated his "off-hand concurrence in the views of the Legal Adviser's office." The memorandum suggested that if the legal point should prove to be of major importance the Legal Adviser, and perhaps the Secretary of State himself, should be asked to give the matter further consideration. (886A.2553/8-1454)

<sup>2</sup> Telegram 50 to Jidda, Aug. 20, advised the Embassy that if the Saudi Arabian Government raised the point of the legality of the Onassis agreement, the Embassy was authorized to state that the opinion of the United States Government was that the agreement "as written is violative of Concession Agreement," but that the Ambassador did not wish to argue legalities as he was not a lawyer. (886A.2553/8-2054)

---

### No. 362

886D.2553/8-2054

*The Petroleum Attaché in the United Kingdom (Moline) to the  
Chief of the Petroleum Policy Staff (Eakens)*

CONFIDENTIAL  
OFFICIAL-INFORMAL

LONDON, August 20, 1954.

DEAR BOB: To say that I am somewhat confused by the coming and going on the Gulf-Kuwait payments problem is to put the matter mildly. I had first heard from Gulf here about the support promised by the Department for the Gulf position. Not having received any indication of a desire to give that support, I queried the Department, as you may remember, and got back an answer saying not only that we were not giving official support but seeming to acknowledge that Mr. Proctor had been led to expect it. Subsequently, I received copies of Memoranda of Conversation involving only the political officers, which even in our statement of the case seemed to indicate a willingness to support Gulf in the position it is determined to take.