

## No. 1544

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

CONFIDENTIAL  
OFFICIAL-INFORMAL

LONDON, February 16, 1954.

DEAR BOB: By the time you receive this letter you may have seen a copy of despatch 2768, <sup>1</sup> written by Evan Wilson and transmitting a memorandum from the United Kingdom Government with regard to its proposals for going to arbitration on the Buraimi dispute. His despatch was sent before I had returned from a discussion with Belgrave <sup>2</sup> who had asked me to stop down for an explanation of the proposal. I send this information along because I think it amplifies the despatch somewhat though perhaps not sufficiently to warrant a separate one.

I suggested to Belgrave that it seemed to me that the British were running a considerable risk insofar as their relations with Abu Dhabi were concerned if IPC continued its work and was successful in finding oil only to have the area in question found later to belong to Saudi Arabia. He agreed this was at least an outside risk but thought there was little or no chance that arbitration would give the area of immediate concern to SAG.

Another point about which I inquired was why the British felt it necessary to refer to the possibility of IPC getting a concession from Saudi Arabia covering any territory which Saudi Arabia might acquire as a result of the arbitration. He explained that this was purely a face saving suggestion. SAG has stated publicly that IPC must stop working in the disputed area. To climb down from this position SAG must have some excuse. According to Belgrave Saudi Arab representatives have, on three or four occasions, said that they might be prepared to countenance continued work by IPC if IPC were to be given a concession on Saudi Arab account in any disputed territory acquired by the Saudi Arabs. Belgrave says further that Terry Duce said two years ago the Aramco was not interested in the territories, a statement which the British seemed to be interpreting as indicating Aramco willingness to see some other company taking a concession there.

My own view is that this is probably a misunderstanding of the Aramco position. It seems to me that there are two entirely differ-

<sup>1</sup> Despatch 2768 is not printed, but it transmitted the memorandum by the British Foreign Office of Feb. 15, *supra*.

<sup>2</sup> Thomas Robert Belgrave, British Foreign Office.