

No. 1565

780.022/5-3154 Telegram

*The Ambassador in Saudi Arabia (Wadsworth) to the Department of State*¹

SECRET PRIORITY

JIDDA, May 31, 1954—2 p. m.

491. 1. In further conversation with Yassin yesterday I made all points set forth in Deptel 337 May 29² in reply my telegram 489 May 29.³

While grateful for Department's clear statement much of which he found reassuring he said he felt Department's position was not truly impartial because for SAG to accept arbitration with condition that British oil companies continue operations in disputed area would mean that two parties to dispute would not go before arbitral commission on equal footing.

He stressed that to Ambassador Pelham's last proposals re arbitration (Embtel 480 May 23⁴) SAG had suggested three alternatives: That there be no operations in disputed area; or that Aramco as well as British companies conduct operations therein; or that British companies operate to north and Aramco to south of a provisional line dividing area.

When I suggested additional third alternative of words "without prejudice to the rights, claims or position of the parties" he replied that this went without saying.

He added that while his latest word from Ambassador Wahba in London was that even this third alternative was unacceptable to British Government it would in his view be much better were British to accept it now. Otherwise he saw no recourse except to take dispute to UN. He could not see that SAG stood to lose anything by

¹ Repeated to London and Dhahran.

² Not printed. It suggested the Ambassador tell Yassin the British had assured the Department of State that oil as such was not an issue in Buraimi and the grant of an oil concession to British oil companies was not a condition to arbitration. While the United States had repeatedly told the British the removal of their oil companies would facilitate arbitration, there was a difference between continuing operations by a private company, acting on its own, and the initiation of operations by Aramco, acting contrary to its own plans at the request of a foreign government. The United States was not supporting either side in the dispute and did not think it was "letting Aramco down" by urging that its people not be put in danger as a result of a dispute between two governments. (780.022/5-2954)

³ *Supra*.

⁴ Not printed. It reported that Pelham's proposals restated and elaborated the British proposals of Feb. 15 (see Document 1543). (886A.2553/5-2354) Despatch 395 from Jidda, May 24, not printed, transmitted copies of both Pelham's letter and the Saudi Arabian answer. (780.022/5-2454)