

# A Challenge To Oil Colossus



**Jack Anderson**

**WE'RE CALLING** Aramco's bluff. The Arabian-American oil colossus has accused us of "irresponsible journalism" for reporting that it employed wasteful production methods and secretly encouraged Saudi Arabia to increase prices.

"It is inconceivable," Aramco declared, "that Mr. Anderson could have any valid evidence" to back up the charges.

The evidence comes right out of the secret files of the four oil giants — Exxon, Mobil, Standard of California and Texaco — which makes up Aramco.

We reported that Aramco, fearing nationalization of its rich Saudi Arabian fields, began draining out every saleable drop last year. At the same time, the company also spent as little as possible to maintain and pressurize the wells, causing "severe technical difficulties."

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**FOR THE EVIDENCE**, the Senate should subpoena the memos summarizing all the telephone calls between Aramco headquarters and the four partners. There was considerable telephone talk about the threat of nationalization and the need, therefore, to increase production.

From each of the big four, the Senate should also demand to see the responses of the analytical department to inquiries from the board. These describe the technical difficulties caused by over-production.

The Senate can get the technical details by subpoenaing the engineers' "trip reports." These speak of "erratic production" and "huge pressure drops."

Photos of Saudi Arabia, taken by our astronauts from space, clearly show the huge smoke plumes from the natural gas flares. Production reports criticize Aramco for burning off the gas instead of slowing down production and reinjecting the gas into the oil formations for pressurization.

The technical problems, we reported, will make it impossible for Saudi Arabia to keep its promise to increase production to 20 million barrels a day once its political demands are met.

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**FOR EVIDENCE** that Aramco secretly encouraged Saudi Arabia to boost prices, the Senate should subpoena the records of all meetings with the Saudi Oil Minister, Ahmed Zaki Yamani.

At first, the Aramco crowd quietly pressed for an increase to around \$6 per barrel.

With oil prices going up in the Middle East, the partners could then justify increasing U.S. prices, which would give them extra capital to reactivate abandoned wells at home.

There's evidence in the secret files, too, that Aramco would like to renege on its promise to help Saudi Arabia industrialize. The details can be found by subpoenaing the reports on the "Saudi Arabian Industrialization Projects — production of salt, ethane and ethylene."

We invite the Senate to use its subpoena power to find out who is telling the truth — Aramco or us.