

Details of Aramco Papers Disclosed

By 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 make up Aramco.

Some of the documents are so sensitive our sources had to hand-copy them on the premises. Other documents, stamped "Confidential," were photocopied by our sources. Some of these papers contain the notation:

"Please respect the confidential nature of this publication by keeping it in a locked drawer or by destroying it if you do not wish to retain it. The proper disposition of this copy is your personal responsibility."

We believe it would be "irresponsible journalism," indeed, to accept the oil industry's self-serving statements about the oil crisis.

To protect our sources, we have agreed not to quote directly from the documents nor to show them to anyone. But we have told Senate investigators generally which documents to subpoena. We have also offered to inspect the subpoenaed documents after they are delivered to the Senate to check whether any have been withheld.

Now let's get down to the specifics.

We reported that Aramco, fearing nationalization of its rich Saudi Arabian fields, began draining out every salable 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."

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 overproduction.

The Senate can get the technical details by subpoenaing the engineers' "trip reports." These speak of "erratic production" and "huge pressure drops." Last summer, the technical problems became so serious that Aramco called for the assistance of reservoir experts from Standard of California.

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. Let us quote one line from the documents in our possession:

"The reservoir pressures fluctuated so greatly that engineers now estimate production will be stabilized at no more than 7.5 M barrels/day, far below the 20 M barrels/day projection." This estimate was made shortly before Christmas.

For evidence that Aramco se-

cretly encouraged Saudi Arabia to boost prices, the Senate should subpoena the records of all meetings with the Saudi oil minister, Ahmed Aki Yamani. At first, the Aramco crowd quietly pressed for an increase to around \$6 per barrel. The price rise was to be in the form of a tax, which could be charged off against the U.S. taxes of the Aramco partners.

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.

The Senate might be interested in subpoenaing the statistical data, which Aramco furnished to its partners. The Big Four also prepared some fascinating economic analyses, complete with charts, showing how the price rise would increase the return on investment.

Footnote: We explained in our original story that Aramco became nervous over the world repercussions caused by soaring oil prices. At this point, Aramco tried to stop the price trend it had helped to start. A delegation, reversing its earlier line, urged the Saudis to stabilize prices.