

# VAST OIL PROFITS IN ARABIA LINKED TO NAVY'S BUYING

War Sales Left U.S. Companies  
With Rights Worth Billions,  
Moffett Tells Senators

## IBN SAUD PAPERS SOUGHT

Committee Asks Roosevelt File  
—Brewster Says We Are  
Underwriting Concessions

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WASHINGTON, March 28—Amid the debate over the Truman program to pledge American economic aid against totalitarianism in the Mediterranean, the Senate War Investigating Committee opened today a wide inquiry into American oil investments in the Near East.

The first witness, James A. Moffett, a retired oil company executive, asserted that Navy purchases of petroleum during the war had left United States corporations in Saudi Arabia "sitting there with concessions worth billions of dollars free and clear."

Summing up after this first phase of the testimony to be taken, Chairman Owen Brewster, Republican, of Maine, made it plain that the investigation was connected with the President's plan to help Greece and Turkey.

"We are now about to take over the situation in that area," observed the Senator, who is not as yet publicly committed on the issue as to whether Congress should authorize the Truman proposal.

"Already, the United States Government is underwriting these concessions. Private corporations have got them and the Government is holding the bag. And our recent move seems to guarantee this position."

### Roosevelt Documents Asked

Mr. Brewster indicated that the inquiry would be prolonged and exhaustive and remarked that Harold L. Ickes, the former Secretary of the Interior who also was the wartime petroleum administrator, and others high in the Roosevelt Administration "might wish to appear."

One of the day's first developments in this connection was a decision of the committee to ask President Truman to direct the executors of Mr. Roosevelt's estate to deliver original documents relating to a request of 1941 from King Ibn Saud of Saudi Arabia for ad-

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# BIG OIL GAIN LINKED TO NAVY'S BUYING

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vance oil royalty payments of \$6,000,000 a year for five years.

Capt. J. E. Wood of the Navy Judge Advocate General's Office testified that three of five memoranda on the Ibn Saud incident had been transferred from Navy Department files to the White House and subsequently to the Franklin D. Roosevelt Library at Hyde Park, N. Y.

He presented a letter of three days ago from Fred W. Shipman, director of the library, stating that the papers were now in the hands of the Roosevelt estate and could be made available by the executors' attorney, Earle R. Koons of New York City, "only upon request of the President of the United States."

Mr. Moffett, who at one time was the Federal Housing Administrator in the Roosevelt Administration, told the committee in a calm and sometimes barely audible voice a story of great and quiet drama of the pre-Pearl Harbor negotiations with the Saudi Arabia chief.

At that time, he stated, the world's democratic forces were desperately anxious to keep the Germans out of Saudi Arabia, while the Japanese were at the same time skulking about and eyeing the immense oil riches lying along the Persian Gulf.

Mr. Moffett, on behalf of his then associates in the Arabian-American Oil Company, on April 16, 1941, said he unsuccessfully presented to President Roosevelt a plan to meet Ibn Saud's "desperate" financial requirements.

## Aid to King Was Proposed

He proposed, he said, that the Government engage to buy from Saudi Arabia enough finished petroleum products to guarantee to Ibn Saud in royalties the \$6,000,000 a year he said the latter needed. An operating company owned by Standard Oil of California and the Texas Corporation was to do the job of producing, refining and loading for the King's account, he stated.

The essential and immediate purpose, Mr. Moffett said, was to keep Ibn Saud, whose private expressions had been "strongly pro-Ally," from being forced by economic pressure into other camps.

Mr. Roosevelt, although thoroughly sympathetic to the principle of helping Ibn Saud and aware of the King's vast influence in the Moslem world, replied that there was no law by which money could be advanced on oil still in the ground, the witness testified.

Senator Brewster interjected an objection that the lend-lease act actually was in effect at that time.

Subsequently, Mr. Moffett said, in testimony referring first to one and then to another of a group of companies in which the controlling interest was that of Standard of California and the Texas Corpora-

tion, the Navy began to buy Saudi Arabia oil.

He estimated that the plan he had vainly offered would have involved a profit to the companies of about \$11,800,000 whereas he said he believed the profit on the plan ultimately employed was from \$60,000,000 to \$70,000,000.

Moreover, he asserted, this program had the effect of "underwriting" the companies' own expenses.

## Declares the Taxpayers Paid

"Thus," he added, "the taxpayers paid for all improvements and investments and they (the companies) are sitting there with concessions worth billions of dollars free and clear."

Some time after Mr. Moffett's testimony, it was officially asserted at the Navy Department that although he had spoken of oil company profits possibly running to \$70,000,000, the Navy's "total purchase" of Saudi Arabia oil products for the period in question actually amounted only to \$59,881,594.

The Navy declared also that it was paying for Persian Gulf oil products at a rate lower than that in any other producing area.

Asked by Senator J. Howard McGrath, Democrat, of Rhode Island, whether there were "any evidence of wrong-doing" in connection with the Navy oil contracts, Mr. Moffett responded:

"In all my statements on this matter I have mentioned no personalities. I have no way of knowing what went on in the Navy. As to the guilt or innocence of any particular officer of the Navy it is not my province to express an opinion."