REPRODUCED AT THE NATIONAL ARCHIVES

Return SCA

TELEPHONE
NATIONAL 1447-1448

PATRICK J. HURLEY
RICHARD D. SOWDER
WILLIS E. RUFFNER

LAW OFFICES
PATRICK J. HURLEY
SHOREHAM BUILDING
WASHINGTON

DC/R
Sale

July 29, 1948

MEMORANDUM PREPARED FOR
MR. CHARLES S. REED, II
DIVISION OF SOUTHEAST ASIA
DEPARTMENT OF STATE

* * *

On or about September 1, 1947 I filed, on behalf of the Richfield Oil Corporation, of Los Angeles, California, a license application providing for the exportation of 50,000 bbls. of motor gasoline and 75,000 bbls of diesel fuel oil, the consignee being the Oil Fuel Department, Ministry of Defense, Bangkok, Siam, the gasoline priced at $8.19 per barrel CIF Kohsichang, Siam; the diesel fuel oil priced at $8.085 per barrel. The selling price of the gasoline was $409,500 while the selling price of the diesel fuel oil was $606,375, making a total of $1,015,875 for the cargo.

This license application was assigned case No. 930806 by the Office of International Trade, Department of Commerce. On September 8, 1947 a license was issued valid for three months. It expired on December 8, 1947. The O.I.T. extended this license until January 31, 1948. No shipment was made under said license as hereinafter explained.

On or about April 15, 1948, I filed a new license application with O.I.T. embodying the same quantities, prices, consignee, etc., which was assigned No. 1207555. This license application was returned to the Richfield Oil Corporation, marked "RWA" (returned without action) May 5, 1948, the RWA notation having been signed by Edgar Z. Evinger, a licensing officer at the Office of International Trade. Item No. 10 of form IT-204-B, attached to the returned license application, bore this notation:

> "No 2nd quarter quota was established for this material for Siam."

Shipment was to have been made in bulk from Long Beach Harbor, California on or about April 28, 1948. The license granted Richfield was not used on account of the tonnage situation. Richfield was on

DIVISION OF SOUTHEAST ASIAN AFFAIRS
AUG 3 1948
OFFICE OF FAR EASTERN AFFAIRS
DEPARTMENT OF STATE

692.119/7-2948
CS/A
692.119/7-2948
FILED
SEP 23 1978

REPRODUCED AT THE NATIONAL ARCHIVES



the point of withdrawing its own tonnage to complete shipment, but circumstances over which it had no control, including an accident to one of its own tankers in the latter part of 1947, precluded shipment. When Richfield was finally in a position to ship the license had already expired.

In seeking to deliver the cargo of petroleum products under the instant contract, Richfield is simply attempting to fulfill its contract with the Government of Siam as it would with any other customer. Its failure to deliver could easily be misinterpreted by people in Siam who might well assert that Richfield had failed to live up to its contractual obligations. Such an allegation would certainly not redound to the credit of the Richfield Oil Corporation in the Far East.

Mr. Levi assures me that the Standard-Vacuum Oil Company is getting American dollars for its products in Siam. In any event, the American dollars to be used in paying for this cargo are already in the United States.

Having reference to the shortage of gasoline in Siam, Mr. Levi assures me that before he left Bangkok two months ago the newspapers there were publishing articles daily calling attention to the shortage of petroleum products. Also, before he left, the Government had instituted card rationing. If no shortage had existed and the Richfield price had not been under that of its competitors, it scarcely stands to reason that the Siamese Government would have taken the pains to conduct negotiations looking to the procurement of this cargo and arrangement for American dollars with which to pay for it.

The contract between the Government of Siam and the Richfield Oil Corporation is dated at Bangkok July 29, 1947. Richfield cabled acknowledgement and confirmation August 24, 1947. On account of the purchase price of $1,015,875 the Government of Siam, through its Washington Embassy, paid the sum of $245,000 as a down payment, check in this amount being transmitted to Richfield by Embassy's letter of August 27, 1947, at which time Richfield was advised necessary credits for balance had been arranged. The Embassy's letter of April 6, 1948, conveyed authority for an increase in price on account of recently increased sea freight rates.

The following calculation presents the price picture as it existed in Siam about two months ago when Mr. Levi left Bangkok.

REPRODUCED AT THE NATIONAL ARCHIVES



The price of gasoline in Siam is Baht 1.50 per litre. If we take off 50 satang, the duty, we have one baht per litre. The oil companies give 7 satang reduction to the Government, which makes it 93 satang net per litre. Ninety-three satang, at the official rate of exchange, is 9.3 cents per litre. One American gallon is equal to 3.785332 litres. If we multiply these figures by 93 it will give us the price of Baht 3.52 per gallon, which means 35.2 American cents. We have sold our goods at 19.5 cents which means 15.7 cents cheaper than the price of the other oil companies. The diesel price of the other companies is nearly double that for which Richfield is selling this product under the instant contract.

In view of the foregoing considerations I have to request that the Depa rtment of State cooperate with the Richfield Oil Corporation to the end that the license applied for be granted.

Respectfully submitted,

RICHFIELD OIL CORPORATION

By _____
Willis E. Ruffner, Counsel