

~~SECRET~~
Security Information

ER 3-7247

(b)(3)

CENTRAL INTELLIGENCE AGENCY
WASHINGTON 25, D. C.

Jean
~~PA~~
~~PH~~
~~S/S~~

FEB 19 1953

1953 FEB 27 11 37

OFFICE OF THE DEPUTY DIRECTOR
CENTRAL INTELLIGENCE AGENCY

Mr. W. Park Armstrong, Jr.
Special Assistant, Intelligence
Department of State

Dear Park:

I am enclosing herewith a memorandum
which Allen forwarded to the Secretary of State
today, pursuant to the latter's request.

DEPARTMENT OF STATE

1953 FEB 27 AM 9

OFFICE OF DIRECTOR
S/P

[Redacted]
Sincerely, [Redacted]
[Redacted]

ROBERT E. BECKETT
Deputy Director/Intelligence



~~SECRET~~
Security Information

APPROVED FOR RELEASE - CIA INFO DATE: 09-26-2011

NW 29391 - 231

24

FEB 18 1953



MEMORANDUM FOR THE SECRETARY OF STATE

Subject: The Iranian Petroleum Situation

1. Current intelligence respecting the questions which you raised recently on the Iranian petroleum situation is as follows:

a. How much petroleum is stored in Iran? Specifically, how much is stored at Abadan?

It is estimated that at present there is approximately 14 million barrels (about 2 million metric tons) of petroleum, mostly refined products, stored in Iran. Over 90 percent of this is stored at Abadan. The total storage capacity in Iran is over 32 million barrels and it is clear that the storage facilities are not loaded to capacity. As a basis of comparison, U. S. petroleum production in 1952 was 6.3 million barrels per day, and Western European and African consumption was 1.9 million barrels per day.

b. Are the Iranians processing enough petroleum to take care of their internal needs?

Latest available evidence indicates that production of petroleum products in Iran in 1952 was about 1,100,000 metric tons. Estimates of the consumption of petroleum products in Iran is about the same level. In general, therefore, it may be concluded that the Iranians are producing sufficient petroleum to meet their own internal requirements; however, there are practically no lubricants produced in Iran, and even though imports during 1952 were almost sufficient to meet estimated internal requirements there is some evidence that there have been shortages of this product. Commercial production was to have started at the Abadan lube plant in late 1952 but the Iranians have had considerable difficulty operating the plant. The U.S. Cities Service Oil Company has agreed to provide consultants to assist the Iranian Government in the operation of this plant but departure of the U.S. consultants has been held up because of an unfavorable official British reaction.

c. What tanker capacity might be available for shipment of petroleum out of Iran?

The latest comprehensive intelligence on this subject is contained in an internal ONI memorandum of 12 November 1952. An informal

check with the Navy section which prepared this report indicates that it still represents their best information. This report - which excludes tankers not likely to be engaged in these shipments (e.g., tankers owned or controlled by the British or by major western shipping and oil companies) - estimates that:

(1) Under conditions of attractive profit inducements and an absence of strong governmental objections a maximum total of 893 tankers totaling over 8 million gross tons might be available to carry FOL out of Iran. The carrying capacity of these vessels would be approximately 62 million barrels (about 12 million tons on the basis of 6.8 barrels to the ton).

(2) On the basis of what is known about the activities of these vessels - including their usual trade routes - ONI has made a rough estimate of the percentage of these tankers which might actually be diverted to carry the petroleum in question. These calculations indicate that tankers with a capacity to move roughly 20 to 25 million barrels (about 3 to 3.7 million tons) might actually be made available.

The tanker tonnage which might actually be made available, noted in (2) above, is very roughly equivalent to the total tanker tonnage employed during the period when the Iranian petroleum industry was in full production under British management.

2. In the preparation of a and b above, my people consulted the Office of Intelligence Research (Division of Functional Intelligence), of the State Department, and in addition used reports of the Petroleum Administration for Defense. The basic data in c were derived from the Office of Naval Intelligence (Op-322F3C, Navy).

SIGNED

Allen W. Dalles
Acting Director

O/DD/I:LEB: (18 Feb 53)

Distribution:

- Orig & 1 - Addressee
- 1 - AD/RR
- 2 - DD/I (1 State file
1 Chrono)
- 1 - Park Armstrong
Department of State

* Apparently "to move at one time" is meant. Obviously each tanker would make several trips each year

GTI / *[Signature]*