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British Political Agency

Abu Dhabi

7 March 1968

The Abu Dhabi Oil Crisis

I enclose a paper on the Abu Dhabi oil scene drafted by Mike Copson.

(A.T. Lamb)

H.G. Balfour-Paul, C.M.G.  
Bahrain

Copied to J.T. Fearney, F.O. (3 copies)

P. Gent, F.O.

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A.J.A. Douglas, O.D.M.

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RESTRICTEDThe Abu Dhabi Oil SceneGENERAL

The economy of the Shaikhdom is based almost entirely on the revenues derived from oil. Although a concession was granted as long ago as 1939, production did not commence until July 1962 (off-shore concession) and December 1963 (on-shore concession). Export of oil from these concessions has been as follows:

Off-shore

1962	..	710,000	Long tons
1963	..	2,290,000	"
1964	..	2,920,000	"
1965	..	4,310,000	"
1966	..	5,062,043	"
1967	..	5,701,928	"

On-shore

1964	..	5,848,815	Long tons
1965	..	8,928,097	"
1966	..	12,053,582	"
1967	..	12,165,500	"

Following an invitation in September 1967, Abu Dhabi was granted full membership of the Organisation of Petroleum Exporting Countries (O.P.E.C.) in November 1967. Dr. Nadim Paehashi, the Ruler's oil adviser and a former Iraqi Minister of Finance, is Abu Dhabi's representative to the Organisation. He is also the Ruler's nominee on the Boards of Directors of A.D.M.A. and A.D.P.C. (see below).

OIL COMPANIES:

There are at present four companies with concessions in the territory, as follows:-

Abu Dhabi Petroleum Co. Ltd. (A.D.P.C.):

a wholly owned subsidiary of the Iraq Petroleum Co. Ltd. An on-shore and off-shore concession was granted to A.D.P.C. in 1939 but initial exploration was interrupted by World War II and did not recommence until several years after the war had ended. Commercial production began in December 1963. The first tanker arrived on 15 December 1963 to load the first shipment of crude oil from the Company's oil terminal at Jebel Dhanna.

The Company's main producing area is in the vicinity of Murban, some 80 miles west of Abu Dhabi Island, consisting of two domes named Bab and Bu Ness. The field is connected by a 70 mile pipeline to Jebel Dhanna.

A.D.P.C. has its Headquarters in Abu Dhabi Town. The base camp for the Company's field operations is established at Tarif, on the coast near Murban. Two seismic exploration parties are constantly at work throughout the concession area. The Company also operates a training programme at its Centre in Abu Dhabi Town, aimed at providing Abu Dhabi nationals with technical and clerical skills. Mr. A. Turner

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Business Continuity		Business Continuity	
Disaster Recovery		Disaster Recovery	
Compliance		Compliance	
Legal		Legal	
Regulatory		Regulatory	
Industry		Industry	
Academic		Academic	
Research		Research	
Development		Development	
Innovation		Innovation	
Education		Education	
Training		Training	
Professional		Professional	
Public		Public	
Private		Private	
Confidential		Confidential	
Secret		Secret	
Restricted		Restricted	
Unrestricted		Unrestricted	

is the Company's Chief Local Representative and General Manager. A.D.P.C.'s London Office is situated at 33, Cavendish Square, London, W.1.

Abu Dhabi Marine Areas Limited (A.D.M.A.),

is owned two-thirds by the British Petroleum Co. Ltd. and one-third by the Compagnie Francaise des Petroles. A concession was awarded to A.D.M.A. in 1953 to explore for oil in the off-shore waters of Abu Dhabi, covering an area of over 12,000 square miles. Following encouraging preliminary surveys, the construction of a base for operations was begun in May 1956 on Das Island, at that time an uninhabited island, lying 80 miles W. from Abu Dhabi. Drilling began at Umm Shaif, 20 miles East of Das Island, on 14 January 1958. The first tanker arrived on 3 July 1962 to take the first shipment of Umm Shaif oil. In the meantime, drilling had begun at Zekum, half way between the mainland and Das. An extensive field was discovered and commercial production from Zekum began towards the end of last year and is expected to reach a rate of 10 million tons a year during 1963.

The base camp and Headquarters for A.D.M.A.'s operation are at present situated on Das Island but plans are being made to transfer the management and administrative facilities to the mainland. A.D.M.A. in 1961 started a training scheme and later that year opened a Training Centre in Abu Dhabi Town for the Company's apprentices and adult employees.

Mr. Garth Curtis is the Company's General Manager and resides on Das Island. Mr. Donald Doane is the Chief Local Representative in Abu Dhabi Town. The Company's London Office is situated in the Head Office of B.P. at Britannic House, London, E.C.2.

Phillips Petroleum Company

On 21 January 1967 the Abu Dhabi Government signed an agreement with A.G.I.P. SpA, the American Independent Oil Company and Phillips Petroleum Company by which the Companies were granted an on-shore concession in areas relinquished by A.D.P.C. Phillips Petroleum, as the operating company, have begun seismic exploration work, which indicates the presence of oil in commercial quantities, and hope to begin drilling operations later this year.

Phillips Petroleum maintain an Office in Abu Dhabi Town and are at present constructing a housing compound for their staff (mostly U.S. citizens) on the outskirts of the Town. Mr. Onno Koop is the resident General Manager. Their Head Office is in Bartlesville, Oklahoma, U.S.A.

Abu Dhabi Oil Company

A Japanese consortium, consisting of the Maruzen Oil Co. Ltd., the Dai-kyo Oil Co. Ltd. and the Nippon Mining Co. Ltd., was granted a concession on 6 December 1967 in off-shore areas relinquished by A.D.M.A. Operations have not yet begun. It will take the name of 'the Abu Dhabi Oil Company'.

/FUTURE PROSPECTS

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FUTURE PROSPECTS:

Oil revenue will continue to be the mainstay of the economy of Abu Dhabi. Dr. Nadim Panschi recently stated that, as a result of the recent O.P.R.C. agreement on the elimination of the expensing allowance and the gravity differential, of increased production and of a rapid reduction in the oil companies' operating costs, Abu Dhabi's oil income in 1970 will be about \$125 million. (\$70 million (estimated) in 1968). This does not take into account any income arising from the commercial production of oil by Phillips Petroleum Company and the Japanese Consortium, nor from an additional area relinquished by A.D.P.C. and for which international oil companies have been asked to submit offers by 1 May, 1968.

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ANNUAL ECONOMIC REPORT FOR ABU DHABI1962General

The first cargo of oil was exported from Abu Dhabi in July 1962. This was the most important event of the year, since it is the presence of this oil that is inducing the development of Abu Dhabi and is giving it an important place in the economic world.

2. There was a marked increase in activity in Abu Dhabi, particularly in the latter half of the year. This activity however was tempered by the Ruler's obvious reluctance to take more than a few essential steps towards development. In spite of this, a number of British and foreign firms set up offices in Abu Dhabi, a third British bank was established in the town of Abu Dhabi, two of the British banks opened branches in the Abu Dhabi sector of the Buraimi Oasis, the first modern hotel was opened, and this obviously encouraged a large number of businessmen to visit Abu Dhabi. The number of visitors was much greater than in previous years. Cargo ships started making regular stops at Abu Dhabi and although the bulk of cargo off-loaded was consigned to the Abu Dhabi Petroleum Company Ltd., there were encouraging signs that Abu Dhabi merchants were beginning to ship goods direct from United Kingdom.

3. The increasing activity in the state provided <sup>did it?</sup> the necessity for the formation of a government. While progress in this sphere was not so encouraging, the Ruler had a British Secretary, a Sudanese Town Clerk and a Director of Customs (Jordanian) working for him by the end of the year. The Ruler still adamantly refused to publish Customs statistics and it has proved impossible to produce accurate figures for Abu Dhabi's trade.

Development

4. After a great deal of discussion and negotiation, the Ruler agreed to the appointment of two firms of British Consulting Engineers to supervise works on an initial development project devised by them at the Ruler's request earlier in the year. The Consulting Engineers are co-operating on this venture and have formed a joint office under the name of Abu Dhabi Consultants.

5. The initial bridging scheme for the project included the construction of a small jetty at the north eastern end of Abu Dhabi island, the construction of a road from jetty into town to the Ruler's Palace and from the Palace to the causeway which links the island to salt flats lying between the island and the mainland, and across the salt flats to the mainland, a total distance of 25 miles, the creation of some office and living accommodation and a small scale ground water investigation. The contract for this work was awarded to the Lebanese owned Contracting and Trading Company. Their price was approximately \$420,000. Work is to be completed by the end of August 1963. Many other proposals were put to the Ruler, but the only other one he accepted was for the construction of another water distillation plant, to be in operation by May or June of /1963...



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**Commercial Department**  
British Embassy in the United Arab Emirates  
PO Box 248 Abu Dhabi  
Telex AH234 Telephone 43033/43034/43035

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A.D. Harris Esq.  
Middle East Department  
Foreign and Commonwealth Office  
London SW1A 2AH

Your reference

Our reference PRO/OIL

Date 28th June, 1975

Dear Tony,

*Mr Khan*  
*Mr Kunder of*  
*Most urgent.*  
*One extra copy for me pl.*  
*15/7*  
*Dean*

Oil Companies: Abu Dhabi

You may be interested in the attached paper I have produced giving the basic outlines on Companies operating here. This background paper is primarily for visiting representatives of Companies doing business with the Oil Companies, but you may find it a useful reference point.

*Your sincerely*  
*A.P. Dow*

A.P. Dow.

c.c. Energy Department FCo

Community and International  
Policy Division, *Dept of Energy*  
HVE Brown CRE 5  
G.E.S.B.  
C.S. Dubai  
Middle East Association  
C.B.I. (J. Warburton)

*AA*  
*RK*  
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Commercial Department  
British Embassy  
P.O. Box 248  
Abu Dhabi  
United Arab Emirates

May, 1975

SOME BASIC NOTES ON OIL COMPANIES  
OPERATING IN ABU DHABI: UAE

ABU DHABI MARINE AREAS: (ADMA)

Abu Dhabi Marine Areas Limited (ADMA) is an operating Company which was initially formed in 1954 by BP Exploration Company (Associated Holdings) Limited (66.2/3%), and Compagnie Francaise des Petroles (33.1/3%) to explore for, drill for, develop and produce oil within an offshore concession area of 30370 sq. km. The concession had been granted originally to D'Arcy Exploration Company by a special agreement signed with the Government in March 1953 and in 1954 ADMA was formed to operate this concession. The concession extended for a period of sixty-five years, during which relinquishment had to be made of specified areas and at specified intervals until only areas associated with the actual production of oil were eventually retained by the company.

During the period 1954-1958, surveys on the geological structure were made, a drilling rig commissioned, Das Island chosen and developed as an operational base and facilities for eventual production installed. Drilling started at the Umm Shaif field on 14 January 1958, and in 1960, the results were thought sufficiently encouraging to start commercial production and the first shipment of ADMA's, and Abu Dhabi crude was exported in July 1962. In 1963, drilling commenced in the Zakum field and the first well was spudded on April 3 1963. By 1967, which was the year that Zakum crude came on stream, total production reached 168,000 barrels per day. Thereafter production from the two fields was gradually increased until by 1974 production averages about 462,000 barrels per day.

In December 1972 a participation agreement was signed between the Government of Abu Dhabi and ADMA's owners, according to which the Government acquired 25% of the Company's holdings, and this has now been increased to 60% as from 1 January 1974

In December 1972, BP announced the sale of 45% of its shares in the ADMA concession to a consortium of Japanese companies. This Japanese consortium, substantially Japanese Government financed, and now known as the Japan Oil Development Corporation (JODCO) thus became an indirect partner in ADMA.

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The interest holders in the concession are now-

Abu Dhabi National Oil Company (ADNOC)	60%
Abu Dhabi Marine Areas (ADMA)	40%
(BP Japan Oil Development Company Limited	26 $\frac{3}{4}$ %
Compagnie Francaise des Petroles	13 $\frac{1}{4}$ %

There are extensive plans to increase production flexibility from ADMA's offshore fields, and work has already started on the first part of the project, which involved the drilling of 11 water-injection and 21 production wells. At the end of 1974 7 drilling rigs, and one workover rig were in operation.

The cost of this is estimated at £400 million (£200 million for the completion alone). The management Contract has been awarded to Power-Gas Limited (a subsidiary of the Davy Ashmore Group) in a joint venture with Frederick R. Harris and Partners (Consulting Engineers).

Development work continues on Das Island (the gathering centre). New cold stripping units have been installed, and a gas sweetening unit. Tank capacity has been increased with the completion of two large tanks, one with 1.1 million barrels and the other 0.6 m.b.

Total capacity in 1974:-  
168,489.679 barrels = 21,812.871 long tons

Decrease under 1973 of 9%

Average daily rates:

Umm Shaif	191.747 barrels
Zakun	269.868 barrels

Productible wells at end 1974

Umm Shaif	34
Zakun	37

Chief Representative & general Manager  
Deputy General Manager (Operations)  
Assistant General Manager (Technical Services)  
Assistant General Manager (Management Services)

Dr. A.J. Horan  
J. Turnbull  
G. Manasterki  
C.F.H. Clinch

Address: Abu Dhabi Marine Areas  
P.O. Box 303, Abu Dhabi, U.A.E.

Tel. 43900

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ABU DHABI PETROLEUM COMPANY LIMITED: (ADPC)

Originally the concessional area covered the entire land area of Abu Dhabi together with the islands and territorial waters. This has been reduced by successive relinquishments to less than 40,000 square kilometres, about one half of the original size in accordance with the Ruler.

Undivided interest-holders in ADPC concessions.

Abu Dhabi National Oil Company	60%	} 40%
British Petroleum	23.75%	
Shell	23.75%	
C.F.P.	23.75%	
Exxon	11.875%	
Mobil Oil Corporation	11.875%	Near East Development Corporation

Participations & Explorations Corporation 5%

<u>Producing Fields</u>	<u>Production 1974</u>		<u>Installed Capacity</u>
Bab	90.717	10%	120,000 bpd
Bu Hasa	467,570 b/d	51%	700,000 bpd
Asab	359.576 b/d	39%	460,000 bpd
	of total		

The Bab field installations are located at Shams and Habshan.

Bab and Bu Hasa oil is pumped to the terminal at Jebel Dhanna using gas expansion turbines. Electric driven pumps are used to pump oil from Asab and to pressure boost it at Habshan on its way to Jebel Dhanna. Rolls-Royce Avon Turbines are used to generate the electricity for pumping oil and increasingly to pump water for injection into the producing reservoirs.

Oil is stored at Jebel Dhanna, with the 13 tanks providing an available capacity of 4.8 million barrels (ie 6 x 205,000 bbls, 7 x 510,000 bbls); thereafter the oil is pumped through the meters to the 4 ships berths.

During 1974 powered water injection started at the Bas field, and a similar - but larger one - at Asab. There are now 62 Development wells in operation of which 32 are water supply wells.

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Future Plans include:

Drilling of exploration wells  
Development of new oil fields  
The expansion of existing oil production facilities.  
The conservation of gas at present flared  
The export of gas liquids and liquified gas.

Production in 1974 was 335,020.096 barrels, or  
43,308,610 Long Tons, which were shipped in 622 tankers.  
This showed an increase of 16% over 1973.

General Manager  
Deputy General Manager  
(Administration)  
Deputy General Manager  
(Operations)

Mr. A.J.A. Gillan OBE

Mr. K. Turner

Mr. R.B. Walker

P.O. Box 270 Abu Dhabi  
Tel. No. 61506  
61161

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EL BUNDUQ OIL COMPANY:

El Bunduq Oil Company is owned by British Petroleum (33.4%), GPP (33.4%) and a Japanese Group (33.4%). The Japanese group comprises Qatar Oil Company, North Slope Oil Company Abu Dhabi Oil Company and Alaska Petroleum Development Company.

El Bunduq field, which is an offshore field to the west of Das Island on the Qatari - Abu Dhabi borders, is expected to come into production in 1975.

ADMA is the operator on behalf of the Company, and work has started on Das Island for the necessary production facilities.

ABU DHABI GAS LIQUEFACTION COMPANY LIMITED (ADGLC)

The shareholders are Abu Dhabi National Oil Company (ADNOC), British Petroleum, Compagnie Francaise des Petroles, Mitsui and Company Limited, Bridgestone Liquefied Gas Company Limited.

ADGLC are to have an Liquefied Natural Gas (LNG) plant on Das Island - operated by ADMA. Construction of the plant is being undertaken by Eastern Bechtel Corporation and Chiyoda Chemical Engineering and Construction Company Limited.

The plant will utilise natural feedstock from ADNOC and ADMA associated with the production of oil from the offshore fields. It is due to come on stream late in 1976.

The Plant is designed to produce 2 million tons of liquefied Natural Gas (LNG) and 1 million tons of liquefied Petroleum Gas (LPG) per annum. This will be sold to The Tokyo Electric Power Company Inc (TEPCO). By products of the plant will be 220,000 tons per annum of light distillate, and 230,000 tons of pelletised sulphur.

The LNG will be shipped from Das Island by the Liquefied Gas Shipping Company Limited.

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THE ABU AL BUKHOOSH COMPANY

Formed in January 1973 in a joint venture in which Total Abu Al Bukhoosh (100% CFP) holds 51%, New England Petroleum Corporation 24½%, Amerada Hess Corporation 12½% and Sunningdale Oil Limited 12½%.

The field, which was formally inaugurated on 8 December 1974, is 180 Km off Abu Dhabi and was originally part of ADMA's concession.

The first well was drilled in October 1973, and since then five more have been completed. An offshore collecting platform and a tanker loading facility have been installed.

Production is running at about 60,000 B/d

Representative: Mr. P. L'Artique  
Al Fayad Building  
Hamdan Street  
P.O. Box 4058  
Abu Dhabi

Telephone Number 43556

ABU DHABI OIL COMPANY (JAPAN) LIMITED (ADOCO)

This consortium operates the offshore concession granted in December 1967 to three Japanese firms: Maruzen, Daikyo and Nippon Mining. The Abu Dhabi Government acquired an outright 51% interest in this concession.

ADOCO has its field at Mubarraz: (40 miles West of Abu Dhabi Town and 25 miles South of ADMA's Zakum Field) The field first started production in May 1973 and the first export of crude took place in June. Estimates vary for production of this field, but output could be at a rate of 20,000 b/d capable of expansion. The eight wells so far drilled yield light low sulphur crude. The field is linked to Mubarraz Island (20 miles West) by a 23 miles 18 inch crude oil pipeline from the field and a 33 inch loading line from the Island to a SBM loading installation capable of handling upto 200,000 ton tankers.

ADOCO has also made another discovery in the Dalma concession area about 48 kms South of Dalma Island. Investigations into this field continue.

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Representative and General Manager  
Deputy General Manager  
(Administration)  
Deputy General Manager  
(Technical)  
Government Liaison and  
Public Relations

Dr. H. Monose  
S. Yamashita  
H. Aoyagi  
A. Yoshida

Address: Abu Dhabi Oil Company (Japan) Limited  
P.O. Box 630  
Abu Dhabi

Telephone Number: 61100

PHILLIPS PETROLEUM COMPANY INC:

This company is the operator for the Phillips-Agip-Aminoil Group and obtained a concession in 1967. Seven exploration onshore wells have been drilled, but without commercial success. Work has now started again, and a rig arrived late 1972 for drilling in the Norther part of Abu Dhabi territory. Oil was struck SW Jebel Dhanna (Mrzuk No. 3) at 3,400 b/d at 5918 feet 290 API crude.

General Manager:

Mr. W.R. Ellis

Address: Chartered Bank Building  
P.O. Box 6  
Abu Dhabi

Telephone Number: 22399 22619

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AMERADA HESS CORPORATION OF ABU DHABI

This Company spud a second wild-cat in its main offshore tract late in 1973 in the Northern sector (the Southern section was relinquished early in 1973). A first hole Zaboot 1 was abandoned in 1971 as a non commercial gas well.

The firms hold a 31.5% interest (Amerada Hess and Pan Ocean). The other partners are Syracuse Oil, Canada 20%, Wington Enterprises Bermuda 12% and Huston Oil 5%. The Abu Dhabi National Oil Company has a 50% participation option.

Address: P.O. Box 4107  
(British Airways Building)  
Abu Dhabi

Telephone 41375

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ABU DHABI NATIONAL OIL COMPANY (ADNOC)

This Government organisation was formed in 1972 to act on behalf of the Government in taking up the option for participation in concession ventures, and for Governmental participation in the producing companies (eg. ADMA and ADPC 60%; ADOCO 50%; Phillips and Amerada Hess Corporation etc)

Since its formation ADNOC has taken over responsibility for the distribution of refined products (except for aviation services) in Abu Dhabi for BP, Shell and Caltex, and this is now done by ADNOC for Distribution (P.O. Box 4188). This company now operates its own fleet of road tankers, it has now a floating tank farm moored offshore, 2 Rhine barges for carrying distillate from the tank to shore. It is shortly to commence building its own distribution centre. ADNOC Distribution have signed a long term contract with Kuwait for the supply from there of distillate required by the Power Station.

ADNOC, apart from its 60% participation in the Oil Companies, has to market its own crude. It recently formed a company to manage its first VLCC tanker - the 'Al Dhaffra' this company is known as Abu Dhabi National Tanker Company. ADNOC is also a partner in the Abu Dhabi Gas Liquefaction Company Limited. ADNOC is involved in the Abu Dhabi participation in the Pakistani Refinery and oil pipe line at Multar to which Abu Dhabi is contributing finance.

On the domestic front ADNOC are involved in a plastic pipe factory; they have an agreement with C. Itoh of Japan; with a Cement Plant - Capacity of 250,000 tons p.a. in Al Ain - under construction. The 15,000 b/d Oil Refinery under construction by Kelloggs will be run by ADNOC.

Chairman:	Sheikh Tahnoon bin Muhammed
Vice Chairman: (Ministry of Petroleum)	H.S. Seyyid Mana'al Otaiba
General Manager:	Mr. Mahmoud Hamra Kraha
Technical Manager:	Dr. Muhammad Amin
Address:	Abu Dhabi National Oil Company 'Muhamad al Badie's Building' P.O. Box 898
Telephone No.	45600
Telex:	2215 and 2489 a/b ADNOC AH

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ABU DHABI

MBE 12/1

F.C.O. M.E. 2  
(48)

Relationship with Companies: Participation: 60:40 (wef 1.1.74)

Companies involved: (a) Abu Dhabi National Oil Co (ADNOC) (state oil company)

(b) Abu Dhabi Petroleum Co (ADPG)  
(BP, CFP, Shell 23.75% each  
Exxon, Mobil 11.875% each  
Partex 5%)

(c) Abu Dhabi Marine Areas (ADMA)  
(BP 36%; CFP 33%;  
Japan Oil Development Company (JODCo) 30%)

Production\* - April 1975 1.4 mbpd,

1974 1.4 mbpd

Prices (1.1.75)

\$bbl  
39° Murban

A Posted price 11.686

Equity Crude (40% of total)

B	Operating costs	0.25
C	Royalty (16% of A)	2.337
D	Basis for Tax (A-B-C)	9.099
E	Tax (65.75% of D)	7.734
F	Total Government take (C+E)	10.071
G	Tax-paid cost (B+F)	10.321

Participation Crude (40% of total)

H Buy-back price (93% of A-10%) 10.768

Average Cost to the Companies

J (average of G+H) 10.545

Direct Government Share (20% of total)

K Cost to external companies (93% of A) 10.868

\* Production is distributed as follows: 40% Equity oil, 40% participation oil sold to the Companies and 20% Direct Government share of participation oil.

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# ABU DHABI PETROLEUM COMPANY LIMITED

33 CAVENDISH SQUARE LONDON W1M 0AA

TELEPHONE 01-629 9405      TELEX 22266

TELEGRAMS Inland PETRUCIAL LONDON TELEX Foreign PETRUCIAL LONDONWI Code BENTLEY'S SECOND PHRASE

RECEIVED IN REGISTRY No. 46 25 NOV 1969
M/L 478/1

\*20th November, 1969.

## MURBAN OILFIELD - OCTOBER 1969 PRODUCTION FIGURES

The ABU DHABI PETROLEUM COMPANY LIMITED's crude oil production figure for October, and the total for the first ten months of 1969, are as follows -

<u>Production</u> <u>October, 1969</u>	<u>Production</u> <u>Jan.-Oct. 1969</u>
<u>Long Tons</u>	<u>Long Tons</u>
1,181,000	14,132,000
-1.25%	+14.49% on '68

\*Released on 3rd November, 1969.

*8. - with P.W.  
figures: there  
are differences  
- September 1968 1/2*



Abu Dhabi Production

In 1968 Abu Dhabi was the twelfth largest producer of oil in the world with an output of 24 million tons (0.012% of the world's total). In the Middle East, including Iran, Abu Dhabi was the fifth largest producer: (in millions of tons)

	<u>1966</u>	<u>1967</u>	<u>1968</u>
Iran	106	129	142
Saudi Arabia	119	129	140
Kuwait	114	115	120
Iraq	68	60	74
<u>Abu Dhabi</u>	<u>17</u>	<u>18</u>	<u>24</u>
Qatar	14	15	17

It is estimated that in 1969 production will reach about 30 million tons.



RECEIVED ARCHIVE 13 DEC 1963
BT 531/110

*M. J. Khan*  
*Arab J.*  
33, Cavendish Square,  
London, W. 1.

16th December, 1963.

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ABU DHABI PETROLEUM COMPANY LIMITED

OIL EXPORTS BEGIN FROM MURBAN FIELD

The first export of crude oil from the Abu Dhabi Petroleum Company's field at Murban was shipped yesterday, 15th December, in the 36,000 ton tanker "Esso Dublin". The cargo is destined for the Esso refinery at Fawley.

Oil in commercial quantities was discovered at Murban in October 1960 after several years of extensive exploration. Thirty-four wells have been drilled and the field continues to be actively developed.

Within the short period of 16 months production and export facilities giving a capacity of 6,000,000 tons a year have been constructed at the Murban field and at the tanker terminal at Jebel Dhanna. The terminal at Jebel Dhanna is sited 70 miles west of Murban field where sheltered water is available at sufficient depth off Sir Bani Yas Island to take ocean going tankers. The tank farm at Jebel Dhanna, with a capacity of 1½ million barrels, which has been built on ground 210 feet above sea level, provides gravity loading through two 48-inch pipelines to the shore linked to twin 36-inch concrete encased sea lines to the two tanker loading berths three miles out at sea.

ABU DHABIGeneral

Abu Dhabi is the largest and most westerly of the seven Shaikhdoms which are known collectively as the Trucial States. In area roughly the size of Wales, Abu Dhabi has a population of between 15,000 and 20,000, the majority of whom live in the town of Abu Dhabi and in the villages of the Buraimi Oasis. The Ruler, Shaikh Shakhbut bin Sultan succeeded to the title in 1928; he is about 60 years of age.

Oil Production

2. There are two centres of oil production, one offshore (Abu Dhabi Marine Areas), the other onshore (Abu Dhabi Petroleum Company). The offshore field is about 80 miles from the coast, near Daa Island, where ADMA have their storage and tanker-loading facilities. Production commenced in July 1962 and is now running at the rate of nearly  $4\frac{1}{2}$  million tons per year.

3. There are two onshore fields some 70 miles west of Abu Dhabi town. Oil from these fields (Murban and Bu Fasa) is piped to Jebel Dhanna (about 110 miles west of Abu Dhabi) which is the site of ADPC's storage and tanker loading facilities. Production at Murban began in December 1963 and is now running at the rate of about 10 million tons annually. (See Annex 1).

Revenue

4. Although the Ruler derives some income from rents, customs dues and taxes, this is negligible compared with his income from oil revenue. The latter has risen from £2½ million in 1963 to £10½ million in 1965; in 1966 it is expected to be around £25 million. This dramatic increase is partly due to the fact that the Ruler signed a 50/50 profit sharing agreement with A.D.P.C. in September 1965.

Development

5. State development has moved slowly since 1962 when the first overall development plan was drawn up. Since that time, barely £2 million has been devoted to development work consisting of a simple road system, a jetty, a distillation plant, two schools, a power station and a pipeline to supply sweet water to the capital from a source near the Buraimi Oasis (see Annex 2).

6. Two firms of Consulting Engineers (CANSULT, a Canadian consortium and ARABICON, a small British consortium) have recently been appointed to design and supervise the construction of a new airport and a bridge to join the island of Abu Dhabi to the mainland (CANSULT) and a new jetty and town plan (ARABICON). The latter firm will also supervise the construction of roads within the town and a road to Buraimi.

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OIL FROM DAS ISLANDAbu Dhabi On Way to Becoming One of  
World's Richest Countries

**DAS ISLAND** -- In a month's time an oil tanker will berth at this tiny island 80 miles out in the Persian Gulf, fill up with 30,000 tons of oil, and the impoverished desert sheikhdom of Abu Dhabi will be on its way to becoming one of the world's richest countries.

Das Island, which belongs to Abu Dhabi, is the terminal for the huge Umm Shaif offshore oilfield which goes into production this month after two years' development drilling. It lies roughly half way between the eastern coast of Qatar and Abu Dhabi, at the foot of the Persian Gulf.

When the taps are turned on at the Umm Shaif field, 30,000 barrels of crude oil a day will flow from nine underwater wells through a 20-mile pipeline along the coral-spiked sea bed to the terminal at Das.

The news of an oil strike, 9,000 feet below the sea bed, was first announced by Abu Dhabi Marine Areas Ltd., in 1960. Adma, which is two-thirds owned by British Petroleum and one-third by Compagnie Francaise des Petroles, holds the concession to explore over 12,000 square miles of the gulf, granted in 1953 by the Ruler of Abu Dhabi, Sheikh Shakhboub Bin Sultan Bin Zaid. The exact wealth of Umm Shaif is not known, but the first stage of development now ending is geared for one and a half million tons of oil a year. This will be doubled during the second stage.

Nine Wells

Nine wells have been completed and will be linked to the main pipeline which will carry the oil to the Das storage tanks 20 miles away. It is planned to drill 40 more wells in the next few years.

Drilling in the gulf is both hazardous and physically demanding. Each well is drilled from a mobile platform standing on four enormous legs high above the water. Teams work 24 hours a day -- every day -- mostly in fierce sunshine which burns down on metal structures until they are too hot to touch. Before each well is drilled, divers go down to inspect the sea bed 80 feet below. Sharks, sea-snakes and barracuda are often encountered.

The gulf is swept by menacing "shamsals" -- violent winds reaching 85 miles an hour -- which in a few minutes whip up the glassy sea into 30-foot waves.

Das Island itself is a sun-seared knuckle of grit and sand only one and a half miles long and half a mile wide. From the air it looks as if it is just keeping its head above the waves. Coming in to land is like touching down on an aircraft carrier.

It is a tight-packed little island crammed with 1,600 men -- 200 Europeans, 800 Pakistanis and Indians and 600 Abu Dhabi Arabs. As well as houses, offices, oil storage tanks, water distillation plant and airstrip, the island squeezes in a mosque, a cinema and tennis courts. There is also a miniature golf course.

The most impressive building is the £200,000 pink-roofed villa of Sheikh Hamdan, cousin of the Ruler of Abu Dhabi and representative on the island. With no fresh water nothing grows on Das except a few lovingly-tended flowers in the shade of the houses and a solitary fig tree. Overhead

4

hundreds of migrant arctic terns squawk and wheel in the sunshine, occasionally pouncing to nip a piece from a flying fish. But the island's animal life is restricted to a few lizards and scorpions. When work began some mongooses were brought in to hunt the rats which had somehow managed to exist on the island. Now you never see a rat -- and hardly ever a mongoose.

For many of the Arab workers Das will become a permanent home. Plans have been made to turn the centre of the island into a real shopping centre with barber shops, tailors and laundries. The only restriction is that no wives will be able to come - there just isn't enough room.

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THIS AGREEMENT is made this **3rd** day of **RABAI AL-THANI 1390** corresponding to this **7th** day of **JUNE** 1970 BY and BETWEEN HIS HIGHNESS SHAIKH Zaid Bin Sultan Al Nahaiyan Ruler of Abu Dhabi in the exercise of his powers as Ruler and in the name and on behalf of those of His Heirs and Successors in whom is or shall be vested the responsibility for the control and the government of Abu Dhabi (hereinafter called "the Ruler") of the one part and PAN OCEAN OIL CORPORATION 767 Fifth Avenue, New York, N. Y. 10022, which is hereinafter called "the Company" of the other part.

WHEREBY IT IS AGREED between the Ruler and the Company as follows:

Article 1 - DEFINITIONS

In this Agreement, unless specifically defined otherwise or the context otherwise requires,

- (A) "Abu Dhabi" means all the territories within the jurisdiction of the Ruler, and includes the territorial waters appurtenant thereto and the area of the sea bed and subsoil lying beneath the waters of the Arabian Gulf contiguous to the territorial waters of Abu Dhabi, over which jurisdiction and control was claimed by the Ruler's proclamation dated the 12th. day of Shaban, 1368 Hijra, corresponding to the 10th. day of June 1949.
- (B) "Concession Area" means, subject to Article 11 hereof, that part of Abu Dhabi previously the subject of a Concession to Abu Dhabi Marine Areas Limited relinquished by it under the Agreement dated 10th. November 1966 made between the Ruler and Abu Dhabi Marine Areas Limited and in accordance with the Company's letter No. 104/1/69 dated 8th. October 1969 which for the purpose of identification only is shown on the map annexed hereto and is more particularly described as follows:-



XXI

SUCCESSORS AND ASSIGNS

21.1. Subject to the other provisions hereof, this Agreement shall be binding upon and insure to the benefit of the Parties hereto and their respective assigns, transferees, successors in interest and each of them respectively.

XXII

ARABIC AND ENGLISH TEXTS

22.1. This Agreement is drawn in the Arabic and English languages, both texts being authentic. In the event of any difference of interpretation arising between the Arabic and English texts of this Agreement, then the English text shall prevail.

IN WITNESS WHEREOF, the Parties have hereunto set their hands on the day and in the year mentioned in the preamble of this Agreement.



HIS HIGHNESS SHAIKH ZAID BIN SULTAN AL NAHAIYAN  
Ruler of Abu Dhabi



Mr. Angus Mackenzie



Mr. Peter Banker

DECLASSIFIED

Authority NND 939518By EG NARA Date 10/10/97CONFIDENTIAL

A-299

PAGE 2

FROM DHAHRAN

A. SUMMARY

1. THERE WERE TWO MAJOR BUT NOT UNEXPECTED CHANGES IN THE PETROLEUM PICTURE FOR THE TRUCIAL STATES DURING 1962. FIRST, ACTUAL PRODUCTION FROM ABU DHABI BEGAN WITH SHIPMENTS FROM DAS ISLAND ON JULY 5, 1962. SECOND, MAJOR CHANGES IN THE PATTERN OF CONCESSIONS BROUGHT FIRST ONE, AND IN EARLY 1963 A SECOND, AMERICAN INDEPENDENT OIL COMPANY INTO THE PICTURE. BRITISH OR BRITISH IDENTIFIED FIRMS HAD COMPLETELY DOMINATED THE SEARCH FOR TRUCIAL STATES OIL AT THE END OF 1961. WITH RELINQUISHMENT OF THE NORTHERN TIER OF CONCESSIONS BY THE IRAQ PETROLEUM COMPANY SUBSIDIARY (PDTIC) IN EARLY 1962, AMERICAN INDEPENDENTS BEGAN THE PROCESS OF BIDDING IN THE RELINQUISHED ACREAGE AND OFF-SHORE AREAS.

2. JOHN MECOM'S REPRESENTATIVE SIGNED A CONCESSION AGREEMENT IN LATE JUNE 1962 FOR THE ON AND OFF-SHORE AREA OF THE SHAYKHDOM OF SHARJAH. AGREEMENTS WITH AJMAN AND UMM AL-QAYWAYN QUICKLY FOLLOWED. AFTER MONTHS OF RUMORS, CONTINENTAL OIL'S, W. FREDERICK PENNIMAN, SIGNED AN AGREEMENT WITH THE SHAYKH OF DUBAI ON APRIL 11, 1963.<sup>1/</sup>

3. BY THE END OF THE YEAR, PRODUCTION BY ABU DHABI'S MARINE AREAS (ADMA) FROM DAS ISLAND HAD REACHED 38,000 BARRELS A DAY AND WAS STILL CLIMBING. THE FORMAL OPENING OF DAS ISLAND FACILITIES IN SEPTEMBER WAS ATTENDED BY DIRECTORS OF THE OWNER COMPANIES (BRITISH PETROLEUM, COMPAGNIE FRANCAISE DES PETROLES, AND BY SHAYKH SHAKHBUT HIMSELF, SOMEWHAT RELUCTANTLY. OPTIMISM ABOUT OTHER STRUCTURES WAS LEADING THE COMPANY TO PLAN AND ACTUALLY CARRY OUT DRILLING BY THE FIRST QUARTER OF 1963 IN AN AREA 50 MILES SOUTHEAST OF UMM SHAI'F AT A PLACE CALLED ZAKUUM.

<sup>1/</sup> INTERESTINGLY, BOTH THE MECOM AND CONTINENTAL CONCESSIONS WERE NEGOTIATED BY FORMER U.S. FOREIGN SERVICE OFFICERS.

CONFIDENTIAL

قانون رقم ( ٦ ) لسنة ١٩٧٣  
بتعديل قانون تأسيس شركة بترول أبوظبي الوطنية  
رقم ( ٧ ) لسنة ١٩٧١

نعين زايد بن سلطان آل نهيان حاكم أبوظبي  
بنينا على معرفته رئيس الوزراء ووافق عليه مجلس  
الوزراء

أمرنا بأصدار القانون التالي :-

### المادة الأولى

تلغى الفقرة ( ١ ) من المادة العاشرة من قانون تأسيس شركة بترول  
أبوظبي الوطنية رقم ( ٧ ) لسنة ١٩٧١ ويتعاضد عنها بما يلي :  
( ١ ) يدبر الشركة مجلس إدارة يتألف من عشرة أعضاء بما فيهم المدير العام  
للشركة ويتم تعيين رئيس ونائب رئيس وأعضاء مجلس الإدارة بمرسوم أصدره  
بما على قرار مجلس الوزراء .

### المادة الثانية

ينفذ هذا القانون اعتبارا من صدوره وينشر في الجريدة  
الرسمية .

### المادة الثالثة

على الوزارات تنفيذ هذا القانون .

زايد بن سلطان آل نهيان  
حاكم أبوظبي

عبدان بن محمد آل نهيان  
نائب رئيس الوزراء  
وزير الأشغال

صدرت في قصر الرئاسة في أبوظبي

بتاريخ : ١٣٩٣/٦/١٦ هـ

الموافق : ١٩٧٣/٧/١٦ م

ر/ر

مرسوم أميري  
رقم ( ١٨ ) لسنة ١٩٧١ م

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نحن زايد بن سلطان آل نهيان ، حاكم أبوظبي  
بمناخ على ما عرضته علينا وزير البترول والصناعة ووافق عليه مجلس الوزراء  
فقد أمرنا بما هو آت :


المادة الأولى

يعين السيد عبد الله اساميل وكيل الوزارة البترول والمعادن

المادة الثانية

ينفذ هذا المرسوم من تاريخه أداء وينشر في الجريدة الرسمية.

  
زايد بن سلطان آل نهيان  
حاكم أبوظبي

  
خليفة بن زايد آل نهيان  
ولي العهد ورئيس الوزراء

  
مانع بن سعيد المتيري  
وزير البترول والصناعة

صدر عنا في ديواننا في أبوظبي  
بتاريخ : ١٤ جماد الأول عام ١٣٩١ هجرية  
الموافق : ٧ تموز (يوليو) عام ١٩٧١ ميلادية  
ع م ق / ار

## Message Text

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ACTION NEA-10

INFO OCT-01 TUR-25 ISG-00 OPRC-12 TRH-02 AIC-11 AID-20

CIA-02 CIAC-00 CIEP-02 DODD-00 EB-11 FIC-01 H-03

ISR-10 INT-00 L-00 NSAC-00 NSC-07 OASD-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 TEA-02 TA-11

DRC-01 (ISS W

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FM AMEMBASSY ABU DHABI

TO USDOC WASHDC

INFO SECSTATE WASHDC 1712

AMEMBASSY BEIRUT

AMEMBASSY JEDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

AMEMBASSY LONDON

AMEMBASSY ISLAMABAD

AMEMBASSY NEW DELHI

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USDOC FOR MAJOR PROJECTS: KUWAIT PASS DORIA AND MUSCAT

EO 11652: NA (DECON JAN 1, 1977)

TAGS: ENRG, REFP, TC

SUBJ: ABU DHABI PLANNING LARGE EXPORT REFINERY AND PROBABLE  
EXPANSION OF DOMESTIC REFINING CAPACITYSUMMARY: ABU DHABI NATIONAL OIL CO (ADNOC) MOVING  
AHEAD WITH PLANS FOR DEVELOPMENT OF LARGE (APPROX 300,000 BPD)  
EXPORT REFINERY, LIKELY TO BE LOCATED ONSHORE ABU DHABI.  
FIRST STAGE OF PROJECT WILL BE TECHNICAL/ECONOMIC FEASIBILITY  
STUDY FOR WHICH BID PROPOSALS REQUESTED FROM FOUR FIRMS, AMONG  
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WHOM THREE WHOLLY OR PARTLY US OWNED. EXPORT REFINERY BEING



PLANNED TO GO INTO OPERATION IN 1978. EMBASSY BELIEVES THIS PROJECT REPRESENTS EXCELLENT OPPORTUNITY FOR US FIRMS AT EVERY STAGE. IN ADDITION, UAE/AD PLANNING ADDITIONAL DOMESTIC REFINERY CAPACITY. ACTION REQUESTED: ON DISCREET BASIS USDOC BRING THIS MAJOR PROJECT OPPORTUNITY TO ATTENTION OF INTERESTED US FIRMS.

1. OVER PAST SEVERAL MONTHS THERE HAS BEEN CONSIDERABLE DISCUSSION AT UPPER ECHELON WITHIN ABU DHABI GOVT (ADG) ABOUT DESIRABILITY OF CONSTRUCTING LARGE REFINERY FOR EXPORT. EXPORT REFINERY PROJECT INITIALLY DISCUSSED LAST YEAR WITH JAPANESE GROUP, WHOM WE HAVE UNDERSTOOD WERE PREPARING FEASIBILITY STUDY FOR FACILITY TO BE LOCATED ON ONE OF ABU DHABI'S OFF-SHORE ISLANDS. EXACT STATUS THAT PROJECT UNKNOWN, BUT SUSPECT JAPANESE MAY HAVE HAD SECOND THOUGHTS ABOUT ECONOMIC VIABILITY AND QUIETLY shelved project. IN MEANTIME, SHAIKH ZAYED HAS BEEN PRESSURING ADNOC TO MOVE AHEAD WITH STUDIES FOR CONSTRUCTION OF MAJOR EXPORT REFINERY PROBABLY TO BE LOCATED ONSHORE.

2. PRESENTLY, UAE HAS NO REFINERY CAPACITY OF ITS OWN. SMALL 15,000 BPD REFINERY FOR DOMESTIC CONSUMPTION PRESENTLY BEING CONSTRUCTED BY KELLOGG INTERNATIONAL ON UMM AL-NAR ISLAND NEAR ABU DHABI CITY. ADNOC KNOWN TO BE VERY DISAPPOINTED WITH THIS PROJECT MAINLY BECAUSE REFINERY WAS DESIGNED SEVERAL YEARS AGO BY MITSUBISHI, WHEN IT WAS THOUGHT UNIT OF THAT CAPACITY COULD EASILY PROVIDE PRODUCTS FOR ENTIRE UAE. HOWEVER, UNPRECEDENTED ECONOMIC BOOM IN UAE PLUS CONTINUING INFUX OF EXPATRIATES MEANS UAE/AD MUST BUILD ADDITIONAL REFINERY CAPACITY VERY SOON TO SATISFY FEDERATION'S OWN NEEDS. ADNOC NOW DISCUSSING WITH KELLOGG EXPANSION OF 15,000 BPD UNIT TO 25,000 BPD AND IT RUMORED ADNOC OR UAE/AD WILL BUILD 40,000 BPD REFINERY TO MEET ANTICIPATED DOMESTIC CONSUMPTION OVER NEXT FEW YEARS.

3. BECAUSE OF SIZE, IMPORTANCE, AS WELL AS COMPLEXITY OF PROPOSED EXPORT FACILITY, ADNOC HAS WISELY CHOSEN TO SOLICIT BIDS FOR TECHNICAL/ECONOMIC FEASIBILITY STUDY FROM INTERNATIONALLY KNOWN CONSULTING FIRMS, WHO WOULD NOT RPT NOT HAVE ANY ROLE IN LATER PHASES OF PROJECT, I.E. ENGINEERING, DESIGN, CONSTRUCTION, MANAGEMENT, ETC. FIRMS APPROACHED FOR FEASIBILITY STUDY ARE FOLLOWING: ARTHUR D LITTLE (US), STANFORD LIMITED OFFICIAL USE

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RESEARCH INSTITUTE (US), CHEM SYSTEMS (US-OWNED BUT BRITISH BASED), AND BELCIP, THE CONSULTING ARM OF THE FRENCH PETROLEUM INSTITUTE. ADNOC HAD REQUESTED ORIGINALLY THAT BIDS FOR STUDY BE SUBMITTED BY SEPT BUT ONLY FRENCH FIRM SAID IT ABLE TO MEET THAT DEADLINE. AS RESULT, ADNOC HAS ADVISED ALL FOUR FIRMS THAT IT HAS EXTENDED DEADLINE AND WILL EXPECT PROPOSALS TO BE DELIVERED BY END OF OCTOBER.

4. ACCORDING TO ADNOC OFFICIAL, FADIL KHAN, STUDY WILL COMPRISE SUCH ELEMENTS AS OPTIMUM SIZE OF FACILITY (300,000 BPD HAS BEEN SUGGESTED), LOCATION, MOST PROFITABLE MIX OF PRODUCTS AND ENTIRE RANGE OF MARKETING FACTORS INCLUDING TANKERS, KHAN STATED THAT AFTER FEASIBILITY STUDY COMPLETED, THEN SEPARATE BID WOULD BE ANNOUNCED FOR DESIGN PHASE PROBABLY TO INCLUDE SUPERVISION OF CONSTRUCTION. CONSTRUCTION OF FACILITY WOULD BE TENDERED SEPARATELY AS THIRD STAGE. IT POSSIBLE SEPARATE MANAGEMENT CONTRACT WOULD BE NEGOTIATED LATER. KHAN IS ESTIMATING REALISTICALLY THAT REFINERY COULD NOT BE FINISHED BEFORE END OF 1977 WITH EXPORT OF PRODUCTS HOPEFULLY TO BEGIN BY MID-1978. FOLLOWING US FIRMS EXPERIENCED IN DESIGN AND CONSTRUCTION OF REFINERIES ALREADY AWARE OF PROJECT; BECHTEL, FOSTER WHEELER, AND FLUOR CORP.

5. FOR USDOC: UNTIL CONSULTANT FOR FEASIBILITY STUDY SELECTED, WOULD APPRECIATE COMMERCE HOLDING INFO ABOUT PROJECT ON SEMI-CONFIDENTIAL BASIS, I.E. WE WOULD RECOMMEND AGAINST PUBLICIZING IT IN COMMERCE PUBLICATIONS. ON OTHER HAND, WE WOULD ENCOURAGE COMMERCE TO BE IN TOUCH IMMEDIATELY WITH FIRMS MENTIONED ABOVE AS WELL AS OTHER AMERICAN COMPANIES THAT MIGHT BE INTERESTED IN BIDDING ON SUBSEQUENT STAGES OR ACTING EITHER AS SUB-CONTRACTORS OR SUPPLIERS FOR THIS PROJECT. IN ADDITION, FIRMS CONTACTED SHOULD BE INFORMED OF POSSIBILITY IN NEAR FUTURE OF SEPARATE MEDIUM-SIZED REFINERY PROJECT FOR UAE DOMESTIC CONSUMPTION.  
STERNER

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بسم الله الرحمن الرحيم

مرسوم أميري

رقم ( ١٨ ) لسنة ١٩٧١ م

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نحن زايد بن سلطان آل نهيان ، حاكم أبو ظبي  
بنسأه على ما عرضه علينا وزير البترول والصناعة ووافق عليه مجلس الوزراء  
لقد أمرنا بما هو آت ،


### المادة الأولى

يعين السيد عبد الله اسماعيل وكيلاً لوزارة البترول والصناعة .

### المادة الثانية

ينفذ هذا المرسوم من تاريخه أداءً ونشر في الجريدة الرسمية .

  
زايد بن سلطان آل نهيان  
حاكم أبو ظبي

  
خليفة بن زايد آل نهيان  
ولي العهد ورئيس الوزراء

  
مبارك بن سعيد المعينة  
وزير البترول والصناعة

صدر عنا في ديواننا في أبو ظبي  
بتاريخ : ١٤ جماد الأول عام ١٣٩١ هجرية  
الموافق : ٧ تموز (يوليو) عام ١٩٧١ ميلادية  
١٩٧١/٥/٧