

**Text of the document handed by the Persian Minister of Court to His Majesty's
Ambassador in Tehran on 19th September, 1951**

Since the Iranian Government is making efforts to make arrangements within the limits of the law so that the nationalisation of the oil industry in Iran may not injure the British Government and nation, and with a view to solving in a just manner as soon as possible the problems raised as a result of the nationalisation of oil, it gives herein below the outline of its final views. The main points for discussion are as follows:—

- (I) Examination of compensation for the former oil company, and the Iranian Government's claims.
- (II) The sale of oil to the British Government.
- (III) Conclusion of contracts with foreign experts.
- (IV) Transportation of oil.

1. *The examination of compensation for the former oil company and the Iranian Government's claims*

The Iranian Government is prepared to settle the rightful claims of the former company, with due regard to the claims of the Iranian Government in one of the three following ways.

- (a) On the basis of the value before the oil nationalisation law.
- (b) According to the laws and procedures followed in any other country where industries have been nationalised, and the former oil company considers such law and procedure to be most to its interest.
- (c) Or in any other way agreed to by both parties.

2. *The sale of oil to the British Government*

The Iranian Government is prepared to sell yearly to the British Government the same quantities of oil purchased previously by the British Government and people at the prevailing international rates on the basis of the f.o.b. value at any Iranian port according to a long-term contract. The British Government can appropriate 50 per cent. of the value of the oil purchased by them in the way of compensation settlement mentioned in paragraph 1 of this communication.

3. *The conclusion of contracts with foreign experts*

The National Oil Company of Iran will retain and need foreign experts, with the same amount of salaries and allowances which they have been receiving in the former oil company, and will conclude contracts with each one of them. In order to keep intact the administrative organisation of the former oil company, with a view to preventing any possible interruptions in that great industry, it is proposed to retain all the rules and regulations, whether administrative or technical, which have been in force previously (save those contrary to the Oil Nationalisation Law). All the technical and administrative departments shall continue their duties as before and shall be managed by technicians either foreign or Iranian who would have sufficient authority to give them freedom of action in conducting their work. Furthermore at the head of the extraction and refinery organisations a technical director of foreign nationality (whose nationality shall be designated later by the Iranian Government) shall be appointed, this technical director—who shall be a functionary of Iran and shall act as a liaison officer between the foreign technicians and the board of directors—shall discharge his duties under the direct control of the Board of Directors of the National Oil Company of Iran.

4. *The transportation of oil*

The National Oil Company of Iran will deliver the oil to one or more agencies designated by former customers. The Iranian Government, as has been repeatedly stated, is prepared to settle the above-mentioned problems through negotiations and is waiting to hear your views, in case you agree to the opening of negotiations on the basis of this communication, so that the said negotiations may start after the lapse of one week from the date of the transmission of this communication.