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AND

FOREIGN ECONOMIC ADMINISTRATION  
ECONOMIC INTELLIGENCE DIVISION

CONFIDENTIAL MEMORANDUM ON  
PETROLEUM ACTIVITIES OF JAPANESE TRADING COMPANIES  
IN THE UNITED STATES AS AFFECTING AMERICAN SECURITY

31 July 1944

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CONFIDENTIAL MEMORANDUM ON  
PETROLEUM ACTIVITIES OF JAPANESE TRADING COMPANIES  
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INTRODUCTION

When the President on 12 September 1940 prohibited the export of plans, designs, and information which could be used in the production of high octane aviation gasoline, his ban cut squarely across the stream of detailed information and economic intelligence that had been flowing in ever-increasing rate to Japan and its armed forces during the decade before Pearl Harbor. This flow of data had developed out of ordinary business transactions between petroleum interests in Japan and in the United States. From the Japanese side, the petroleum business was concentrated for the most part in the hands of the principal Japanese trading companies in the United States: Mitsui & Co., Ltd., Mitsubishi Shoji Kaisha Ltd. (MSK), Asano Bussan Co., Ltd., and Okura Co., Ltd.

Up to the time of the ban in 1940, the large volume of commercial petroleum business had provided Japanese industrialists and the Japanese armed forces with a considerable amount of detailed knowledge of the methods and equipment for the production of aviation gasoline (iso-octanes) and tetraethyl lead. Some of this information was more detailed and more advanced than any in the possession of the U. S. oil refining companies. (1)

In acquiring this information, the Japanese had a two-fold objective. It was essential for the building up of the war potential and military machine of Japan. It was also of value to the Japanese Army and Navy as military and economic intelligence concerning the nations and territories which they were planning to attack. Both objectives went hand in hand. When a Japanese trading company requested information about a product, process, design, or machine, it would also seek to obtain as much information as possible concerning manufacturing facilities of the supplier wherever located, the licensees (if patents were involved), and a list of all the firms engaged in or related to the process, product or design.

The continuance of oil shipments and commercial relations up until Pearl Harbor contributed to the failure of the President's ban on "technical information" to Japan. Oil intelligence seemed to be a part of the petroleum trade with Japan and while the oil shipments went on some information went with them also.

Part One of this report makes this point by citing a number of instances of transmission to Japan of vital information and of prohibited technical data after 12 September 1940. Included also in this section are data bearing upon the effectiveness of the licensing system as regards oil shipments and the effectiveness of U. S. regulations concerning the purchase of tankers.

Part Two of this report describes briefly the oil intelligence work and information-gathering activities of the Japanese trading companies in the years before the ban.

#### Additional Information in Files of U. S. Firms

The material herein is based only on the records of the Japanese trading companies already mentioned, whose files are in the possession of the Alien Property Custodian in New York. Supplemental information, possibly of great value, can be obtained from the files of the various American oil firms with whom the Japanese were in regular and continuous contact. It is recommended that further studies and investigations be undertaken to this end.

#### Note

The material in this memorandum should be read in conjunction with other reports of the Department of Justice-Foreign Economic Administration, Japanese Files Research Project. In particular see Reports No. NY-200 and NY-200A, War Division, Economic Warfare Section, Department of Justice, on the Synthetic Oil and Gasoline Industry in Japan. See also Confidential Memorandum #NY-329.

PART ONE

## AFTER THE PROHIBITION OF 12 SEPTEMBER 1940

I. Effectiveness of U. S. RegulationsA. Technical Information Sent to Japan1. "Methods of Producing Reference Fuels"

On 14 October 1940 Lloyd F. Bayer, Vice-President of Tidewater-Associated Oil Company of San Francisco, Cal., which had substantial business dealings with Japan, wrote "Mr. Kato, Mitsubishi Oil Company, (2) Tokyo," instructing him how to prepare certain fuels which had been ordered for Japan but which could not be exported from the United States:

Please refer to . . . Reference Fuels C-12-F-3 which you requested us to purchase. . . In preparing these applications for export licenses we were familiar with the fact that Reference Fuels C-12 and F-3 not only fall under the category of materials requiring export permits covered by the President's Proclamation of July 26, 1940 [banning the export of petroleum products], but also would normally be prohibited for export. . . .

. . . . Until such time in the indefinite future as Reference Fuels could be exported, we suggest you prepare such fuels from materials available in Japan. As you know, this could be done by standardizing suitable gasoline fractions or hydrocarbon mixtures against your remaining stocks C-12 and F-3 Reference Fuels. For your information, C-12 and F-3 fuels are the same as C-11 and F-2 fuels requested in your cable.

2. "Extremely Confidential Data About Paratone"

On 26 May 1941 Robert Webb Coghill of Cooper Petroleum Company, Houston, Texas, (a supplier of oil to Japan,) wrote to Mitsubishi, New York:

Supplementing my letter of May 24th on the above subject, enclosed herewith please find complete set of confidential data showing the Paratone blending characteristics.



*these*

Needless to say, this information is extremely confidential, and I would appreciate it very much if you would treat this data as such.

The enclosed data should answer every possible question you may have regarding this material.

3. Methods of Producing Toluene

On 16 January 1941 B. Orchard Lisle, Consulting Petroleum Technologist, 1472 Broadway, New York, N.Y., wrote to Goro Sawada of Mitsubishi-New York that notwithstanding the prohibition by the United States on the export of technical information, he was prepared to give them information of a

. . . limited character . . . valuable basic data  
 . . . so long as actual refinery and process designs are not given.

\* \* \*

Generalized description and proximate flow chart of extraction procedure which has enabled yields of up to 95% of the potential toluene content of such a petroleum to be obtained - but limiting this to much the same sort of information as might be presented in an article covering the subject in a technical trade Journal. (As you no doubt are aware, no such article has ever appeared and may not for several years.)

Sufficient data would be dispersed through this report for your own engineers to grasp the basic principles of the technique involved and to calculate for the mselves the details of application - for, as I told you, it is not really a new process but rather a further application of current plant and procedure.

B. Other Intelligence Sent to Japan in 1941

1. Information on Pearl Harbor Shipments

On 7 June 1941 the Mitsubishi office in San Francisco wrote the Mitsubishi "Fuel Department, Tokyo":

The Associated Export Department [Tidewater Oil Company] people recently made an investigation and prepared for their reference a list entitled "Competitive Bulk Oil Shipments from Los Angeles

Harbor" [to Russia, China, Canal Zone, South America and Hawaii] as per attached copy. As the title indicates the purpose of this investigation, the list prepared does not include shipments made by the Associated for our account. . . .

One striking thing noticed in the list aside from purely our business standpoint is the fact that a large amount of fuel and diesel fuel oils and gasoline in a minor degree are being shipped from California Coast to Pearl Harbor, T.H. In a short space of less than a month from April 28th to May 23rd, 771,504 bbls. fuel oil, 132,299 bbls. diesel fuel oil and 22,682 bbls. gasoline have been shipped from Los Angeles Harbor to Pearl Harbor. There must have been shipments of similar materials going out of San Francisco Bay and possibly from Estero Bay to Pearl Harbor during the same period.

2. Information on U.S. Army and Navy Aviation Gasoline on West Coast in 1941

On 14 May 1941 Mitsubishi-San Francisco, wrote to Mitsubishi-Tokyo, copy to Mitsubishi Oil Company (Planning Div.):

. . . some of the 100 octane aviation gasoline produced from the alkylation plant at Avon [Tidewater Oil Co., San Francisco Bay] built mainly to meet Mitsubishi requirements, will supply the [U.S.] Naval Air Station at Tongue Point, near Astoria, Oregon. Associated was successful in securing the bid award for 100 octane aviation gasoline for delivery as needed until June 30, 1941.

At the present time Associated is also supplying 100 octane gasoline to United States Army Air Fields in the Pacific Northwest at McChord Field near Tacoma, Washington, and at Pearson Field, Vancouver, Washington.

3. Information on Tanker Situation on West Coast and in Philippines

Mitsubishi - San Francisco wrote to Mitsubishi - Tokyo on 20 June 1941:

According to the latest news reports, besides those already drafted by the Maritime Commission, California Oil Companies lost three tankers, two of which belonged to Standard Oil Co. of California, and one to Sun Oil Co., all of 10,000 to 15,000 barrel capacity. This will mean there will be a further shortage of tanker space on this coast. . . .

This space shortage will affect all companies. The least affected will be the Los Angeles area which is right in the oil producing area and also is supplied by the near-by oil fields by pipe lines. The most affected will be the San Francisco Bay area where no single barrel of oil is produced.

\* \* \*

. . . the Associated [Tidewater Oil Company] have in almost every instance been very cooperative in supplying cargoes in bulk, particularly in the instance of the [Japanese] Navy supplying fuel oil cargo, agreeing to change the loading port when requested. . . we recently heard that the Associated Div. [of the Tidewater Oil Co.] were requested by the Maritime Commission to furnish two tankers of their fleet in the above shipping pool program. . . .

. . . we were unofficially told by the Associated they will no longer have enough tank vessels of their own to replenish supplies at their Manila operation. They did not seem to know how they expect to maintain normal operation in that territory in the present circumstances.

4. Information on U. S. Army Mobile Fuel Supply

Mitsubishi-San Francisco wrote Mitsubishi-Tokyo on 4 April 1941 that:

. . . we understand that the United States Army is planning to purchase hundreds of thousands of 16-gauge galvanized drums this fall in order to have a mobile fuel supply . . . and this may have been one of the factors in including drums under the licensing system.

C. Export of Oil and Oil Refining Equipment under the Export Control System, 1940-1941

1. Intended Shipment of Gasoline to North China instead of Japan

Oil shipments were permitted to Japan under licensing arrangements effected in 1940 through the Administrator of Export Control and continued until late in 1941. Some of the details of these licensing arrangements are of interest. For example, in February 1941 Mitsubishi in Japan desired to ship high octane [aviation] gasoline from the United States to North China where hostilities were at that time going on. Anticipating difficulty in obtaining a license for shipment to an area in which Japan was engaged in war, Mitsubishi-New York, in a cable of 14 February 1941, to Mitsubishi-Tokyo, stated:

We can use the [present] 87 octane gasoline license for motor gasoline export but the present licenses which we have are designed for Japan proper not North China, therefore, we cannot use our present license for gasoline to North China because it is prohibited to change the destination stated on the license.

\* \* \*

- . . . the best way which we can do it now is . . .
- (b) To ship the gasoline to Japan proper
- (c) To transship it to North China from the Japanese port.

2. Shipment to Manchuria instead of Japan

A similar shipment was described in a letter of 4 April 1941 from Mitsubishi-San Francisco to Mitsubishi-Tokyo:

. . . as advised you [Tokyo] by our [San Francisco] telegram of March 17 and numerous subsequent cablegrams [U. S. Export] license obtained was for destination Japan; therefore we [Mitsubishi-San Francisco] must ship accordingly. We asked you to arrange . . . on your side for transshipment from Kobe but you could not . . . therefore [you are] asking us to ship to Tientsin or Dairen with through B/L. If such were the case, by necessity we would have to declare Dairen or Tientsin as the destination . . . in the export declaration. . . .

3. Aviation Gasoline for Army instead of Civilian Use

Mitsubishi-Tokyo, on 27 July 1940, wrote to Mitsubishi-San Francisco to apply for an export license for a substantial quantity of aviation gasoline and to indicate it was intended for the use of a commercial aviation line in Japan:

Aviation Gasoline - Customer to use one-third to one-half for Nippon Aviation Passenger Aircraft - balance for the training of Army. If there is no prospect of obtaining license, if you mention for Army, then we ask you to simply state for aviation company. We request you to use your discretion in accordance with the situation.

4. Use of Wooden Barrels in Place of Steel Drums

Mitsubishi-New York informed its Tokyo office on 14 July 1941 that:

. . . We lost the last chance to get a license [for export] for steel drums. We wrote you fully regarding the wooden barrel situation. We would call your serious attention to the fact that if the United States Government were fully informed that the lube oil cargo is still going to Japan continuously, being packed in wooden barrels instead of steel drums, they would ban the export of wooden barrels immediately, in view of the fact that the shortage of timber, especially hard timber, is rapidly increasing.

5. Oil Refining Equipment for Mitsubishi Oil Company \*

In July 1940 after the "moral embargo" had been in effect for several months, and the stringent legal embargo of 12 September was about to be imposed against the shipment to Japan of aviation gasoline or machinery for its production Mitsubishi took measures of concealment. On July 29, 1940 Mitsubishi-Tokyo cabled its New York office with reference to oil refining equipment intended for Mitsubishi Oil Company:

Re Inq. #208.....Under no circumstances should you disclose that the buyer is Mitsubishi Sekiyu [Mitsubishi Oil].

A memorandum which listed the numbers of the orders involved read:

Subject: Inq. #208 - November 25, 1940.

Equipment for Mitsubishi Oil Company

As you know the above inquiry number applies to a series of orders placed for the account of Mitsubishi Oil Co. ....

Among those orders were: # TR 9604, TR 9606, TR 9608, TR 9610, TR 9626, TR 9628.

On 16 January 1941 with respect to four of them (TR 9604, TR 9606, TR 9608, TR 9610) the General Manager of Mitsubishi-New York made the following affidavit:

---

\*Previously reported in NY-329, PP. 3-4 Confidential Memorandum, Activities of Japanese Trading Companies in the U. S. Affecting American Security, 29 March 1944, George Horowitz, Foreign Economic Administration, Japanese Files Project of Dept. of Justice, War Division and Economic Int. Division, Foreign Economic Administration.

January 16, 1941

Honorable Collector of Customs  
 Customs House  
 New York, New York

Sir:

We wish to refer to the following shipments made on the steamship "Sanyo Maru" which sailed from New York on December 29th:

OUR ORDER NO.	CUSTOMS DECLARATION NO.	MATERIAL
TR 9604	730039	6 Boxes - Recording pressure controllers
TR 9606	730038	2 Boxes - Recording temperature controllers
TR 9608	730037	2 Boxes - Recording thermometers controllers
TR 9610	730040	4 Boxes - Recording flow controllers

.....

Now we understand that the question has been raised as to whether these instruments are to be used for oil.....We now hereby swear that none of the equipment on any of the above orders will be used for, or in connection with, the production, cracking or refining of oil or other petroleum products.

Yours very truly

MITSUBISHI SHOJI KAISHA LTD.

(signed)

Shoji Masuda,  
 General Manager

Sworn to before me this  
 16th day of January 1941

As regards TR 9626, in applying for an export license, under "specific purpose and ultimate consumer", Mitsubishi declared:

To be used by Mitsubishi Research Laboratories of Tokio, Japan in their plant devoted to experimental work in alcohol.

Finally, with respect to TR 9628, the machinery department of Mitsubishi-New York wrote on 9 December 1940 to the Lummus Company, 420 Lexington Avenue, New York City concerning the equipment covered by that order:

We wish to confirm the fact that in writing up this application [for an export license] you will mention that the final user of this material is Mitsubishi Research Laboratories and that the equipment will be used for experimental work on alcohol.

D. Purchase of Tankers by Japanese

1. Through Shanghai Firms

Mitsubishi-Tokyo cabled Mitsubishi-New York, on 29 March 1941, proposing that three Gulf Refining Company [U.S.] tankers be bought for Japan:

Since the American Government, as you know, does not allow a transferring of the American owned vessels to Japan directly, we wish to have the Veritas Company of Shanghai buy the tankers and change their nationality to Greece first, then we buy them from the Veritas Company and change the nationality to Japan.

2. Through Siam

Mitsui-New York on 24 August 1940 wrote to Mitsui-Tokyo, forwarding particulars of the American tanker "J. W. Pew" and suggesting, with respect to a possible purchase:

. . . it is very difficult to get permission of the [U.S.] Maritime Commission to sell to Japan therefore we suggest negotiations with Thainese buyers.

E. Visits of Japanese Specialists to Installations in the United States

After the ban of 12 September 1940 against the "export" of technical oil information, visits to oil fields, factories and installations by Japanese Army, Navy and civilian technicians continued, though on a reduced scale. Examples in late 1940 and in 1941 were:

<u>Date</u>	<u>Visitor</u>	<u>Place or Installation</u>	<u>Sponsor</u>
1. July 1941	T. Hayashi (3) N. Naka (MSK)	New Orleans, La.	States Marine Corp. New Orleans, La.; Robert W. Cogshell, Cooper Petroleum Co., Houston, Texas
2. March 1941	Col. T. Nakamura (3)	Was refused permis- sion to see Watson Refinery of Rich- field Oil Co., Los Angeles; asked to see their oil terminal.	Mitsui
3. Jan. 1941	Comm. T. Taira (3) of the Japanese Navy. Kawai, Jap. For. Trade Bureau	Houston and Beaumont, Tex. Discussed oil production, refining and shipping.	Neil Walsh, States Marine Corporation. New Orleans, La.
4. April 1941	Tsuji (MSK)	Houston, Texas	Neil Walsh, States Marine Corporation. New Orleans, La.
5. Summer of 1940	G. Sawada, Kawamura, Matsumura	Made an inspection trip through Louisiana and Texas and obtained "up to date knowledge of the gulf district"	MSK.
6. June 1941	G. Sawada	Planned to visit New Orleans to investi- gate facilities for handling lubricating oils and greases (trip was cancelled)	States Marine Corp., and International Lubricant Corp., both of New Orleans, La.



PART TWO

BEFORE PROHIBITION OF 12 SEPTEMBER 1940

I. Moral Embargo

On 20 December 1939, the State Department declared that:

. . . The national interest suggests that for the time being there should be no future delivery to certain countries of plans, plants, manufacturing rights, on technical information required for the production of high quality aviation gasoline. . . The interested American companies have been informed of the Government's decision in this matter.

It was plain that this "moral embargo" was aimed at Japan. Nevertheless, there were a number of American firms that continued to supply the Japanese with exactly such technical information.

A. "Developments of Gyro Process"

On 17 January 1940 John S. Wallis, Vice President of Petro-Chem Development Company wrote to Asano Bussan in New York:

. . . we are pleased to submit. . . material entitled "Developments of Gyro Process." This process has been greatly improved since the plant supplied to the Imperial Japanese Navy. . . our proposal embraces all of the most recent developments.

The material consisted of a folder containing a two-page type-written description with three flow charts and two photographs attached of a plant built for Royal Dutch Shell.

B. Cooper Petroleum Company-Neo-Hexane Alkylate

On 26 January 1940, William J. Darcy of Mitsubishi-New York, wrote Mitsubishi-Tokyo:

. . . our friends, the Cooper Petroleum Company, who have been investigating [Neo Hexane and Alkylate as substitutes for Iso Octane in the manufacture of high octane gasoline] were recently kind enough to furnish us with certain technical information concerning the two products, and we are enclosing to you herewith copies of that information which we trust you will find of interest and assistance.

Concerning Neo Hexane, which was apparently difficult to obtain, the writer stated:

. . . we have been given to understand that Phillips are constructing several new plants for the production of this new product.

With reference to the fact that Mitsui had obtained some of this Neo Hexane the same writer in a letter of 5 February 1940 to Mitsubishi-San Francisco revealed:

. . . we...contacted our friends...from Cooper Petroleum Company... They have confidentially learned for us that the material that Mitsui handled was for the Imperial Japanese Navy and that the arrangements were made by the U. S. State Department for the Navy to obtain small quantities of the material for experimental use. Mitsui apparently was designated by the Navy and they did not follow the usual trade channels. The sale was made with the official approval of the State Department and apparently everything up to the consummation of the transaction was handled very secretly.

C. Analysis of High Octane Gasoline

Again on 17 April 1940 Robert Webb Coghill of Cooper Petroleum Company, Houston, Texas, wrote to W. J. Darcy of Mitsubishi-New York to the latter's home address, 272 Bancroft Avenue, Grant City, Staten Island, N. Y.:

Dear Bill:

For your confidential information enclosed... find photostatic copy of Saybolt's Analysis No. 1433 covering the supposedly 92 Octane Gasoline from the Maritime Oil Company. . . From various sources I have learned that neither Tidewater or Cities Service will guarantee 92 Octane. . . The attached report is sent to you in complete confidence. . . it would get me into a terrific jam if it ever leaked out that I sent you this data.

D. Analysis of Gasolines from Pozo Rica Crude

On 21 April 1940 W. Kraft of the Lummus Company sent to Asano Bussan-New York, analyses of straight run and crack gasolines from Pozo Rica Crude, "pursuant to oral request from Mr. Oda" [of Asano Busson].

E. Aviation Gasoline Pilot Plant in Mexico

In September 1939 through Okura & Company-New York an agreement\* was concluded with M. W. KELLOGG COMPANY of New York relative to preliminary work on an aviation gasoline plant in Japan for Toyo Shoke Oil Company, a subsidiary of Nippon Soda Company.

It was agreed that:

. . . representatives of the Toyo Shoke Oil Company may be present to witness tests. . .

The plant was to process 3,000 bbls. per day of gas oil and naphtha cut.

Late in December 1939, however, Kellogg wrote to Dr. Akiyama of Okura that because of the moral embargo declared on 20 December 1939 it could not carry out its agreement.

After a lapse of about ten months, on 1 September 1940 the OCON PROCESSES CORPORATION, 17 East 42nd Street, New York, N. Y. [by C. J. Gosselin] wrote to a "Mr. Edward Alexander, 790 Grand Concourse, Bronx, New York City":

In compliance with Dr. Akiyama's [of Okura Company] verbal request we are. . . answering the questionnaire. . . submitted to us some time ago.

The discussions between Dr. Akiyama and his associates and officials of Ocon dealt with the need of the Okura Company for a plant with a capacity of 3,000 bbls./stream day of depentanized straight run naphtha.

The letter concluded:

The Okura Company has expressed a desire to witness a pilot plant test run. . . we are in a position to erect a pilot plant in Mexico for the above purpose. . .

The pilot plant can be. . . erected in sixty days time.

The papers in the folder ("Nippon Soda Aviation Gasoline Equipment") of the Okura files do not indicate whether there was any connection between Edward Alexander, OCON and KELLOGG. In any event, the same job appears to have been involved in both inquiries.

\*This transaction is more fully reported in #NY-200A, Supplemental Report On Synthetic Oil & Gasoline Industry in Japan, by Helen Gluck, Foreign Economic Administration, Japanese Files Project of War Division of Department of Justice and Economic Int. Division, Foreign Economic Administration.

## II. General Intelligence

### A. Asano Bussan Report Concerning Holdings, Installations, etc. of Major Oil Companies

In an eighteen page closely typed memorandum of the Asano Bussan Company are listed rather full details and particulars as of 1934 of the subsidiaries, affiliates, properties and refineries, pipe lines and installations, storage capacity, crude and treated production of practically all the important oil companies of the world. (4)

### B. "Okura Investigation in Aviation Gasoline Refineries"

Okura & Company had a file under the above title which contained, besides official and governmental reports, information privately secured from oil technologists and people in the trade. There were tables of detailed analyses of naphtha feed stocks, California dehexanized cracked naphtha motor gasoline production, etc., etc. Carbon copies of detailed technical descriptions of different types of refining units giving customer, location, description of unit, cost, etc., appear in this file. This material seems to be a copy of certain records and laboratory reports of M. W. Kellogg Company. A "Conference on Aviation Gasoline Refinery at M. W. Kellogg Company," held at Chicago in November 1939, and summarized by George Saka wa in a paper in the files, was attended by Messrs. Warren Smith, Dimmig, Takayama, Cooke and Akiyama. An earlier meeting of 6 November 1939 included also a Mr. Megata and dealt with a "comparison of the Houdry, Dubbs & Kellogg processes for aviation gasoline production."

### C. Polyform Process for High Octane Gasoline

Detailed information obtained from Dr. Smoley of Lummus of the polyform process for high octane gasoline was sent to Japan in January 1939 by Asano Bussan-New York. In reply Tokyo requested:

Telegraph name of owner, place, capacity, each plant existing, also under construction if any.

### D. Various Oil Cracking Processes and Plants Where Used

On 8 June 1939 Asano Bussan-New York wrote to their home office, summarizing information obtained from the Lummus Co. and Stephen Swartz, oil plant builders and consultants. The letter described briefly the five important processes then in use: Hydrogenation, Gas Reversion; Catalytic Reforming; Continuous Catalytic; and Houdry Residual Catalytic. It gave location and capacity of units in the U. S. and abroad.

### E. Iso-Octane

(1) On 9 August 1939, Asano Bussan-Tokyo requested their New York office to obtain information on all existing processes other than U.O.P. [Universal Oil Products Corp., Chicago, Ill.] process.

(2) Earlier, in April 1937, Asano Bussan asked Lummus for "all the sales data and information regarding the iso-octane plant" for "100 octane gasoline at Port Arthur, Texas."

(3) In February 1937 Asano Bussan-New York wrote Alco Products (Dr. N. B. Cooke) 30 Church Street, New York City:

. . . Mr. Eguchi [Japanese Navy Engineer] is very desirous of obtaining a prospectus on making Iso Octane depending on the supply of C4 cut to be supplied by private refineries. . . as his suggestion to be made to the [Japanese] Navy.

. . . Dr. Egloff [of Universal Oil Products] has made a similar suggestion to the [Japanese] Navy office here.

#### F. High Octane Fuel

(1) On 16 October 1939 Asano Bussan-Tokyo asked its New York office for

. . . valuable information concerning Neo-hexane High Octane Fuel, [since] this process will be very necessary for Toa Nenryo New Plant to produce aviation gasoline of highest standard, [but was informed on 4 January 1940 that] Neo-hexane has been developed quite fully, but due to the recent order of the U. S. State Department nothing further could be done.

(2) On 1 December 1939 Asano Bussan-Tokyo asked its New York office to obtain information concerning the fourth 100 octane gasoline plant built in the U. S. by Lummus. Again, however, the State Department ban prevented compliance.

#### G. The Gyro Cracking Process

(1) In 1932 Dr. M. B. Cooke who had worked with the M. W. Kellogg Co. and other oil refinery manufacturers, conferred at length with Japanese naval engineer, Capt. Hiraoka. The report of the conference, running to three closely typed pages, constituted a thorough discussion and comparison of the Gyro process. Among other points made by Dr. Cooke, was that benzol could be produced. He pointed out that the Japanese

. . . would have everything right at hand and could use Saghalien crude and save the necessity of purchasing benzol abroad.

(2) On 7 June 1934 Asano Bussan obtained a list from Alco Products, Inc., of Gyro installations in operation, by company, location, number of units and total capacity. The list describes units in the United States, Canada, Mexico and England.

(3) A month later, Asano Bussan-New York transmitted to its head office information concerning the various compounds produced from Gyro gas. They stressed particularly that from one of them mustard gas could easily be made.

(4) At the same time there were sent to the Tokyo office of Asano Bussan photographs of the Gyro plant at Marcus Hook, Pennsylvania, as well as of the manufacturing facilities of Alco Products Co. at Dunkirk, New York. In acknowledging receipt, Tokyo wrote:

We have distributed same to the Navy. . . .

(5) On 11 June 1934 Asano Bussan-Tokyo wrote their New York office that they had passed on to the "Navy people the answers received from New York to the inquiries of the Navy" whether or not Gyro Gasoline is actually used for Military and Commercial aeroplanes in the States.

(6) In a letter of 22 April 1935 from Asano Bussan-New York to their Tokyo office there is reported a conference with Dr. Cooke:

When Mr. Maejima was here we had a conference with Dr. Cooke who has just returned from Russia. . . . we believe that they have now closed a very large contract in Russia for Gyro Process.

Dr. Cooke told us he had a whole week on board the SS BREMEN with Captain Tamai. . . .

Considerable work has been done in this country on the use of cracking gasoline for aeroplane motors. . . .

Dr. Cooke has advised us that without a doubt cracked gasoline will be used. . . . by fighting planes for aviation engines. . . . Alco has done. . . . experimental work and have devised the process whereby they exclude the Benzol cut. . . . and this does away with all the troubles due to aromatics.

(7) On 2 May 1935 Asano Bussan-New York forwarded a two page description of the "Gyro Cracking installation at the Spartan Refinery which was based upon an earlier letter which was practically a copy of another letter received from Dr. M. B. Cooke."

(8) In October 1939 the Japanese Navy was advised by the Lummus Co. concerning the more efficient operation of its Gyro unit. A letter of 16 October 1939 from Asano Bussan forwarded an analysis of the gas produced by the unit and requested:

. . . . We wish you would advise what you think of the possibilities of using this gas, and the method which you recommend using to produce aviation fuel.

#### H. Furfural Process for Making Aviation Lubricant

(1) In April 1936 Asano Bussan-New York requested permission to inspect the Port Arthur refinery of Texaco, who suggested, however, that the Japanese visit instead the Lawrenceville, Illinois refinery of the Texaco company "where the Furfural and benzolacetone processes are in operation."

(2) In October 1937 the Lummus Co. forwarded to K. Kuroda of Asano Bussan Co.-New York photographs of the Furfural plants of Gulf and Magnolia.

(3) On 6 January 1938, Asano Bussan-New York wrote to its home office that

We are enclosing herewith a copy of Japanese letter sent to the Japanese Navy regarding Furfural and Duosol plants. . . .

(4) On 19 January 1938, Lummus sent to Asano Bussan-New York a "tabulation . . . of the plants which we [Lummus] have built and are now in operation." The list mentioned plants in the United States (Texas and Illinois), Roumania and Germany, and a plant under construction in California.

(5) In March 1939, Lummus sent to Asano Bussan-New York tabulations of the results of Furfural refining of Kettleman Hills heavy distillate and other California distillates.

(6) A comparison of the Furfural process with the Duosol process was described by Lummus in a letter of 26 May 1939 to Asano Bussan-New York.

(7) In November 1939, Asano Bussan-New York presented to the Lummus Co. a list of six questions "in connection with Furfural, acetone, benzol, contact filtration and Coubrough units." The questions were answered in detail.

#### I. Solvent Treating and Dewaxing Plants

On 14 April 1936, the Lummus Company sent Asano Bussan-New York lists of:

(1) "Solvent dewaxing plants [in the United States], in operation or under construction" giving "company, location, and charging capacity" in barrels per day, arranged according to the processes used: "Benzol acetone, propane, barisol, trichlorethans;"

(2) "Lubricating Oil Solvent Extraction Plants" by "Company, Location, Solvent;"

(3) "Solvent refining units for the manufacture of lubricating oils in the United States" giving "Company, Plant Location, Year installed, solvent used, capacity charged in bbls/d."

J. Perco Process

On 17 August 1939 Asano-Bussan-New York wrote to Dr. Smoley of the Lummus Co. as follows:

This will confirm the information you have given us concerning Perco, which information we have cabled our Tokio office.

We understand that using California motor gasoline with octane 59 straight run 400 end point, that by splitting same into two parts, namely, heavy 51 octane 67% and a light 75 octane 33%, that by taking the heavy portion dehydrogenated could secure a 96% yield of 68 octane. This could then be blended with 75 and secure 69 octane overall yield 97%, and by adding 3 cc lead produce 83 octane.

K. Isobutylene from Gas Oil . . .

On 17 June 1938 Asano Bussan-New York wrote to Tokyo "Re: Catalytic Hydrogenation of Shell Company," giving some details of the technology of the process in question and adding, "Please explain to the Navy the situation . . . This is the first unit to be designed to produce isobutylene from gas oil by cracking. . . . the Shell Process is required to the isobutylene plant which the Japanese Navy is going to build."

L. Information Concerning Toluol Production

On 24 February 1937 Asano Bussan-New York wrote Tokyo:

The aim of this plant is to produce aromatic distillate whose chief component is toluol. Mr. Eguchi finds this method of toluol production very interesting and he has all of the information and the proposals, and is sailing to Yokohama on board the Chichibu Maru.

M. Visits of Japanese Engineers, Army, Navy and Civilian Specialists to U. S. Installations

For over a decade before Pearl Harbor there was a regular stream of visitors to the oil fields, oil refineries and petroleum plants of the U. S. from Japan. A score or more representative examples are summarized in Appendix C.



III. Information about the U. S. and the Americas.

A. Inquiry: Aviation Gasoline for the U. S. Navy

On 28 May 1940, J. Iwakami, manager of Asano Bussan-Los Angeles, wrote A. Ninomiya, Asano-Bussan-New York:

We are in receipt of your letter of May 24th in regard to tender on Aviation Gasoline called by the U. S. Navy. Inasmuch as the companies who have made a contract are located in the East, it is rather difficult for us to obtain information but we will try to secure same and advise you as soon as we are able to secure the information.

B. Japanese Navy Inquiry about Crude Oil of Southern U. S.

A memorandum of 1 April 1938 from Mitsui-San Francisco to Mitsui-Tokyo, stated:

In Compliance with the request of the Engineer of the Japanese Navy Mr. K. Kudo, who passed here on his way back to Japan, we are . . . investigating the supplying condition of special crude oil produced in the south of the U. S. Our study will be aimed at the oils of special quality which are not available in California. These are:

1. Crude oil containing gasoline of super-octane value, for aero plane use.
2. Crude oil for making high grade lubricating oil. At our request, Mr. Kudo has made up and sent to us from Honolulu specifications of these oils, and asked us to make copies and send them to Mitsubishi, Asano Bussan and to the Japanese Navy Office in New York.

\* \* \*

. . . to investigate the situation, we are sending one of our staff to Oklahoma, Texas, and other producing districts.

C. Specifications of United States Crude Oils and Distillates in the Files of M. Oda of Asano Bussan

A folder marked "Property of M. Oda, Asano Bussan Co. Ltd. Tokyo, Japan," contains detailed specifications and analyses of about thirty American crudes.

D. Pipe Lines and Oil Fields in California

On 1 May 1939, J. Iwakami, Asano Bussan-Los Angeles sent to K. Kuga, Asano Bussan-New York, ". . . a copy of map showing oil and gas pipe lines and oil fields in California."

E. Latin American Oil Fields and Production

(1) The Asano Bussan Company, in a file marked "Latin American Trade," had gathered together information about Venezuelan, Peruvian, Jusepin, Light Lake, San Joaquin, Aruba, Colombian and other crude oils produced in Latin America which included both statistics and analyses of the different crudes.

(2) A similar file: "South American Oil Fields" is described in a letter of 23 February 1940 by I. Terao, Manager of Mitsubishi-San Francisco in writing to his Tokyo office: "we enclose herein copies of some of the material our Mr. Mitani took with him to South America." The material running to 39 pages consisted of typewritten copies of articles from issues of U. S. technical oil periodicals for 1939 covering Colombia, Ecuador, Peru, Venezuela and Mexico; their oil fields and production.

F. Mexican Crude Oil

In a letter of 12 September 1938 marked "CONFIDENTIAL" from Mitsubishi-San Francisco to Mitsubishi-New York (copies to Tokyo) ways and means of acquiring Mexican crude oil for Japan are discussed. It is stated:

Tokyo indicates that business in discussion is under the supervision of the government and it requires our company to cooperate with the government officials as well as other petroleum importers, such as Mitsui, Asano, and possibly others.

\* \* \*

We feel in the meantime that we should gather . . . as much information as possible on the business itself as well as international negotiations.

G. Details of Oil Concession in Ecuador

In a reply to a letter of 3 May 1940 from M. Oda of Asano Bussan-New York, A. L. Bowden, 372 South Highland Avenue, Pittsburgh, Pa., sent to Asano Bussan detailed maps and descriptions of oil lands in Ecuador, in the vicinity of Soledad, west of Daule, as well as a copy of the official concession from the State of Ecuador.

#### IV. Information About Oil Production in Europe and Asia

##### A. Iraq and Iran

The files of Asano Bussan contain memoranda in Japanese, made in 1940, describing in some detail the petroleum production in metric tons from 1933 to 1939, giving the names, holdings, and relationship of the various companies operating in Iraq and Iran and something about their individual production and operations. There are analyses of the crudes, the names of the oil fields and the number of wells in each, the production depths, the pipe lines, the age of the fields, etc. The exports from these territories are also given with the figures for each importing country under the various products.

##### B. Drawings of Persian Installations seen by Otsubo of Asano Bussan

On 3 May 1939, F. L. MacWatty of Asano-Bussan-New York, wrote to the Tokyo office that he had taken Mr. Otsubo to visit the offices of the Lummus Co. and ". . . I showed him through the Lummus drawing rooms and pointed out some drawings for Persia to him. . . ."

##### C. Information about Philippine Oil Lands

On 25 February 1938 M. A. Sturgis, 120 Broadway, New York, sent to Sakae Matsushita of Mitsubishi a description of oil lands in the Philippines and the Dutch East Indies. (5)

##### D. Request for Samples from New Wells in Arabia, Netherlands East Indies and Java

On 26 June 1937, the Manager of Asano Bussan wrote to J. A. Moffett, Chairman of the Board of California Texas Oil Company:

. . . we would like to ask you to send us a sample of newly found crude oil from Arabia, Netherlands East Indies and Island of Java, where your company [we are] told [are] now drilling wells. With the samples in hand we are sure to succeed in opening up the market for it just as we introduced Bahrein Crude Oil into Japan and Manchuria in the past.

##### E. Russian Refinery for Aviation Gasoline

From Alco Products, Inc., over a period of fifteen years or more before Pearl Harbor, Asano Bussan obtained detailed descriptions, blue prints, technical data and a list of the location of gyro process cracking plants.

This included such intelligence as that, in June 1935, the Russian Government had bought a gyro unit refinery, with reference to which Asano Bussan-New York wrote to Asano Bussan-Tokyo:

. . . this was bought only for the purpose of producing aviation gasoline. . . .

F. Toluol Plants in Russia and in Iran

On 24 February 1937 Asano Bussan-New York wrote Tokyo:

For your information we would like to advise you that this plant [cracking and polymerization unit producing aromatic distillate whose chief component was toluol] has been installed in Persia for the Anglo-Persian Co. about nine months ago and it is also expected shortly that the contract will be signed for a plant for Russia having a capacity of 3,000 bbls. a day.

FOOTNOTES

- (1) See "Activities of Universal Oil Products Company and the Japan Gasoline Company," Richard F. Babcock, Economic Warfare Section, Department of Justice, #3410, Chi-152, 7 April 1944 (pp. 2, and passim).
- (2) In 1930 when this company was organized by MSK (Mitsubishi Trading Company) a half interest was assigned to officers of Associated Oil Company (predecessor of Tidewater) as follows:

William F. Humphrey	49,500	
Lloyd F. Bayer	100	
O. P. Cottrell	100	
B. I. Graves	100	
Douglas McGregor	100	
(Name undecided at time of incorporation)	100	
Total	<u>50,000</u>	Shares

See Supplementary Report on Synthetic Oil and Gasoline Industry-Japan, by Helen M. Gluck, Foreign Economic Administration (in preparation) #N. Y. 2004, Japanese File Research Project of Department of Justice and Foreign Economic Administration.

The William F. Humphrey who held 99% of the U. S. holdings of the Mitsubishi Oil Co. was (and still is) President of Tidewater Oil. He was apparently deeply concerned about the strained relations between Japan and the U. S. during 1940-41. Appendix A presents two letters of January 1941 concerning his activities.

- (3) Also attended an advanced technical institute in aviation gasoline conducted by Universal Oil Products Company in the fall of 1939 at Chicago, for 32 Japanese technical men from the Army, Navy and chief oil and chemical companies of the Nipponese Empire. See pp. 21-25 of "Activities of Universal Oil Products Company, etc.," Richard F. Babcock, #3410, Chi-152, Economic Warfare Section, Department of Justice, 7 April 1944.
- (4) To indicate the detail and exactness of the information assembled, excerpts of the description of Standard Oil Company of California may be quoted:

At Richmond, Calif., the company owns in fee 1,518 acres upon which is located complete refinery with a capacity of 100,000 bbls. crude per day, equipped with Richmond cracking units. . . . Included in the refinery equipment located on the site are a complete factory for the manufacture of oil and asphalt barrels, a can factory, and a box factory. In the foothills about five miles from Richmond refinery is the San Pablo tank farm consisting of 1,093 acres owned in fee, on which

are located tanks with storage capacity of 4,176,189 bbls. Ocean and river shipments from Richmond are taken care of by two wharves, . . . one at Point Orient, and one at Richmond, both extending to deep water in San Francisco Bay. . . . Large warehouse located at Pt. San Pablo near Point Orient and direct rail connections permit rapid loading of case goods and asphalt. Two transcontinental railroads enter Richmond and both connect with the refinery. At El Segundo, 18 miles from Los Angeles, the company owns in fee 1,481 acres, upon which is located a complete refinery with a capacity of 100,000 bbls. of crude, equipped with modified Richmond cracking units, manufacturing illuminating and lubricating oils, gasoline, distillates, greases, fuel oils, asphalt and other products. Has storage capacity of 27,444,474 bbls. . . .

In describing the holdings of Royal Dutch-Shell Combine, the memorandum states, inter alia:

Operates refinery . . . at Balikpapan in Netherlands East Borneo, capacity about 35,000 BBLS/D. Crude oil is received at the refinery through pipe lines from the various centers in the Koepei Field, the longest line being a five inch [pipe] line from Sanga Sanga sixty-five miles [away]. Produce complete line of products including asphalt.

The products of Perlak are run through a pipe line to Pangkalan Brandan, about 70 miles, for distribution; at Pangkalan Brandan, on the River Babalan about 13 miles from Pangkalan Soesoe, capacity about 12,000 bbls. In addition to the pipe lines from Perlak, there are two 6" one 4" and one 10" pipe line from the refinery to the terminal at Pangkalan Soesoe. At this point there is a can factory, a fuel station and storage facilities; products, kerosene and gasoline.

\* \* \*

(5) Mr. Sturgis' letter said, in part:

We have under our control an oil structure on one of the Philippine Islands, consisting of at least twenty thousand (20,000) acres. It is some twenty miles from a good harbor.

This is in a Tertiary formation with the oil horizon in the Miocene; it has steep dips, and on

the apex present some oil seeps and a gas-vent which burns with a four or six foot flame. This latter has been ascertained to be Petroleum gas.

This structure has been examined and partially mapped by a geologist, who for seven years was a member of the geological field-staff of the Standard Oil of New Jersey, from which position he resigned to engage in scientific Paleontology. In pursuit of this he recently visited the Orient, and in the course of his work had occasion to inspect the oil-fields of Borneo, Sarawak, Sumatra, and, I believe Formosa; and he states that the geological characteristics in this structure are similar to those Miocene oil-producing fields in California, Borneo, Sumatra and Formosa. It is his opinion that this will develop into one of the largest production fields in the Orient.

We are seeking financial aid in the development of this field, and deem it possible that we can make some equitable arrangement with your Company to our mutual advantage.

APPENDIX A

William F. Humphrey, President of Tidewater -  
Associated Oil Company and Mitsubishi

1. Concern over Strained Relations with Japan

In a letter of 3 January 1941 (apparently from San Francisco addressed to S. Takeuchi, Personnel Div., General Dept., Tokyo, Hokichi Inouye reported concerning an interview with William F. Humphrey. Copies of this letter were sent also to C. Hirai, Mitsubishi Oil Company, MSK Fuel Dept., and to the managers of the other Mitsubishi offices in the U. S. The salient points of the letter were:

\* \* \*

Mr. Humphrey said that in his observation he had more reasons to give concern to the present state of political situation world-over and America's present relation with and possible future involvement in the crisis in Europe and Asia. He did not dwell long on the condition in Europe and America's future stake in same except to say that if war keeps going on every country in Europe and peoples in it will be impoverished and it will do no good to any people; and, we must expect a very "bad time" in business when every country and people will have lost wealth.

I expressed [sic] that I recently noted with interest some press reports on proposals that are being advanced by several Senators and other groups of people that the United States should make a "peace" proposal to the belligerent countries in Europe and should at least move to sound out their attitudes toward making peace. I added that in my opinion of the situation, such proposal appears to be premature to be given even a consideration by the countries at war. Mr. Humphrey said that he was quite in agreement with my observation and would go further to say that after President Roosevelt's "radio chat" on December 29th in which he attacked the leaders of the Axis powers in most bitter terms as present and future enemies of America, it would be almost a foregone conclusion that the Axis leaders would not accept America as a mediator of peace.

As for the strained relation between Japan and America, Mr. Humphrey expressed [sic] that he witnessed in his recent sojourn of several weeks in the East prior to the middle of December antagonistic feeling of the American people as being much stronger in the East than



on the West Coast. He remarked that in common sense, the people might expect this undesirable sentiment to be stronger on the West Coast because of the geographical proximity to the Far East, but quite the reverse situation prevails at the present time; it might be attributed to the fact that the easterners are more ignorant of the situation in the Orient compared to the people on the Pacific Coast. He emphasized that he felt more keenly than ever that American sentiment toward Japan is adverse in his last trip to New York. The policies and expressions that have been taken of late in the last several months have been pulling the two countries apart wider and wider. He remarked in passing that there are always in any country in any period "Jingoists" and "war mongers" who go extreme enough to strain relations to ultimately bring war, which is most regrettable thing to humanity.

During his stay in the East last month, he several times made trips to Washington and had occasions to exchange views with the high officials of the government. He found their views to be just as or more adverse toward Japan's activities in China and some quite head strong.

He feels that he has been doing his bit to improve sentiment toward Japan in the past and is continuing to do so all he can. He went on to say that he has told at very important meetings of business people in New York and the important government officials in Washington that his knowledge of Japan and her people might not be considered a very wide one, but he can say one thing with confidence and pride that the most important business account of his company, of which he is the president, in Japan for more than fifteen years has been more pleasant than any other association with the accounts in any country in the world, that is the House of Mitsubishi, headed by the Iwasaki families, which is one of the greatest and most representative companies in Japan.

\* \* \*

He also emphatically remarked that the appointment of Admiral Nomura to Washington has certainly been well received in official circles as well as business circles. In fact, some optimistic observers expect improvement and correction of the strained sentiment toward Japan. Mr. Humphrey thinks in the same way in his understanding. . . . My reaction to this statement is that Mr. Humphrey's view might be a superficial one. . . .

It was only in a short space of time in a half hour or so these things were discussed by Mr. Humphrey and myself. . . .

2. Cooperation with Mitsubishi\*

On 25 January 1940 K. Funada, Chairman of the Board of Mitsubishi Trading Company, Ltd., wrote from the head office in Tokyo to William F. Humphrey, President of the Tidewater Oil Company, San Francisco, California:

"My dear Mr. Humphrey:

.....I must express to you my heartfelt thanks for the sincere efforts you have been making of late months for a betterment of political relations between your country and mine. Indeed, it gives me a feeling of security to know that in these critical hours when the American-Japanese relations have become rather complex, over in America one gentleman, influential in political and business circles is doing everything possible on our account.....

Presumptuous as it may seem, I must ask you to do me another favor. As you probably have been informed, we are sending, at this time our Mr. Mitani to your shores on a special petroleum mission, the purposes of which, to be frank, are to have him study and acquire a broader perspective on the international situation, so that we may be fully prepared at all times to be assured of petroleum supplies in this country." [Japan]

The letter concludes with the hope that Mr. Humphrey would "continue to cooperate with us in the future."

Mr. Humphrey's cooperation evidently continued for a cable of 15 May 1941 in Japanese sent to Tokyo by Shoji Masuda, Manager of the New York office reported:

"In spite of the strong governmental policy and national tendency, the President of Tidewater is sincerely doing his best to convey his friendship policy to Japan to the high officials in Washington....."

\* Previously reported in #NY-329 "Activities of Japanese Trading Companies in the United States as Affecting American Security", 29 March 1944, George Horowitz, Foreign Economic Administration; Japanese Files Research Project of Department of Justice and Foreign Economic Administration, p. 9.

On 17 June 1941 Secretary Ickes prohibited offshore shipments of oil. In consequence, the Tidewater Company suggested to Mitsubishi to make overland shipments as a means of evading the prohibition. A memorandum on the letterhead of Mitsubishi-New York, says:

"Tidewater received telegram from Mr. Ickes' office in Washington this morning along the following lines.....

'.....make no further shipments offshore without first obtaining permission from this office.'

"Tidewater say that all oil companies received similar telegram and this of course prevents them from forwarding any oil out of New York to either the Gulf or West Coast. However, it apparently does not prevent overland shipment."

APPENDIX BExamples of Economic Intelligence Activity after the 1940 BanA. Japanese Navy interest in Super-octane Gasoline

The Mr. Mitani referred to by the Chairman of Mitsubishi in his letter to Humphrey quoted above (Appendix A, 2) was Y. Mitani the Manager of the Overseas Division, Fuel Department of MSK. Although it is doubtful whether the proposed trip ever took place, in July 1939, he did confer at length in Tokyo with J. J. Lermen, Jr., the Export Manager of Tidewater Oil. Besides making plans for the joint development of Chinese markets, Mitani discussed "purchasing policies" of the Japanese Navy which he summarized in a memorandum:

Aviation Gas - with a Super-octane Number

The Navy seem constantly on the look-out for gasoline with super-octane values, such as polymer gasoline, and consequently, if we could offer any product of this type, they would be certain to give us a contract on terms favorable to us.

Therefore, we should take positive steps, with the aid of the Associated [i.e., Associated Division of Tidewater Associated Oil Co.] and San Francisco Office, towards the discovery of such products, so that we should be the first to offer the newest product of this type in case such was discovered in America; actually, we should make ourselves quite experts on this kind of gasoline so that we would be in a position to serve the Navy in an advisory capacity.

As regards "AVIATION CRUDE", the memorandum continued:

At present the Navy seem interested in such special crudes as:

- (1) 92-octane crude with a 15% gasoline content and from which at least 10% of diesel oil with a cetane number of above 45 is obtainable.
- (2) 89-octane crude whose gasoline content is about 20% or more and from which at least 20% of diesel oil with a cetane number of over 45 can be obtained.

Important considerations:- In our future dealings with this special account [the Japanese Navy] we should clearly bear in mind the following problems:

## (1) The Cetane number:

In the past when the Navy invited bids for aviation gasoline, they seemed concerned only with the percentage of gasoline content and the octane number of the refined gasoline together with its vapor pressure. Now, they have become keenly interested in the percentage of diesel content together with the cetane number thereof. According to one chemist at the Naval Refinery at Tokuyama, the Huntington Beach Crude mixed with casing-head gasoline meets most adequately the above requirements. He further states that as a diesel producing crude, the Bahrein crude is about the best one can find at present; it produces from 25 to 30% of diesel oil which has a cetane number of around 60.

## (2) Origin of the Crude:

The Navy want to have the origin of the product specifically stated on the bid: they contend that crudes coming from various sources all differ in their characteristics though they may be possessed of about the same octane number, thus making it necessary for them to treat each differently when refining.

B. Mitsubishi Statistics of American Oil Industry

Annexed to a letter of 6 June 1941 in Japanese from Mitsubishi New York to "Manager, Overseas Div., Fuel Dept., Tokyo, Re: Statistics of American Oil Industry" there is a set of twenty one sheets presenting "...list of oil refineries, giving daily crude charging capacity, daily cracking capacity and number of gas polymerization and other units, with daily capacity," in the United States for 1940. The plants in each of the states are listed from Arkansas to Wyoming and the type of plant is indicated with reference to processes and products. "A general summary of United States production of crude oil and refining capacity by districts and states year 1940" precedes the detailed list.

The covering letter states that the information was obtained from the American Petroleum Institute. A conference with officials of the Institute discloses that no special request for information was made by Mitsubishi and that no unpublished material was furnished them by the Institute. However, the Mitsubishi officials did consult and study the published material available to the public in the Library of the Institute

at 50 West 50th Street, New York, N.Y. A specialist in petroleum statistics of the Institute characterizes these facts and figures sent to Tokyo as a very good summary and reconciliation of the published material available in: "Information Circulars of the U. S. Bureau of Mines", "Oil & Gas Journal" (monthly); and other trade papers. No one source was copied verbatim. Although the compiler was not an oil man, because there were errors of interpretation due to the lack of knowledge of the industry, the report represents a great deal of intelligent and industrious work.

C. United States Oil and Gas Field Maps

On 11 June 1941 "W.J. Darcy Room 1155 - 120 Broadway, New York, N.Y." bought six copies of the United States Oil and Gas Field maps from the Oil and Gas Journal, Tulsa, Okla.

Darcy was an official of the Fuel Department of Mitsubishi's New York office and the address given was their address. It was intended apparently to hide the fact that the purchase was made for the Mitsubishi Company.

D. Statistics of Oil Industry - Netherlands East Indies

In the Mitsubishi file "Petroleum 1941" there is a two-page translation of an article that had appeared in the Dutch periodical Economisk Weekblad, entitled "Production and Export of Petroleum Products from 1931 to 1940". Attached are three graphs showing the production for the ten years in question in millions of kilos. The first graph indicates production of areas:

Sumatra  
Borneo  
Java            etc.;

the second indicates the quantities of the different petroleum products; and the third indicates the exports of various products.

E. Peruvian Crude Oil

Correspondence in Japanese, in May 1941, Mitsubishi New York to Mitsubishi Tokyo and Mitsubishi Santiago de Chile (copy to representative at Lima, Peru) indicates that plans were made for the lifting by tanker of crude oil from Peru. There is an eleven page letter in Japanese which apparently contains considerable data about Peruvian oil.

APPENDIX CJapanese Visitors and Places Inspected between 1929 and 19391. Tabulation summarizing information in Mitsubishi File marked "Visitors from Japan" up to December 1935

<u>Date</u>	<u>Visitor</u>	<u>Place or Interests</u>
30 August 1929	Capt. Tsuoda et al.	Avon Refinery, near San Francisco
25 February 1930	F. Ochiai	Tide Water Pipe Co., Bradford, Pa. Pennsylvania Oil Fields; Refinery at Bayonne, N.J.
27 August 1930	Commander J. Tokouda	Houston, Texas
Letter of five pages dated 8 August 1930 about "Commander J. Tokouda, I.J.N." Reports to Tokio about that officer's activities in the United States.		
5 February 1932	Dr. Sei-Ichi-Ueno	Wax Factory of Tide Water Oil Co.
11 February 1932	K. Mezaki of Sumitomo	Port facilities at New Orleans and at Brooklyn, N.Y.
14 May 1932	Prof. S. Nishioka	Refineries in Los Angeles district
15 August 1934	N. Kurokawa, Research Engineer of Petroleum Research Bureau, Dept. of Commerce & Industry, Japan	Oil Field & Refineries in California
7 December 1934	Shozu Yamaguchi of Fuel Dept. of Japanese Navy	Oil Fields and Laboratory of Tide Water Oil Co. in California
11 April 1935	Giiti Mita, Owner of Mita Co., Ltd.	Bayonne Plant of Tide Water Oil Co.
3 October 1935	Dr. Yamaguchi Ohtomo Suzuki	Bayonne Refinery of Tide Water Oil Co.
5 November 1935	T. Miyata, Managing Director of Asaka Shosen Kaisha Oil Fields	Oil Loading Terminals in Los Angeles and Avon Refinery near San Francisco

<u>Date</u>	<u>Visitor</u>	<u>Place or Interests</u>
8 May 1935	Prof. Sadao Iki of Meiji Semmon Gakko, Specialist in fuel, coal and oil and oil hydrogenation	Tide Water Oil Refinery Bayonne, N.J. Associated Oil Company Signal Hill Oil Field Los Angeles Oil Field Oil Refinery at Avon

(United States Navy did not permit such visits without special permission to be obtained from Washington; except visits to oil fields)

Conference with technical staff (Dr. Parson & Mr. Ballard) of Tide Water Oil Co. about low temperature carbonization.

"On 21 April 1936 he visited the refinery of the Tide Water Oil Co. at Bayonne.....and spent the entire day in an inspection of their facilities.....he was highly pleased with what he saw.....obtained considerable information.....of value to him. We [Mitsubishi-New York] have also arranged for him to meet the Chief Technologist of the Tide Water Oil Company, Dr. L.W. Parsons who will discuss with him his questions as to various fuel problems."

20 December 1935	Prof. Mito, Kobe Higher Marine School	Tide Water Bayonne Refinery Diesel Engine Lubrication
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2. More Recent Visitors through Various Japanese Companies

<u>Date</u>	<u>Visitor</u>	<u>Place visited and Interests</u>
13 January 1937	Lt. Com. Sumiki of Japanese Navy	To inspect oil storage facilities as follows:  Southwest - An inspection of the facilities of the HUMBLE REFINING CO. in the Sabine district of Texas (around Houston, Port Arthur and Beaumont.) "This was accomplished by our friends The States Marine Corp. in Houston and they have promised to escort Mr. Sumiki on his visit and help to make it interesting and educational. I am endeavoring to arrange through Mr. Walsh [of States Marine Corp.] for Mr. Sumiki to inspect the facilities of the Shell Refining Co. in the same district."



<u>Date</u>	<u>Visitor</u>	<u>Place visited and Interests</u>
		<u>West</u> - San Francisco branch has arranged. . . for Mr. Sumiki to inspect the various facilities for storage at San Pedro and Los Angeles. This has been done through the Associated Division of Tide Water Associated Oil Co. and in order to do it, it was necessary for them to secure the approval of the U.S. Military and Naval authorities in California.
20 August 1937	T. Tezuka of Mitsui	"Investigations of U.S. oil districts."
27 September 1937	Shingo Ando of Imperial Fuel Research Institute	To inspect U.S. Experimental Coal Hydrogenation Station
2 September 1937	Prof. Tanaka of Imp. University of Tokyo	Conferred with Dr. M.B. Cooke re Gyro process Wilshire Oil Refinery at Los Angeles
2 December 1937 20 December 1937	Messrs. Kurosawa & K. Kudo Eng. of Imp. Jap. Navy	To inspect Furfural installation of Gulf Oil at Port Arthur; of Magnolia Pet. at Beaumont, Texas
31 January 1938	Messrs. Akira Ogura and S. Moriya of Ogura Oil Co.	Visited Furfural Plants
22 May 1938	Akira Ogura and S. Moriya of Ogura Oil Co.	Visited Oil and dewaxing plant of Continental Oil Co., Ponca City, Okla.
17 May 1938	Soji Haga	Sought permission to visit the Hydrogenation Plant of Standard - I. G. Co. at Linden, N.J.
28 May 1939	Maj. Akashi of the Japanese Army Inspector's Office	Sought permission to visit oil fields and refineries on the West Coast of: Standard Oil Co. of Calif., Tidewater Associated Oil; Wilshire Oil; Richfield Oil; Shell Oil
29 August 1939	Harusue Fujimoto, Engineer Lieut. of Imperial Japanese Navy and Kazuo Nomura Naval Engineer	Sought permission to visit Gyro Unit of Pure Oil Company, Chicago, Ill.

APPENDIX DPlans for Joint Exploitation of Occupied China by Tidewater and Mitsubishi

The discussions held in July 1939 in Tokio between J. J. Lerman, Jr., of Tidewater Associated Oil Co. and Y. Mitani of Mitsubishi, mentioned above in Appendix B, were summarized in two letters from Mitani to Lerman, dated 18 and 24 July 1939.

These letters are interesting in view of the time element, when extensive areas of Northern and Central China had been occupied by the Japanese. It is also noteworthy that it was intended to get together and cooperate with Shell and Standard so as to "respect" their interests.

(Letter of 18 July 1939)

For your approval, we, hereby, submit a memorandum with reference to our conference of today.

Our Mr. Mitani opened the discussion with a few preliminary remarks concerning many difficulties involved in the proposed undertaking, and, then, went on to elaborate on the outline of our program as indicated in our letter No. 4, dated July 18. The most significant point our Mr. Mitani raised in the course of his speech, was in connection with the Idemitsu Co. about which your Mr. Turner mentioned in our first conference.

Mr. Mitani contended that while he has no doubt about the good business the Idemitsu Co. are enjoying in Shanghai as Mr. Turner says, it would be suicidal for such large and reputable business houses as the Mitsubishi to adopt the same method of operation; because it is clear that the sales of the Idemitsu & Co. are more or less at the mercy of such companies as the Shell and the Standard.

Whereas the Mitsubishi which have always maintained good relations with the governmental agencies and are rather influential in such circles, will definitely be in a favorable position to engage in the marketing of petroleum products in future in competition with the other oil companies.

Before concluding his speech, he stated on behalf of our Manager, Mr. Suzuki the following:

- 1) One of our fundamental policies with respect to the development of Chinese markets is that at all times we shall respect the interests of

such companies as the Shell and the Standard which have been well established in those areas and that we only claim the share of business to which we are entitled.

- 2) As one solution to the reassignment problems which have arisen due to the recent formation of a Sales Corporation, which is to handle the domestic sale of petroleum products in this country, our Fuel Department is contemplating transferring those men whose services are no longer needed in Japan Proper, to China, where we are short-handed; it is our policy to let as many employees as possible stay within the organization.

By way of reply to Mr. Mitani's statements, Mr. Turner made the following remarks:

- 1) He is very much in doubt as to the practicability of our idea to sell the Associated's products in American dollars in the Shanghai areas. To this, our Mitani replied that the question Mr. Turner raised had never occurred to him, and that he would look into that matter very carefully for further consideration.
- 2) As to the building of bulk plants Mr. Turner asked Mr. Mitani in case the Associated built plants and the Mitsubishi sold the Associated's products on a long credit basis, who would be the actual operator in Shanghai, the Associated or Mitsubishi. To this, Mr. Mitani replied that he was not ready to answer the question, but inasmuch as this is an essential point he should like to take up the matter at a later conference.

The conference came to an end by the following remarks of Mr. Turner; what the Mitsubishi are thinking of undertaking in Shanghai is, perhaps, the "toughest" problem we ever faced inasmuch as the territory involved is not in North China, which is Japanese 100%, but is in Central China, which is the melting pot of all kinds of international complications; the condition which is by no means temporary. Therefore, the plans under consideration would doubtless call for a genuine cooperation on both sides and also for a very far-sighted thinking.

(Letter of 24 July 1939)

For your approval, we hereby, submit our memorandum on the conference held at the above date.

Our Mr. Mitani opened the conversation by the statement that the Fuel Department of Mitsubishi Shoji has decided to concentrate its sales efforts on the Tsingtao areas as the first step towards the materialization of its comprehensive plans for the development of Chinese markets; inasmuch as other markets such as Shanghai, about which we exchanged views at a previous conference, call for a more deliberate planning on our part than we have done so far.

Our Mr. Mitani stated that in a very near future we shall be in possession of two bulk plants for fuel oil with a capacity of 3,000 tons each at a site situated in between the property of the Shell and that of the Texas. He, further, stated that the Fuel Department, in addition to the above storage facilities, is contemplating building bulk plants for both gasoline and kerosene (2 bulk plants for kerosene with a capacity of 3,000 tons and two others for gasoline with a capacity for 1,000 tons); for this plan the Fuel Department has already obtained an approval of the Directors and have received also an unofficial O.K. from the Government Authorities.

At this juncture, Mr. Mitani requested Mr. Oguma for figures on our estimated cost of the whole Tsingtao enterprise; figures are as follows:

For Fuel oil plants	Y250,000	or	Y300,000	
For Gasoline plants	Y400,000	or	Y400,000	[sic]
	<u>Y650,000</u>	or	<u>Y700,000</u>	

The above include expenditures for equipment used for making and filling cans as well as for drums.

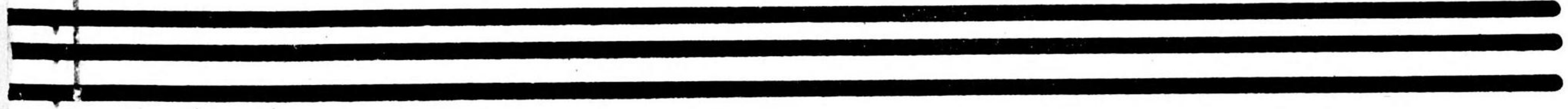
Our Mr. Mitani said our greatest difficulty in the case of the proposed bulk plants for both kerosene, and gasoline is that we at present have no idea where we can get the materials necessary for building them, and that the Mitsubishi are looking for the Associated for assistance in this matter. By way of reply, we presume, your Mr. Turner shrugged his shoulders, just remarking that at present the Associated have no bulk plants to spare, nor do they have any filling or canning equipment available for the Mitsubishi.

Then, rather seriously, he asked our Mr. Mitani if the Associated were to provide the Mitsubishi with materials needed for the construction of the proposed plants both for gasoline and kerosene, what would be the status of the Associated in the enterprise. To this, our Mr. Mitani replied that the Mitsubishi would probably want a 50 - 50 proposition, stating further he might work out something along the lines that we've built our Kawasaki plant.

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# JAPANESE FILES

## RESEARCH PROJECT



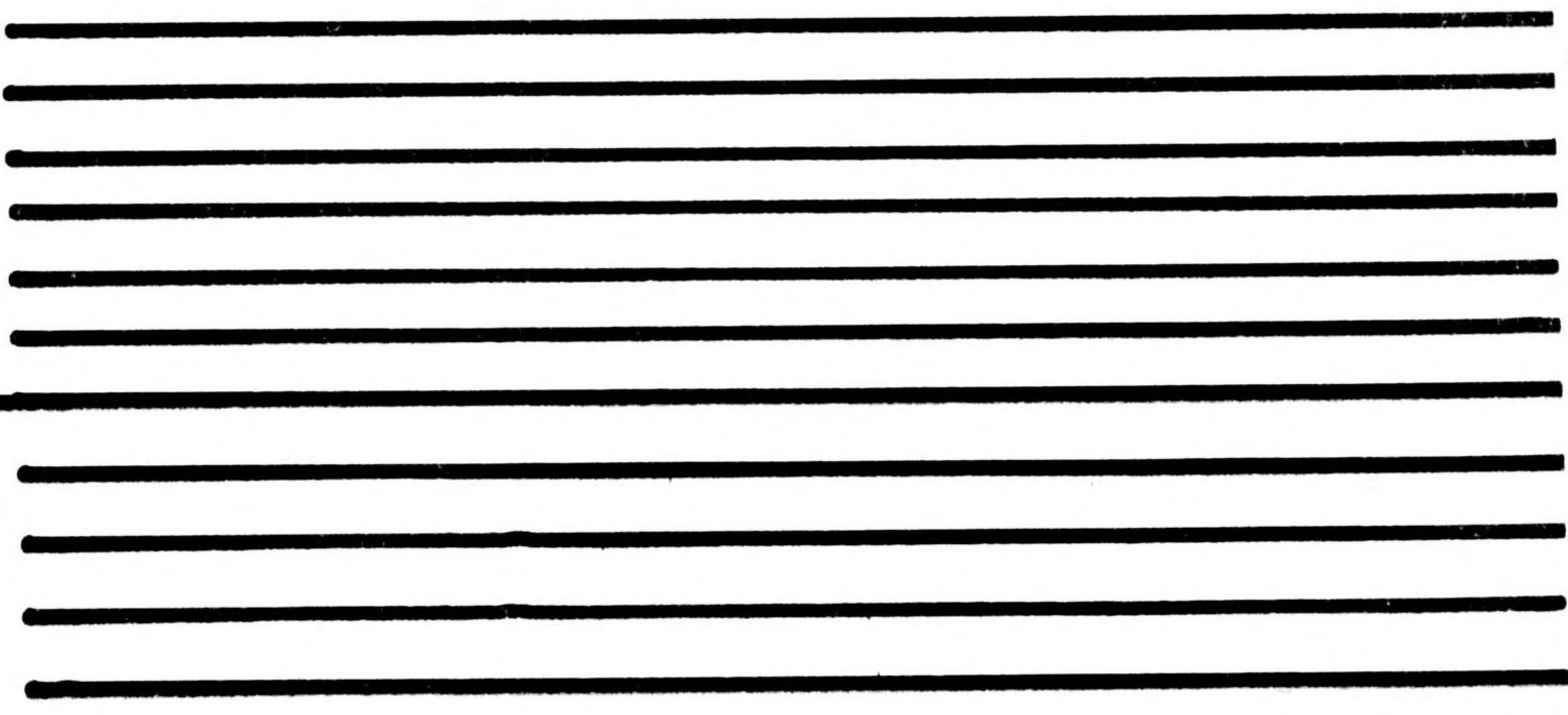
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