

GHQ/SCAP Records (RG 331, National Archives and Records Service)

Description of contents

- (1) Box no. 404
- (2) Folder title/number: (73)
463.7: Gasoline and Oil, Binder #1, 1 January 1949 thru 31 December 1949
- (3) Date: Feb. 1949 - Dec. 1949
- (4) Subject:

Classification	Type of record
560, 617	a, e, m
- (5) Item description and comment:

(6) Reproduction: Yes No

(7) Film no. _____ Sheet no. _____

(Compiled by *National Diet Library*)

463.7

(Mr. T. A. Murphy)
26-3851

Possible Existence of Petroleum in Ryukyus

G-4

NRS
Attn: Mr. Stach

29 DEC 1948

1.

1. Informal advice has been received from the Office of the Quartermaster General regarding the possible existence of petroleum in the Ryukyus.

2. The following extract of correspondence is forwarded for your information:

"This Office has recently received certain information regarding the possible existence of petroleum on the Island of Iriomote in the Ryukyus which we are passing on to you as a matter of possible interest.

Mr. Fred A. Thompson, an engineer in the Soil Conservation Service, Department of Agriculture, recently visited Iriomote Island on a government mission. While there he observed that the surface geology of the country was highly indicative of the presence of oil deposits and passed this information on to the Office of The Quartermaster General.

It is believed that the Japanese Government conducted a petroleum survey in the Ryukyus in 1938, but there is no record available here as to what it accomplished."

3. It is desired that the Petroleum Division, G-4, be advised of any findings in this matters.

Copy furnished:

Ryukyus Military Government

G. L. E.

G-4 ROUTING

A C/S G-4	_____
D AC/S G-4	_____
EXECUTIVE	_____
PLANS & POLICY	_____
OPERATIONS	_____
CONST & FAC	_____
TRANSPORTATION	_____
SUPPLY	_____
PETROLEUM	<u>gub</u>
BUDGET	_____
PERSONNEL	_____
ADMINISTRATION	<u>2</u>



94276

34 File

GD PET/ERC/TAM/mw

G-4 PETROLEUM DIVISION

28 December 1949

MEMORANDUM FOR RECORD:

Subject: Possible Existence of Petroleum in Ryukyus

1. Informal advice from OQMG discusses the possibility of the existence of petroleum on an island in the Ryukyus.
2. Phone conversation with Mr. Stach, Geologist, NRS, indicated interest and this checknote passes available information for evaluation.
3. The interest of RYCOM has been considered in this action.
4. Action is within established policy.
5. Petroleum Division follow-up suspense: None.
6. Initiated case, G-4 action completed.

TAM [Signature] (26-8851)

ERC [Signature]

G 4 File

547

2/17

G-4 ROUTING

- A C/S G-4
- SAC/S G-4
- EXECUTIVE
- PLANS & POLICY
- OPERATIONS
- CONST & FAC
- TRANSPORTATION
- SUPPLY
- PETROLEUM
- BUDGET
- PERSONNEL
- ADMINISTRATIVE

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

OUTGOING MESSAGE

GA/CPD KB/as

27 December 1949

~~RESTRICTED~~

SCAP TOKYO JAPAN

FROM:

DA WASH DC

PRIORITY

0-54173

FOR SAOUS OUSPL FREILE PD RE W NINE SEVEN TWO

463.7

EIGHT TWO AND W NINE SEVEN THREE THREE EIGHT DEC CMA AND OURMSG C

FIVE THREE SEVEN THREE FIVE NO PD THIS RAD IN TWO PARTS PD PART ONE

PD RE REFINING PROBLEM PD RQST RECRUITMENT OF QUALIFIED REFINING

EXPERT CMA STANDARD OIL DEVELOPMENT COMPANY CMA TO BE SECURED AS

EXPERT FOR PERIOD OF NINE ZERO DAYS WITH ETA JAPAN JAN FIVE ZERO PD

PART TWO PD RE TETRAETHYL PROBLEM PD RQST RECRUITMENT OF ONE MAN FOR

THREE ZERO DAYS CMA ETA JAPAN JAN FIVE ZERO

OFFICIAL:

APPROVED BY:

K. B. BUSH
Brigadier General, AGD
Adjutant General

for W. A. BEIDERLINDEN
Major General, GSC
Asst Chief of Staff, G-1

Copies to:

- CinC
- C/S
- G-2
- G-4
- AG
- AG OperDiv
- AG MiscBr
- ESS

M/R: C 53735, 30 Nov 49, rstd on advice as to avail-
ability of Douglas M. Roe of Ralph M. Parsons Company to
supervise starting and operating Japanese Oil Refineries.
W 97282, 9 Dec 49, rstd further info concerning status
of refineries and advised Parsons Co. recommended 4 man
engineer team on contract basis. W 97338, 10 Dec 49, ad-
vised problem discussed with representatives of Ethyl
Gasoline Corp. and they recommended indivs be recruited as
visiting experts. DA concurred in these recommendations
and rstd authority to employ as experts. Inst msg rsts

handling and transmission of literal
plain text of this message as copies
pendence of the same classification
has been authorized by the War
Department in accordance with the pro-
visions of paragraphs 16-C, 18-E, 53-A, 53-B, 53-C, 53-D, 53-E, 53-F, 53-G, 53-H, 53-I, 53-J, 53-K, 53-L, 53-M, 53-N, 53-O, 53-P, 53-Q, 53-R, 53-S, 53-T, 53-U, 53-V, 53-W, 53-X, 53-Y, 53-Z, 53-AA, 53-AB, 53-AC, 53-AD, 53-AE, 53-AF, 53-AG, 53-AH, 53-AI, 53-AJ, 53-AK, 53-AL, 53-AM, 53-AN, 53-AO, 53-AP, 53-AQ, 53-AR, 53-AS, 53-AT, 53-AU, 53-AV, 53-AW, 53-AX, 53-AY, 53-AZ, 53-BA, 53-BB, 53-BC, 53-BD, 53-BE, 53-BF, 53-BG, 53-BH, 53-BI, 53-BJ, 53-BK, 53-BL, 53-BM, 53-BN, 53-BO, 53-BP, 53-BQ, 53-BR, 53-BS, 53-BT, 53-BU, 53-BV, 53-BW, 53-BX, 53-BY, 53-BZ, 53-CA, 53-CB, 53-CC, 53-CD, 53-CE, 53-CF, 53-CG, 53-CH, 53-CI, 53-CJ, 53-CK, 53-CL, 53-CM, 53-CN, 53-CO, 53-CP, 53-CQ, 53-CR, 53-CS, 53-CT, 53-CU, 53-CV, 53-CW, 53-CX, 53-CY, 53-CZ, 53-DA, 53-DB, 53-DC, 53-DD, 53-DE, 53-DF, 53-DG, 53-DH, 53-DI, 53-DJ, 53-DK, 53-
53-DL, 53-DM, 53-DN, 53-DO, 53-DP, 53-DQ, 53-DR, 53-DS, 53-DT, 53-DU, 53-DV, 53-DW, 53-DX, 53-DY, 53-DZ, 53-EA, 53-EB, 53-EC, 53-ED, 53-EE, 53-EF, 53-EG, 53-EH, 53-EI, 53-EJ, 53-EK, 53-EL, 53-EM, 53-EN, 53-EO, 53-EP, 53-EQ, 53-ER, 53-ES, 53-ET, 53-EU, 53-EV, 53-EW, 53-EX, 53-EY, 53-EZ, 53-FA, 53-FB, 53-FC, 53-FD, 53-FE, 53-FG, 53-FH, 53-FI, 53-FJ, 53-FK, 53-FL, 53-FM, 53-FN, 53-FO, 53-FP, 53-FQ, 53-FR, 53-FS, 53-FT, 53-FU, 53-FV, 53-FW, 53-FX, 53-FY, 53-FZ, 53-GA, 53-GB, 53-GC, 53-GD, 53-GE, 53-GF, 53-GG, 53-GH, 53-GI, 53-GJ, 53-GK, 53-GL, 53-GM, 53-GN, 53-GO, 53-GP, 53-GQ, 53-GR, 53-GS, 53-GT, 53-GU, 53-GV, 53-GW, 53-GX, 53-GY, 53-GZ, 53-HA, 53-HB, 53-HC, 53-HD, 53-HE, 53-HF, 53-HG, 53-HH, 53-HI, 53-HJ, 53-HK, 53-HL, 53-HM, 53-HN, 53-HO, 53-HP, 53-HQ, 53-HR, 53-HS, 53-HT, 53-HU, 53-HV, 53-HW, 53-HX, 53-HY, 53-HZ, 53-IA, 53-IB, 53-IC, 53-ID, 53-IE, 53-IF, 53-IG, 53-IH, 53-II, 53-IJ, 53-
53-
AP 380-5. 6 March 1946

INFORMATION COPY

1 refining expert for 90 days, ETA Jan 1950 and 1 expert
to advise on tetraethyl problem for 30 days, ETA Jan 1950.
ESS (Lt Col Noyes) concurs. DC/S approved 25 Dec 49.

BROWN 26-5969

~~RESTRICTED~~

G-4 ROUTING

- A C/S G-4 _____
- D AC/S G-4 _____
- EXECUTIVE _____
- PLANS & POLICY _____
- OPERATIONS _____
- CONST & FAC _____
- TRANSPORTATION _____
- SUPPLY _____
- PETROLEUM _____
- BUDGET _____

Mr Wells, 26-6184

463.7

G-4 File

Demurrage of Hadachi Maru and Taisho Maru

CTS

22 DEC 1949

1. PERSONNEL ADMINISTRATION The attached correspondence from the Civilian Merchant Marine Committee is forwarded for your analysis and recommendation as to policy to be followed.

1 Incl
Ltr fr CMMC, 20 Dec 49

ERC

G. L. R.

GD PET ERC/JMW/ajb

G-4 PETROLEUM DIVISION

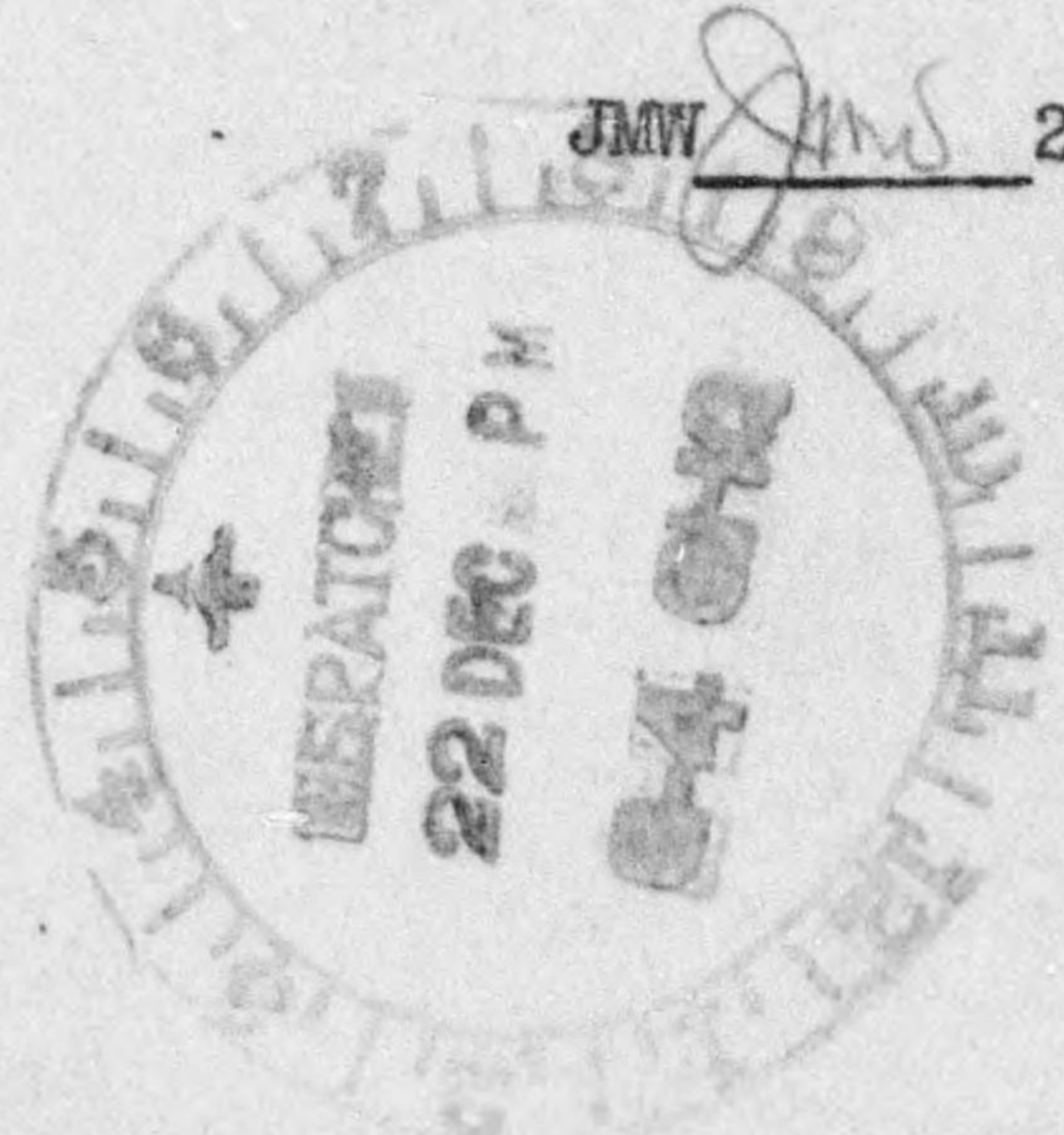
21 December 1949

MEMORANDUM FOR RECORD:

SUBJECT: Demurrage of Hadachi Maru and Taisho Maru

1. This C/N transmits a memo from CMMC, 20 Dec 49, on the subj of a claim for demurrage on two Japanese tankers, the Hadachi Maru and the Taisho Maru, to CTS for their analysis and recommendation as to policy to be followed.
2. The cargoes in question were consigned to Standard-Vacuum Oil Co. at Shimotsu alone with two other cargoes consigned to Shell at Tsurumi, the latter two being settled for by Shell without question. Therefore, these cargoes were commercial cargoes and come within the purview of CTS.
3. The interests of RYCOM are not affected by this action.
4. This action is within established policy.
5. Petroleum Division follow-up suspense: None.
6. Initiated case, G-4 action completed.

JMW JMS 26-6184 HCG WES GHM Bm CCR _____ ERC ELC



94126
Per

463.7

G-4 PETROLEUM DIVISION

GD PET/ERC/JMW/lc
20 Dec 49

MEMORANDUM FOR RECORD:

SUBJECT: Fuel Oil Used in Transporting Military Cargoes by Japanese Vessels

1. G-4 Journal No. 93990 covers C/N #1, subj: Fuel Oil Used in Transporting Military Cargoes by Japanese Vessels, 19 December 1949.

2. No action is required. This is for information only. The inclosure has been withdrawn by the Petroleum Division for reference and filing.

3. RYCOM is not affected by this action.

4. Action is within established policy.

5. Petroleum Division follow-up suspense: None.

6. Action completed on G-4 Journal No. 93990.

A C/S G-4	
D AC/S G-4	
EXECUTIVE	
PLANS & POLICY	
OPERATIONS	
CONST & FAC	
TRANSPORTATION	
SUPPLY	
PETROLEUM	<i>deh</i>
BUDGET	
PERSONNEL	
ADMINISTRATION	<i>lvt</i>

J.M.W. *JMW* (26-6184)
H.C.G. *HCG*
G.H.M. *GHM*
C.C.R. _____
E.R.C. *ERC*

G4 File



93990
deh

Mr. Spear 26-6175

Fuel Oil Used in Transportating Military
Cargoes by Japanese Vessels

CTS

G-4 Petroleum

1

1. References:

- a. C/N 1, CTS to G-4 Petroleum, above subject, 1 Sep 48.
- b. FEC ltr AG 453.7 (11 Sep 48)GD, subject, "Reimbursement for Petroleum products used in Transporting Military Cargoes by Japanese Vessels", 11 Sep 48.
- c. C/N 1, CTS to G-4 Petroleum, subject same as in reference b above, 11 Sep 48.

2. Inclosure 1 from COMNAVFE dated 12 Dec 49, subject, "Oil Consumed in Handling Military Cargo by SCAJAP Vessels", covers the report from SCAJAP of the oil that has been consumed in the past month for the account of the Army, and is forwarded for information purposes.

1 Incl
Memo, COMNAVFE
dtd 12 Dec 49

----- H.T.M. -----



463.7

G-4 ROUTING	
A C/S G-4	
D AC/S G-4	
EXECUTIVE	
PLANS & POLICY	
OPERATIONS	
CONST & FAC	
TRANSPORTATION	
SUPPLY	
PETROLEUM	
BUDGET	
PERSONNEL	
ADMINISTRATION	

(Lt. Col. G. H. Montgomery)
(26-6122)

Procurement of Crude Oil with Sterling

ESS

14 October 1949

1. As requested, G-4 has drawn up the attached specimen contract for the procurement of crude oil with sterling which embodies the conditions that G-4 considers necessary to fulfill its responsibilities for ordering in, allocation and distribution of crude oil to the Japanese refinery industry.

2. This specimen contract has not been checked with the Legal Section and it is recommended that in the event ESS decides to use this contract as written that it be submitted to the Legal Section for a thorough check.

3. The following comments are offered relative to the various clauses contained in the attached specimen contract:

a. In clauses 2, 3 and 6, pertinent notes have been inserted in parenthesis pertaining to these particular clauses.

b. Clause 7: Details of the method of payment have been left blank as this matter will depend upon who is the seller and where payment must be made. For F.O.B. cargoes payments are usually made against telegraphic advice of the quantities loaded. For C.I.F. cargoes payments are usually made upon presentation of the bill of lading and certificate of insurance.

c. Clause 8a (5) and 8b (3) c, the amount of demurrage has been left blank until agreed upon by the buyer and the seller.

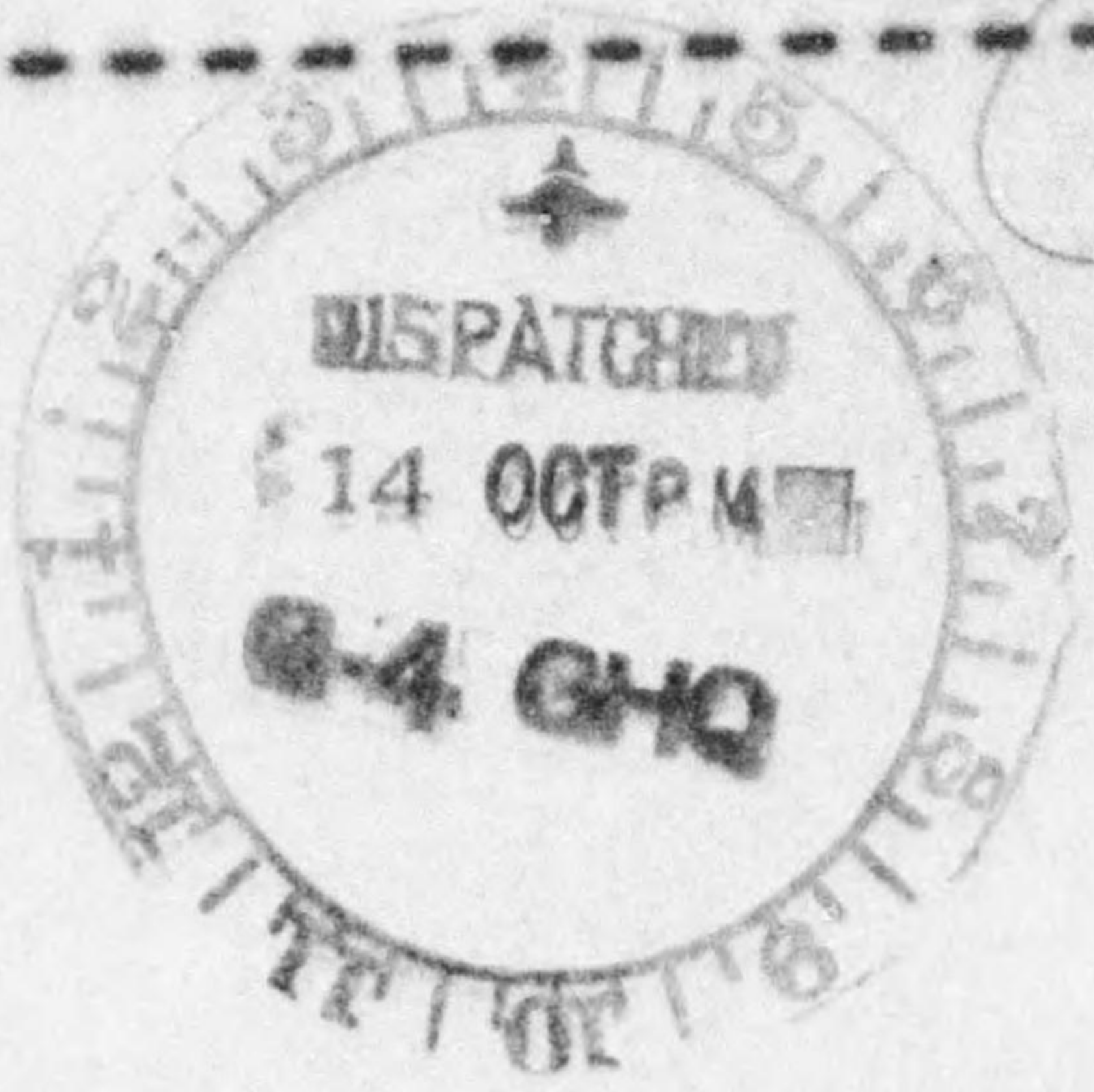
d. Clauses 11, 12, 13 and 14 can be completed in accordance with standard procedures. Similarly any additional standard clauses can be added.

4. As will be noted in the attached specimen, a large number of other blank spaces appear which can only be filled in following determination of a successful bidder, etc.

1 Incl
Specimen Contract

for cell

G. L. E.



RET
91158

G 4 File

GD PET/ERC/GHM/mw

G-4 PETROLEUM DIVISION

MEMORANDUM FOR RECORD:

14 October 1949

Subject: Procurement of Crude Oil with Sterling

1. By this action G-4 is submitting as per ESS request a specimen crude oil contract which embodies conditions which G-4 will require in discharging its assigned responsibilities.
2. RYCOM has been provided for in this action.
3. This action is within established policy.
4. Petroleum Division follow-up suspense: None.
5. Initiated case, G-4 action completed.

GDM sm (26-6122)

CCR blr

34 File

SPECIMEN CONTRACT

AN AGREEMENT dated theday of
19... made between.....located
at(hereinafter referred to as
"the Seller") of the one part and
(hereinafter referred to as "the Buyer") of the other part.

WHEREAS the Seller undertakes to supply and sell and the Buyer under-
takes to purchase and pay for and to take delivery of Crude Petroleum
in bulk for delivery in accordance with the terms and conditions
hereinafter specified.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. Duration.

This Agreement shall come into force on theday
of.....19.. and shall run concurrently with the delivery
period as set out in Clause 2 hereof unless terminated earlier by the
provisions in that regard contained elsewhere herein or by mutual
consent of both parties.

2. Quantity.

The quantities to be supplied hereunder shall comprise in
all..... and shall be for delivery

WHEREAS the Seller undertakes to supply and sell and the Buyer undertakes to purchase and pay for and to take delivery of Crude Petroleum in bulk for delivery in accordance with the terms and conditions hereinafter specified.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. Duration.

This Agreement shall come into force on theday of.....19.. and shall run concurrently with the delivery period as set out in Clause 2 hereof unless terminated earlier by the provisions in that regard contained elsewhere herein or by mutual consent of both parties.

2. Quantity.

The quantities to be supplied hereunder shall comprise in all..... and shall be for delivery in accordance with the following schedule:

(To be filled in after schedule is established.)

The Seller undertakes to deliver and the Buyer undertakes to receive as far as is reasonably practicable in accordance with the foregoing schedule.

3. Quality.

(To be filled in after quality standard is established by Buyer and Seller.)

4.

Inspection, Sampling and Certification of Quality

The quality of the Crude Petroleum contained in each cargo or part cargo supplied hereunder shall be certified in a Certificate of Quality drawn up and signed by an accredited commercial inspector mutually acceptable to the Buyer and Seller. The quality so certified shall be ascertained from samples taken as follows:

Prior to the commencement of loading six samples of a size appropriate technically to the nature of the tests required shall be taken from each of the shore tanks from which the Crude Petroleum in question is to be loaded, namely two from the top, two from the middle and two from the bottom. The samples from each tank shall then be bulked together in the same proportions as the quantities delivered from the respective tanks bear to the total quantity of the Crude Petroleum loaded.

At the same time reference samples shall likewise be drawn from the shore tanks in the same manner, and if the Buyer shall have an appointed representative present prior to the commencement of loading all reasonable facilities shall be extended to him on request to check the drawing of the said samples. The reference samples shall be divided into three sets each of a size appropriate technically to the nature of the tests required for determining the quality of the product in question and each set shall be sealed. One such set shall be handed

question is to be loaded, namely two from the top, two from the middle and two from the bottom. The samples from each tank shall then be bulked together in the same proportions as the quantities delivered from the respective tanks bear to the total quantity of the Crude Petroleum loaded.

At the same time reference samples shall likewise be drawn from the shore tanks in the same manner, and if the Buyer shall have an appointed representative present prior to the commencement of loading all reasonable facilities shall be extended to him on request to check the drawing of the said samples. The reference samples shall be divided into three sets each of a size appropriate technically to the nature of the tests required for determining the quality of the product in question and each set shall be sealed. One such set shall be handed to the Buyer or his representative, one such set shall be handed to the accredited commercial inspector and one shall be retained by the Seller.

5. Measurement.

The quantities delivered by the Seller to the Buyer shall be determined and certified by the accredited commercial inspector at the time of loading each cargo or part cargo by reference to measurements in the shore tankage from which the cargo or part cargo in question is drawn. All reasonable facilities shall be given on request to the Buyer's representative to enable him to check the dips and

calculations from which such measurements and the determination of the Bill of Lading quantity are calculated.

6. Price.

The price to be paid by the Buyer to the Seller for the quantity as shown in the Bill of Lading in respect of each cargo or part cargo delivered hereunder shall be established as follows:

(Prices to be inserted)

The aforesaid basic price shall be subject to adjustment in respect of each cargo as follows:

- (a) If the gravity of the oil loaded falls outside the range..... A.P.I. then for each degree or fraction of a degree above there shall be added..... per barrel and for each degree or fraction of a degree below there shall be subtracted..... per barrel.
- (b) If at the date when the vessel nominated for delivery of the cargo in question commences to load the straight average of (1) the prices posted at the well-head in the East Texas field and (2) the prices posted at the wellhead for West Texas (Sour) Crude of

The aforesaid basic price shall be subject to adjustment in respect of each cargo as follows:

- (a) If the gravity of the oil loaded falls outside the range..... A.P.I. then for each degree or fraction of a degree above there shall be added..... per barrel and for each degree or fraction of a degree below there shall be subtracted..... per barrel.
- (b) If at the date when the vessel nominated for delivery of the cargo in question commences to load the straight average of (1) the prices posted at the wellhead in the East Texas field and (2) the prices posted at the wellhead for West Texas (Sour) Crude of A.P.I. varies from an agreed index level of..... per barrel (corresponding to the mean between..... and..... respectively for the posted prices referred to above as at the) then for each rise or fall of..... per barrel in that index a corresponding increase or decrease shall be made to the basic value. For the purpose of this Clause the respective wellhead prices herein referred to shall be the mean of the prices posted by the Humble, Magnolia, and Texas Companies (or the

prices posted by such one or more of the said companies as are then posting prices). So long as schedules of the prices posted by the said companies are published in the National Petroleum News, the prices in question shall be ascertained by reference to those schedules.

The price as determined in the foregoing shall be exclusive of duties, taxes, imposts and duties of every description leviable upon petroleum products at the port of discharge, and if any such shall be incurred they shall be paid by the Buyer.

7. Payment.

Payment for each cargo or part cargo delivered hereunder shall be made in Pounds Sterling and shall be due immediately upon presentation of the Seller's invoice and supporting documents.

(Here will be inserted terms, conditions and details concerning method of payment.)

8. Delivery.

Delivery shall be made by the Seller to the Buyer on the basis of F.O.B., the Buyer's tank ship at..... or C.I.F. one safe port in Japan, at Buyer's option, such option to be expressed in writing..... days prior to the date of loading.

The risk and property in each cargo supplied hereunder

upon petroleum products at the port of discharge, and if any such shall be incurred they shall be paid by the Buyer.

7. Payment.

Payment for each cargo or part cargo delivered hereunder shall be made in Pounds Sterling and shall be due immediately upon presentation of the Seller's invoice and supporting documents.

(Here will be inserted terms, conditions and details concerning method of payment.)

8. Delivery.

Delivery shall be made by the Seller to the Buyer on the basis of F.O.B., the Buyer's tank ship at..... or C.I.F. one safe port in Japan, at Buyer's option, such option to be expressed in writing..... days prior to the date of loading.

The risk and property in each cargo supplied hereunder shall pass to the Buyer as the crude petroleum crosses the vessels rail at the loading port.

a. In the event of delivery on C.I.F. Basis:

(1) The Seller undertakes to arrange for procurement of the requisite tanker tonnage for the shipment %..... of the quantities specified in Clause 2 hereof, and to ship the said quantities by vessels directed to proceed to a safe berth to be designated by the Buyer.

(2) The Seller undertakes to procure insurance against marine risks on F.P.A. conditions to the full value of the cargo as determined under Clause 6 hereof, and to assign the benefit of the said insurance to the Buyer on receipt of payment in the manner prescribed in Clause 7 hereof.

(3) The Seller undertakes to arrange shipment under Bills of Lading which may incorporate any of the Charter Party conditions normally in use of tankers. Without prejudice to the generality of the foregoing such conditions shall be deemed to include specifically the provisions that:

- a Freight shall be earned on shipment whether the vessel or cargo be lost or not lost.
- b The cargo shall be pumped out of the vessel at the vessel's expense unless fire is not allowed on board in which event the Buyer undertakes to furnish free of cost the necessary steam to operate the vessel's pumps to their full capacity and for general purposes on board.

(4) The Seller undertakes in all cases to settle

Charter Party conditions normally in use of tankers.
Without prejudice to the generality of the foregoing
such conditions shall be deemed to include specifically
the provisions that:

- a Freight shall be earned on shipment whether
the vessel or cargo be lost or not lost.
- b The cargo shall be pumped out of the vessel
at the vessel's expense unless fire is not
allowed on board in which event the Buyer
undertakes to furnish free of cost the
necessary steam to operate the vessel's pumps
to their full capacity and for general pur-
poses on board.

(4) The Seller undertakes in all cases to settle
freight with the shipowners.

(5) Notwithstanding anything in the Bill of Lading
or Charter Party under which shipment is arranged the
Buyer shall not be responsible for demurrage at ports
of loading or discharge except as provided hereinafter,
that is to say:

The Buyer shall take delivery of each cargo
commencing six hours after written notice of readiness
to discharge has been given by the Master of the vessel
berth or no berth, as fast as the vessel can deliver

night and day, Sundays and Holidays included (provided work is so permitted by the competent Port Authority), and in any case at a rate of discharge not less than per day of 24 hours, in default of which the Buyer shall pay to the Seller demurrage at the rate of per running day of 24 hours or proportionately for any part of a day for any time taken to complete discharge in excess of the time allowed as in the foregoing. It is agreed that this liability as to demurrage shall be absolute and not subject to qualification by the provisions of Clause 12 hereafter.

(6) The Buyer undertakes to nominate a berth which vessels with a maximum draft of feet, an over-all length of feet, and a maximum beam of feet can always safely approach and at which they can always lie safely afloat.

(7) It is agreed that vessels not drawing more than feet shall not be compelled to lighter in order to get to the discharging berth but that if any lighterage of such vessels shall be undertaken for the purpose of reaching the berth the expense

allowed as in the foregoing. It is agreed that this liability as to demurrage shall be absolute and not subject to qualification by the provisions of Clause 12 hereafter.

(6) The Buyer undertakes to nominate a berth which vessels with a maximum draft of feet, an over-all length of feet, and a maximum beam of feet can always safely approach and at which they can always lie safely afloat.

(7) It is agreed that vessels not drawing more than feet shall not be compelled to lighter in order to get to the discharging berth but that if any lightering of such vessels shall be undertaken for the purpose of reaching the berth the expense thereof shall be for the Buyer's account and the whole delay consequent thereupon shall count as discharging time for the purpose of calculating the liability for demurrage under (5) hereof.

b. In the event of delivery on F.O.B. basis:

(1) Nomination of Vessel.

a The Buyer shall give the Seller at least 14 clear days' written notice commencing from the time the same is received by the Seller of the arrival at the loading port of each and

every vessel which the Buyer may nominate to load under this Agreement. The said notice shall indicate within a range of 20 days the expected time of arrival at the loading port the name of the vessel and the quantity to be loaded. If subsequently the expected time of arrival falls outside the range originally indicated the Buyer shall be required to renominate the vessel to the Seller for its acceptance failing which the Seller shall not be liable to the Buyer notwithstanding (3) hereof for any demurrage sustained by the said vessel at the loading port.

Notwithstanding anything contained in Clause 12 hereof, the time shall in no case begin under (3) hereof until the expiry of the notice required under the provisions of the present Clause unless the Seller shall actually have begun loading without protest as to the insufficiency of advice.

(2) Documentation.

The Buyer shall furnish to the Seller in writing, prior to the commencement of loading of the vessel, instructions for making up of the Bill of Lading and any particulars which it may be

said vessel at the loading port.

Notwithstanding anything contained in Clause 12 hereof, the time shall in no case begin under (3) hereof until the expiry of the notice required under the provisions of the present Clause unless the Seller shall actually have begun loading without protest as to the insufficiency of advice.

(2) Documentation.

The Buyer shall furnish to the Seller in writing, prior to the commencement of loading of the vessel, instructions for making up of the Bill of Lading and any particulars which it may be desired to communicate through the Seller to the Master of the vessel regarding the port or ports of discharge.

(3) Loading Conditions.

a Save as provided hereinafter each cargo or part cargo delivered hereunder shall be loaded F.O.B. the vessel nominated by the Buyer at a place to be indicated by the Seller or its representative which a vessel drawing not more than feet in salt water can safely reach, where she can lie always safely afloat, and whence she can safely depart fully laden.

b Subject always to the provisions of Clause 12 hereof the Seller shall load the Buyer's vessel at an average rate of not less than per running hour (Sundays and local and general holidays excepted) weather permitting. Running hours, subject to (1) hereof, shall commence from the time the vessel is ready at the port of loading, whether in berth or not; provided that six hours notice of such readiness has been given by the Master of the vessel to the Seller at the port of loading during its normal office hours. If lightering is necessary time occupied from the hour at which the vessel finishes loading to bar draught until one hour after dropping her anchor outside the bar to complete balance of the cargo shall not count as running hours. If the vessel is unable for any cause whatsoever to receive the cargo at the aforesaid average rate the Seller's obligation hereunder shall be reduced to loading the vessel at the average rate at which she is capable of taking the cargo, subject to the ex-

has been given by the Master of the vessel to the Seller at the port of loading during its normal office hours. If lighterage is necessary time occupied from the hour at which the vessel finishes loading to bar draught until one hour after dropping her anchor outside the bar to complete balance of the cargo shall not count as running hours. If the vessel is unable for any cause whatsoever to receive the cargo at the aforesaid average rate the Seller's obligation hereunder shall be reduced to loading the vessel at the average rate at which she is capable of taking the cargo, subject to the exceptions hereinbefore set out.

g If the vessel is not loaded within the time limit allowed in accordance with sub-paragraph b of this Clause the Seller shall pay to the Buyer demurrage in in respect of the excess time at the rate per day (or pro-rata for part of a day) then current for the size and type of tanker in question according to the scale published by

.....
8 (recognized authority)

9. Each Delivery to be a Separate Contract.
Each shipment or delivery hereunder is to stand as a separate contract.

10. Limitation on Assignment.
This Agreement shall not be assigned by either party hereto except with the express consent of the other party given in writing.

11. Disputes.

12. Force Majeure.

13. Interpretation.

14. Notices.

- 12. Force Majeure.
- 13. Interpretation.
- 14. Notices.

CONFIDENTIAL

G-4 MEETING	
A C/S G-4	_____
D AC/S G-4	_____
EXECUTIVE	_____
PLANS & POLICY	_____
OPERATIONS	_____
CONST & FAC	_____
TRANSPORTATION	_____
SUPPLY	_____
PETROLEUM	_____
BUDGET	_____
PERSONNEL	_____
ADMINISTRATION	_____

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 400.12

Lt. Col. G. H. Montgomery
 (26-6122)

Procurement of Crude Oil for Sterling

ESS 10 October 1949

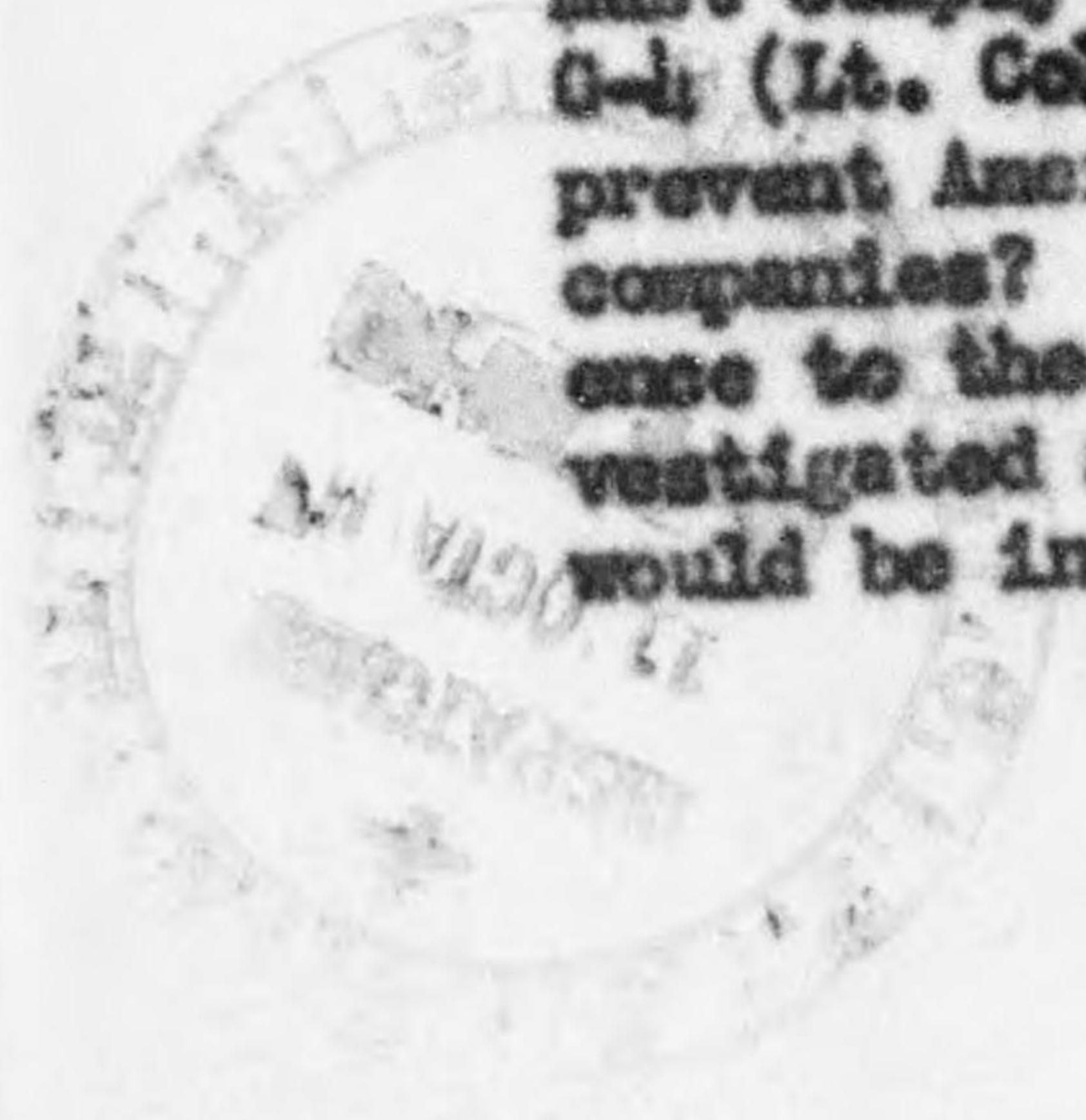
1. Reference GINCFE radio C-52273, 3 September 1949, which states:
 "We confirm that United States companies with sterling area residence or sub-
 sidiaries will receive equal treatment with British or Dutch firms and can
 compete for sterling."

2. This morning Mr. P. F. LeFevre, Far East Vice President for Caltex Oil Company, presented the following information to G-4 relative to procure-
 ment of crude oil for sterling:

a. Acting upon the advice of Mr. F. E. Pickelle, ESS Foreign Trade, Mr. LeFevre contacted the British Trade Mission for the purpose of securing first hand information as to the Caltex position in competing on an equal basis for SCAP's planned procurement of crude oil with sterling. Mr. Gilbert and Mr. Henley of the British Trade Mission informed Mr. LeFevre that even though Caltex might bid through a British subsidiary their account would be considered as an American account and as such they could bid, be awarded the business, deliver crude oil, receive sterling payment, but could not spend the proceeds due to sterling exchange controls.

b. Mr. LeFevre also contacted Mr. Mason, Manager of the Hongkong-Shanghai Banking Corporation, who in turn contacted Mr. Goodman of the British Mission as to whether or not American companies, if successful in bidding for SCAP's sterling procured crude oil would be able to acquire and use sterling on the same basis as British companies? As a result of this conversation it was the opinion of Mr. Mason that American companies could not compete freely with British companies and further that it appeared as though the only companies fully eligible to compete were the Shell Oil Company and the Anglo-Iranian Oil Company. It was further stated that SCAP officials were aware this condition existed.

3. On October 8, 1949, G-4 (Lt. Col. G. H. Montgomery) contacted ESS, Foreign Trade (Mr. R. W. Hale) relative to the clause inserted in the Japanese Government Invitation to Offer, Number BT 49-5859 (Revised) which stated "Provisions for payment in any offer made pursuant to this invitation must comply with requirements of the appropriate sterling exchange control." G-4 (Lt. Col. Montgomery) asked if insertion of this clause would in any way prevent American oil companies from competing on an equal basis with British companies? ESS (Mr. Hale) stated that it would not and made specific refer-
 ence to the Caltex case. He stated that the position of Caltex had been in-
 vestigated and that since they were bidding through a British subsidiary they
 would be in a position to compete freely.



CONFIDENTIAL

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 Pet.

CONFIDENTIAL

Lt. Col. G. H. Montgomery
(26-6122)

Procurement of Crude Oil for Sterling

G-4

ESS

10 October 1949

1.
(Cont'd)

4. During Col. Montgomery's recent visit to Washington, D.C. on petroleum matters he was called into conference by the Petroleum Committee of the Munitions Board. It was brought out that the Munitions Board was becoming very much concerned over the deteriorating world position of American oil companies as a result of increasing losses of world markets due to the world-wide dollar shortage and sterling exchange controls. It was explained that this loss of world markets by American Oil companies had very serious strategic implications. Irreparable damage could be done unless arresting action was taken. Col. Montgomery was asked: "Can American companies compete on an equal, fully competitive basis with British companies for crude oil purchased with sterling by SCAP, provided they are willing to accept sterling in payment?" Col. Montgomery stated that it was his understanding that American companies could freely compete with British companies but would radio SCAP for verification. Hence, radio ASPPA, No. 110, 2 September 1949, to SCAP was dispatched and was answered by CINCPAC radio C-52273, 3 September 1949, quoted above.

5. Since there appears to be a wide variance of opinion as to the position of American oil companies with respect to SCAP's procurement of crude oil with sterling and in view of the statement contained in CINCPAC radio C-52273 (Paragraph 1), the above information is passed to ESS for such action as may be deemed appropriate.

----- C. L. E. -----

34 File

CONFIDENTIAL

CONFIDENTIAL

GD FET/ERC/GHM/mw

G-4 PETROLEUM DIVISION

MEMORANDUM FOR RECORD:

10 October 1949

Subject: Procurement of Crude Oil for Sterling

1. Information contained in this action is self explanatory and is being passed on to ESS for such action as they deem appropriate.
2. RYCOM is not affected by this action.
3. This action is within established policy.
4. Petroleum Division follow-up suspense: None.
5. Initiated case, G-4 action completed.

GHM bm (26-6122)
 OOR blr
 ERC hca

34 FILE



CONFIDENTIAL

ROUTING	
AC/S G-4	
AC/S G-4	
EXECUTIVE	
PLANS & POLICY	
OPERATIONS	
CONST. & FAC	
TRANSPORTATION	
SUPPLY	
PETROLEUM	
BUDGET	
PERSONNEL	
ADMINISTRATION	



CONFIDENTIAL

Handwritten initials: V/G 3 7

Mr. Murphy
26-9851

Operation of Pacific Coast Refineries and Import of Crude Oil

ESS

1 SEP 1949

G4 File

1. Reference is made to ESS proposed informal memorandum for the Ministry of International Trade and Industry, subject as above, attached hereto as Inclosure 1.

2. The reference in paragraph 1b of Inclosure 1 to agreement reached in conferences appears to be in error inasmuch as G-4 representatives attended the conference held on 23 August 1949 only, at which time it was understood by G-4 representatives that no action would be taken to designate particular refineries until a study was made of the plan which representatives of the Japanese Government were instructed to submit to SCAP on or about 10 September 1949.

3. It is the opinion of G-4 that:

a. Restrictions and controls previously placed upon all Japanese refineries should be lifted simultaneously and without difference or distinction, except those on former Japanese military (arsenal) facilities. It is believed such action will permit all refiners to commence rehabilitation on an individual initiative basis, without implying assurance of crude oil supply or allocation, and will relieve SCAP agencies of the responsibility of designating any refiner as a permanent fixture in the industry.

b. G-4 concurs, generally, in the designation of the refineries described in paragraphs 2a and 3a of Inclosure 1, but considers the proposal to authorize 7,000 barrels per day to the Toa Nenryo Oil Company refinery at Wakayama as prejudicial to other refiners and proposes that the initial throughput authorization for all designated refiners be placed at 4,000 barrels per day, with the exception of the Daikyo Oil Company refinery at Yokkaichi which is otherwise provided for.

c. G-4 considers the designations described in paragraph 5 of Inclosure 1 unnecessary in view of the proposal described in paragraph 3 a, above. It is believed that the use of cracking coils alone at the Mitsubishi Oil Company refinery at Kawasaki and the Koa Oil Company refinery at Marifu is not essential, and that the cost of transportation facilities necessary to provide fresh feed to these two plants and the burden on such facilities is not justifiable.

4. In view of the important effect which the initiation of crude refining in Japan will have on G-4's responsibility for the petroleum supply program, G-4 proposes to submit a draft SCAPIN on the subject to the Chief of Staff for approval. Such a draft is attached as Inclosure 2. ESS comments are requested.

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G4 File

CONFIDENTIAL

Mr. Murphy
26-8851

Operation of Pacific Coast Refineries and Import
of Crude Oil

11 SEP 1949

G-4

ESS

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(cont'd)

5. In view of the sensitive nature of this subject, and the danger of unhealthy financial speculation that might result from the premature release of such information, it is requested that the names of the particular refiners nominated be classified as CONFIDENTIAL until release to the press is approved by the Chief of Staff.

2 Incls

- 1. ESS Proposed Informal Memo to MITI.
- 2. Proposed SCAPIN, subj: Operation of Pacific Coast Refineries and Import of Crude Oil

(E)

----- G. L. E. -----

GD PET/MHS/TAM/lea

G-4 PETROLEUM DIVISION

1 September 1949

MEMORANDUM FOR RECORD:

Subject: Operation of Pacific Coast Refineries and Import of Crude Oil

- 1. Inclosure 1 is a draft of a memo from ESS to Japanese Government re the operation of Pacific Coast Refineries, on which ESS requested G-4 comments.
- 2. There is difference of opinion between G-4 and ESS on the subject matter contained in Incl. 1, and this C/N to ESS discusses and defends the differences and transmits a proposed SCAPIN as Incl. 2 from G-4 to Japanese Government, and requests ESS comments thereon.
- 3. RYCOM is not affected by this action.
- 4. Action is within established policy.
- 5. Petroleum Division follow-up suspense: None.
- 6. Initiated case. G-4 action completed.

T.A.M. *[Signature]* 26-8851

M.H.S. *[Signature]*

CONFIDENTIAL

GENERAL HEADQUARTERS
FAR EAST COMMAND
Deputy Assistant Chief of Staff, G-4

31 August 49
(Date)

Patrol

Final form as revised

A. E. Forsyth
A. E. FORSYTH
Colonel, GSC

Deputy Assistant Chief of Staff, G-4

CONFIDENTIAL

D R A F T

C/N #1

Subj: Operation of Pacific Coast
Refineries and Import of Crude
Oil.

From: G-4

To: ESS

1. Reference is made to ESS proposed informal memorandum for the Ministry of International Trade and Industry, subject as above, attached hereto as Inclosure 1.

2. ^{reference in paragraph 1b of Inclosure 1 to} The ~~confirmation of~~ agreement reached in conferences ^{appears to be in error inasmuch as G-4 representatives} described in paragraph 1b of Inclosure 1 is not understood. ^{attended the} The agreement reached at ~~the~~ conference held on 23 August 1949, ^{only, at which time it was understood by} which was the only related conference in which G-4 representatives participated, included the understanding that no action would be taken to designate particular refineries until a study was made of the plan which representatives of the Japanese Government were instructed to submit to SCAP on or about 10 September 1949.

3. It is the opinion of G-4 that:

a. Restrictions and controls previously placed upon all Japanese refineries should be lifted ~~immediately~~, simultaneously and without difference or distinction, except those on former Japanese military (arsenal) facilities. It is believed such action will permit all refiners to commence rehabilitation on an individual initiative basis, without

CONFIDENTIAL

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CONFIDENTIAL

implying assurance of crude oil supply or allocation, and will relieve SCAP agencies of the responsibility of designating any refiner as a permanent fixture in the industry.

b. G-4 concurs, generally, in the designation of the refineries described in paragraphs 2a and 3a of Inclosure 1, ^{but} ~~G-4, however,~~ considers the proposal to authorize 7,000 barrels per day to the Toa Nenryo Oil Company refinery at Wakayama as prejudicial to other refiners and proposes that the initial throughput authorization for all designated refiners be placed at 4,000 barrels per day, with the exception of the Daikyo Oil Company refinery at Yokkaichi which is otherwise provided for.

c. G-4 considers the designations described in paragraph 5 of Inclosure 1 unnecessary in view of the proposal described in paragraph 3 a, above. It is believed that the use of cracking coils alone at the Mitsubishi Oil Company refinery at Kawasaki and the Koa Oil Company refinery at Marifu is not essential, ~~and~~ that the ~~burden~~ and cost of ~~transportation~~ facilities necessary to provide fresh feed to these two plants, ^{and the burden on such facilities} is not justifiable.

* 4. In view of G-4's clearly defined responsibility for supervision and control of both the GARIOA and military sponsored petroleum supply programs, of which crude oil processing is an integral part, surveillance of the refinery

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CONFIDENTIAL
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operation falls within the purview of G-4. Accordingly, instructions to the Japanese Government allied therewith should emanate from G-4.

5. Attached hereto as Inclosure 2, is a draft of a SCAPIN which G-4 proposes to submit to the Chief of Staff. ESS comments are requested.

5. ~~6~~. In view of the sensitive nature of this subject, and the danger of unhealthy financial speculation that might result from the premature release of such information, it is requested that the names of the particular refiners nominated be classified as ^{CONFIDENTIAL} ~~SECRET~~. *until release to the press is approved by the Chief of Staff.*

2 Incls:

1. ESS Proposed Informal Memo to MITI.
2. Proposed SCAPIN, subj: Operation of Pacific Coast Refineries and Import of Crude Oil.

CONFIDENTIAL

* 4. In view of the important effect which the initiation of crude refining in Japan will have on S-4's responsibility for the petroleum supply program, S-4 proposes to submit a draft SCAPIN on the subject to the Chief of Staff for approval. Such a draft is attached as enclosure 2. SSS comments are requested.

G-4 ROUTING

C/S G-4 _____

AC/S G-4 _____

EXECUTIVE _____

PLANS & POLICY _____

OPERATIONS _____

CONST & FAC _____

TRANSPORTATION _____

SUPPLY _____

PETROLEUM _____

BUDGET _____

PERSONNEL _____

ADMINISTRATION _____

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Lt. Col. M. H. Smith
 (26-6122)

Issue of Petroleum Products to Japanese Government,
 Including Issues to GMEC as Reimbursement for Fuel
 Used to Transport Military Cargoes in SCAJAP Vessels

ESS
 ATTN: Mr. Middleton
 Finance Division

AUG 29 1949

1. Investigation of the quantities of POL products issued to GMEC as reimbursement in kind to cover fuel used in SCAJAP vessels for transporting military cargoes indicates that such issues are in excess of the quantities authorized as stated in periodic authorizations from FEC Area Petroleum Office to CG 8th Army. It has been found that 8th Army is making such issues on the basis of lifting schedules submitted by COMNAVFE, and that these lifting schedules are being used as the authority for making the issues from 8th Army stocks. It is further indicated that no action is being taken by 8th Army to comply with the periodic authorizations for issue being furnished by the FEC Area Petroleum Office.

2. Authorizations for issue from 8th Army stocks to GMEC as reimbursement in kind are furnished by the FEC Area Petroleum Office in accordance with specific requests by Transportation Section to make issues in specific quantities and to charge such issues as issues to TSA account. Issues to cover reimbursement in kind are limited to such quantities actually consumed by SCAJAP vessels in transporting military cargoes which Transportation Section is required under existing SCAP Directives to reimburse the Japanese Government for the cost of performing service of transporting military cargo outside of Japan waters. COMNAVFE lifting schedules have been prepared on the basis that GMEC is to be reimbursed in kind for fuel used in transporting all military cargoes within or outside of Japan waters. Transportation Section, GMR, has requested that 8th Army be authorized to issue quantities of POL products to GMEC covering only the service of transporting cargoes outside of Japan waters, and FEC Area Petroleum Office authorizations to 8th Army have been limited to those quantities. All Japanese governmental agencies consuming petroleum products are required to draw their requirements from Japanese stocks, except for such items authorized to be delivered from 8th Army stocks on specific authorizations from the FEC Area Petroleum Office. The foregoing situation has resulted in the delivery of excessive quantities of petroleum products to GMEC which has neither been covered as an issue to TSA account or accounted for by the Japanese Government as a receipt, which the Japanese Government pays reimbursement into the counterpart fund.

3. Further investigation of this matter has indicated that funding for the cost of fuel required for use in the U. S. owned vessels in the SCAJAP fleet for transporting military cargoes within Japan was omitted from the indigenous budget as it was the understanding of the persons who prepared the budget estimates that all fuel consumed in these vessels was to be reimbursed in kind from 8th Army stocks.

G4 File

29 AUG 1949

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Lt. Col. N. H. Smith
(26-6122)

Issue of Petroleum Products to Japanese Government,
Including Issues to CMSC as Reimbursement for Fuel
Used to Transport Military Cargoes in SCAJAP Vessels

G-4

ESS
Attn: Mr. Middleton
Finance Division

AUG 27 1949

1.
(cont'd)

4. To seek a solution to the problem of how fuel issues to CMSC for use in the U. S. owned vessels in the SCAJAP fleet are to be handled, a conference was held at G-4 Petroleum Division Office on 23 August 1949. The following representatives of interested sections were present:

- Mr. H. T. Middleton, Finance Division, ESS
- Mr. J. W. Harrison " " "
- Lt. Col. N. H. Smith, G-4 Petroleum Division
- Mr. J. H. Wells " " "
- Comdr. J. J. Meola, COMNAVFE (SCAJAP)
- Mr. E. J. Spear, CTS
- Mr. G. A. Landry, Transportation Section
- Lt. Col. E. M. Slecker, G-4 Budget Section

The problem was outlined and a proposal was made that inasmuch as the vessels consuming the entire quantity of fuel being issued as reimbursement in kind are U. S. vessels utilized solely for service to the occupation, authority be granted to continue to issue these POL requirements direct to CMSC, and that such fuel and lube oils as is used to transport military cargo outside of Japan be issued as a charge to Transportation Service and such fuel and lube oils as is used to support occupation forces within Japan be charged as issues to CA/MG. This procedure was considered proper in that the POL requirements for operation of the U. S. owned vessels in the SCAJAP fleet are covered as an item in the GARICA budget. It was further agreed that such issues made direct to CMSC and charged as issues to the ~~Japanese economy~~ need not be paid for by the Japanese Government into the counterpart fund, it being determined that such issues, which are consumed in U. S. owned vessels operated solely for the occupation, are in the same category as fuel issues to U. S. owned vehicles operated by Military Government Teams. Such issues are charged to CA/MG under the GARICA program, and are not paid for by the Japanese Government into the counterpart fund.

Garica Program

5. Mr. Middleton and Mr. Harrison agreed to the foregoing, provided that provisions were made to effect the following:

- a. Resolve this matter in writing for formal concurrence of ESS.
- b. Provide for submission of monthly report of petroleum products issued to the Japanese economy under the GARICA-EROA programs, to show separately the quantities delivered to Japanese storage for which the Japanese Government is

G 4 File

Lt. Col. H. H. Smith
(26-6122)

**Issue of Petroleum Products to Japanese Government,
Including Issues to CMIC as Reimbursement for Fuel
Used to Transport Military Cargoes in SCAJAP Vessels**

G-4

ESS
Attn: Mr. Middleton
Finance Division

AUG 29 1949

1.
(cont'd)

required to make payment into the counterpart fund, and quantities issued direct to activities consuming products for support of the occupation which are not paid for by the Japanese Government into the counterpart fund. These quantities are to be priced to show costs incurred under the GARICA and ERO A programs to assist ESS in checking to insure that the Japanese Government makes proper payments into the counterpart fund. Transportation costs will be considered in these prices.

c. The quantity of POL products issued by PDK to CMIC for which PDK has not yet received payment for or reimbursement in kind for, be liquidated by an issue of POL to PDK from 8th Army's stock chargeable as an issue to GARICA. This quantity represents fuel used in U. S. owned vessels in the SCAJAP fleet in support of occupation forces in Japan.

d. No retroactive adjustment of quantities of POL issued to CMIC from 8th Army stocks as reimbursement in kind be made to effect changes in quantities charged to GARICA and TSA accounts.

6. Appropriate instructions to effect the foregoing will be issued by G-4. Request ESS comments and/or concurrence to the foregoing.

- Copies to:
- G-4 Budget
- CTS
- Trans Section
- COMNAVFE (SCAJAP)

Jan *blh*
----- G. L. E. -----

G 4 File

GD PET/CCR/MHS/mw

G-4 PETROLEUM DIVISION

MEMORANDUM FOR RECORD:

26 August 1949

Subject: **Issue of Petroleum Products to Japanese Government, Including Issues to CMMC as Reimbursement for Fuel Used to Transport Military Cargoes in SCAJAP Vessels**

1. This Checknote to ESS outlines problem encountered re issues of POL products to CMMC to cover fuel used by U. S. owned vessels in the SCAJAP fleet, explains agreements made by representatives of GHQ Sections concerned with the problem at a conference held 23 August 1949, and requests ESS concurrence to the points agreed to at the conference. Upon receipt of ESS concurrence, G-4 Petroleum Division will prepare necessary instructions to effect the procedures outlined in this Checknote.
2. RYCOM is not affected by this action.
3. This action is within established policy.
4. Petroleum Division follow-up suspense: None.
5. Initiated case, G-4 action completed.

Concurrences:

G-4 Budget Lt Col Slecker
 CTS Lt Col KW Gillespie
 Trans Sec Lt Col Rathbone
 COMNAVFE (SCAJAP) Comdr Mesler
 G-4 Tramp Sec Lt Col Cornutt

MHS [Signature] (26-6122)
 CCR [Signature]

SCAJAP

G-4 ROUTING	
A C/S G-4	_____
D AC/S G-4	_____
EXECUTIVE	_____
PLANS & POLICY	_____
OPERATIONS	_____
CONST & FAC	_____
TRANSPORTATION	_____
SUPPLY	_____
PETROLEUM	G-4 <i>guy</i>
BUDGET	_____

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Maj Byrne
26-6123

Proposed SCAPIN on Petroleum Policy.
ESS 28 AUG 1949

1. Reference is made to Check Note No. 1 from G-4 to ESS, Subject: Proposed SCAPIN on Petroleum Policy, 15 August 1949, was forwarded to ESS on 15 August 1949 for comment.
2. Request that ESS advise G-4 of action being taken relative thereto, and the date G-4 may expect a reply.

G4 File

G. L. E.



Pet

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G4 File

GD PET/CCR/RJB/HW

G-4 PETROLEUM DIVISION

MEMORANDUM FOR RECORD:

27 August 1949

Subject: Proposed SCAPIN on Petroleum Policy

1. By Checknote #1, 15 August 1949, subject: Proposed SCAPIN on Petroleum Policy, G-4 forwarded a proposed SCAPIN to the Japanese Government on the subject of petroleum policy to ESS for comment. This SCAPIN defines those controls to be retained by SCAP relative to petroleum and the petroleum industry in Japan and provides the Japanese Government with a broad, general policy relative to petroleum and the petroleum industry. The G-4 file copy indicates this Checknote was dispatched 1050, 15 August 1949. To date no reply has been received from ESS. Repeated inquiries made to responsible individuals in ESS by members of the Petroleum Division, G-4, as to when a reply may be expected have resulted in a negative response. Observation and past experience indicates that a reply to this Checknote is being delayed not because of an inability on the part of ESS to make a reply or the requirement of additional time for study, but primarily because of an unwillingness, on the part of some responsible individuals in ESS, to recognize and accept G-4's overall staff responsibility and jurisdiction in petroleum matters as announced in Staff Memorandum 36, GHQ, SCAP and FEC, 9 August 1949, subject: Area Petroleum Office.

2. This Checknote to ESS is in the nature of a follow-up and requests that ESS advise G-4 of action being taken thereon, and the date G-4 may expect a reply.

3. This action is within established policy.
4. RYCOM is not affected by this action.
5. Petroleum Division follow-up suspense: None.
6. Initiated case, G-4 action completed.

RJB [Signature] (26-6123)DAT [Signature]JOC [Signature]MHS [Signature]CCR [Signature]

G4 File

D R A F T

C/N #1

SUJB: Proposed SCAPIN on Petroleum Policy

From: G-4

To: ESS

1. Reference is made to Checknote #1 from G-4 to ESS, 15 Aug 49, subj: Proposed SCAPIN on Petroleum Policy, which was forwarded to ESS on 15 Aug 49 for comment.

2. Request that ESS ~~immediately~~ advise G-4 of the ~~date~~ subject checknote was received in ESS, ~~what~~ action ~~is~~ being taken relative thereto, and the date G-4 may expect a reply.

----- G. L. E. -----

G-4 DRAFT FOR FORMAL CONCURRENCE AND <u>for</u>	APP'D BY <u>R. H. # 27/8/49</u>
	Submission to C/S
	ig & Dispatch by G-4 ✓
	ig & Dispatch by DIV.

Memo for Record:

Subj: Proposed SCAPIN on Petroleum Policy.

1. By C/N #1, 15 Aug 49, subj: Proposed SCAPIN on Petroleum Policy, G-4 forwarded a proposed SCAPIN to the Japanese Government on the subject of petroleum policy to ESS for comment. This SCAPIN defines those controls to be retained by SCAP relative to petroleum and the petroleum industry in Japan and provides the Japanese Government with a broad, general policy relative to petroleum and the petroleum industry. The G-4 file copy indicates this C/N was dispatched 1050, 15 August 1949. To date no reply has been received from ESS. Repeated inquiries made to responsible individuals in ESS by members of the Petroleum Division, G-4, as to when a reply may be expected have resulted in a negative response. Observation and past experience indicates that a reply to this C/N is being delayed not because of an inability on the part of ESS to make a reply or the requirement of additional time for study, but primarily because of an unwillingness, on the part of some responsible individuals in ESS, to recognize and accept G-4's overall staff responsibility

D R A F T

GENERAL HEADQUARTERS
FAR EAST COMMAND

AG 463.7 () GD

APO 500

SUBJECT: Excessive Purchases of Gasoline

TO:

1. The records of the Quartermaster Sales Commissary show that during the month of _____, you purchased _____ gallons of gasoline, using Gasoline Station Permit No. _____.
2. The purchase of gasoline and oil is a privilege extended by the United States Government to specifically authorized individuals to provide for the needs of these individuals and their dependents only. Experience in Japan has indicated that 75 gallons per month per vehicle is an ample average allowance for proper and reasonable use of a private automobile.
3. Unless a satisfactory explanation is made of exceptional circumstances requiring additional gasoline, it is desired that you limit current and future purchases of gasoline to 75 gallons per month.

BY COMMAND OF GENERAL MacARTHUR:

ENCLOSURE (B)

D R A F T

and jurisdiction in petroleum matters as announced in Staff Memorandum 36, GHQ, SCAP & FEC, 9 Aug 49, subj: Area Petroleum Office.

2. This C/N to ESS is in the nature of a follow-up and requests that ESS ~~immediately~~ advise G-4 of ~~the date~~ subject C/N was received in ESS, ~~what~~ action ~~is~~ being taken thereon, and the date G-4 may expect a reply.

3. This action is within established policy.

4. Rycom is not affected by this action.

5. Petroleum Division follow-up suspense: None.

6. Initiated case, G-4 action completed.

RJB [Signature] (26-6123)

DAT

JOC [Signature]

MES [Signature]

CCR [Signature]

D R A F T

GENERAL HEADQUARTERS
FAR EAST COMMAND
APO 500

AG 463.7 () GD

SUBJECT: Excessive Purchases of Gasoline

THRU:

TO :

1. The records of the Quartermaster Sales Commissary show that during the month of _____, you purchased _____ gallons of gasoline, using gasoline Station Permit No. _____.

2. The purchase of gasoline and oil is a privilege extended by the United States Government to specifically authorized individuals to provide for the needs of these individuals and their dependents only. Experience in Japan has indicated that 100 gallons per month per vehicle is an ample average allowance for proper and reasonable use of a private automobile.

3. Unless a satisfactory explanation is made of exceptional circumstances requiring additional gasoline, it is desired that you limit current and future purchases of gasoline to 100 gallons per month.

BY COMMAND OF GENERAL MacARTHUR:

775009

G-4 ROUTING	
A C/S G-4	_____
D AC/S G-4	_____
EXECUTIVE	_____
PLANS & POLICY	_____
OPERATIONS	_____
CONST. & FAC. TRANSPORTATION	_____

4637

Subject: POL for Japanese Coastwise Shipping

To: G-4

Date: 25 July 1949

C O P Y

From: Chief, CTS

C/N 1 Cont'd.

6. In the early stages of the Occupation, there was more cargo than carrying capacity, so oil fuel allocations were made as large as imports would supply. However, when CTS by changing Japanese Government ship charter arrangements from "bare boat" to "time", vastly increased shipping efficiency, and the rationalization of the general economy caused reductions in the cargo to be moved, there was, in December 1948, a point where carrying capacity started to be excess to current needs. With the measures which CTS took to get better use of the cheaper large steel vessels in the trade for which they were better suited, the need of keeping the wooden vessels operating decreased.

7. While there is no doubt but that these wooden vessels would take much more fuel oil than they were allowed at the peak, CTS has steadily recommended reduction in this fuel oil allocation until now there is a total of 5000 tons per month allowed for all wooden vessels. This reduction has been decided by empirical methods, i.e., no accumulation of suitable cargo for movement means need for less oil - more accumulation of unmoved cargo means need for more oil.

8. However, you will note that all of this, while effective in reducing the need for dollar exchange, is strictly empirical. Nowhere in this picture, is there the logical balance of a man using imported fuel competing with a man using domestic coal fuel because he can do the job better at the same cost, or as good a job at less cost even though he is using imported fuel.

9. The point for consideration at this time is whether there is not some means whereby the commercial oil companies can get back into the market to supply part or all of these fuel desires at prices they are willing to charge and the customer is willing to pay. In making this suggestion, I can assure you that I understand that there are problems involved - not the least of which is our reluctance to establish a free yen-dollar exchange.

M. T. H.



Lt Col J.O. Clay (26-6123)

Date: 3 AUG 1949

To: ESS

G-4 considers that the problem outlined in the basic Checknote should be reviewed in accordance with the current study to effect removal of unnecessary controls upon the Japanese economy, and that as a first step toward achievement of the CTS objective expressed in the preceding Checknote, it is suggested consideration be given to measures which should be taken to eliminate price controls.

ja - G. L. E. - 8692P

C O P Y

Checknote #1

Subject: POL for Japanese Coastwise Shipping

From: Chief, CTS

To: G-4

Date: July 25, 1949

1. In the execution of the responsibilities of CTS concerning the operation of the Japanese coastwise shipping, certain facts have been noted concerning the POL supply of these vessels which indicate that a general re-study of the POL supply for Japanese commercial use may be in order.

2. General Information. One of the responsibilities of CTS involves the placing of Japanese coastwise shipping on a firm economic basis at the least cost to the Japanese economy generally. Japanese shipping comprises at the present time, three general categories:

1,304,000 tons (712 ships) - large steel vessels - mostly using coal.

70,000 tons (125 ships) - small steel vessels - mostly using oil fuel.

700,000 tons (about 17,000 ships) - small wooden vessels - mostly using oil fuel.

This oil fuel, as you know, is imported and involves dollar payment, while the coal is indigenous and in good supply (excess supply right now, probably due to faulty controls preventing proper distribution).

3. The steel vessels are now controlled by the Japanese Government with their cargo booked through the Japanese Government and the vessels operated by the Japanese Government under time charter from the owners. The wooden ships are virtually uncontrolled, except that about 3,500 out of a total of about 17,000 are booked through the West Japan Coal Company and various other semi-official central agencies. The wooden vessels are authorized to charge from five to six times the rates permitted the large steel vessels, although there now is considerable cutting of those rates. About half of the wooden vessels and a considerable number of the steel vessels are idle.

4. The wooden vessels can charge a somewhat higher rate than the large steel vessels because their lighter craft permits them to load at a warehouse as one of the canals behind the harbor, proceed through the harbor to the harbor of destination and thence into a canal for discharge. On the other hand, the large steel vessel requires truck or lighter use at either end of its trip.

5. These considerations mean that the smaller, less sturdy, wooden vessel has a proper place in local traffic on protected waters, while the more efficient large steel vessel is much cheaper for longer, more exposed, hauls.

G 4 File

G 4 File

CD PET/CCR/JOC/mw

G-4 PETROLEUM DIVISION

MEMORANDUM FOR RECORD:

1 August 1949

Subject: POL for Japanese Coastwise Shipping

1. By Checknote, subject: POL for Japanese Coastwise Shipping, CTS presented to G-4 the question of whether or not at this time there are some means whereby the commercial oil companies can go back into the market to supply all or part of the petroleum fuel requirements for Japanese coastwise shipping on a competitive and unrestricted basis.

G 4 File

2. Japanese shipping is listed in the above Checknote in 3 categories as follows:

1,304,000 tons (712 ships) - large steel vessels - mostly using coal

70,000 tons (125 ships) - small steel vessels - mostly using oil fuel.

700,000 tons (about 17,000 ships) - small wooden vessels mostly using oil fuel.

3. Shipping as listed above indicates that there is a division in tonnage between coal burning vessels and oil burning vessels. Those using coal can be supplied from indigenous production, while those burning oil must be supplied from imported products purchased with GARIOA funds. An effort has been made by CTS to increase the efficiency of operation in the Japanese coastwise shipping by more active use of the larger coal burning steel type vessels and by changing the Japanese Government ship charter arrangements from "bare boat" to "time."

4. By telephone conversation between Col. Miller, CTS, and Lt. Col. Clay, G-4, on 27 July 49, it was explained that the main desire of CTS in writing this Checknote was to present to higher authorities the idea that the lack of an established free Yen-Dollar exchange is retarding the development of the Japanese economy. From the standpoint of Japanese coastal shipping interests it is essential to sound development that every effort be made to reduce complicated procedures, red tape, and involved governmental operations, and return to free and open competition at the earliest possible date.

5. This action states that G-4 considers that the problem outlined in the basis Checknote should be reviewed in accordance with the current study to effect removal of unnecessary controls upon the Japanese economy, and that as a first step toward achievement of the CTS objective expressed in the preceding Checknote, measures should be taken to eliminate price controls. In view of ESS interest in this subject and solution to above listed question, Checknote No. 1 was forwarded for their consideration and comments.

G 4 File

Memo for Record:
Subject: POL for Japanese Coastwise Shipping, 1 August 1949

- 6. The interests of RYCOM are not affected by this action.
- 7. This action is within established policy.
- 8. Petroleum Division follow-up suspense: None.
- 9. Action completed on G-4 Journal Number 86928.

G 4 File

JOC [Signature] (26-6123)
 RJB [Signature]
 DAT [Signature]
 GHM [Signature]
 GCR [Signature]

Lt. Col. J. O. Clay
(26-6123)

From: G-4

To: ESS

Date:

2.

G-4 considers that the problem outlined in the basic Checknote should be reviewed in accordance with the current study to effect removal of unnecessary controls upon the Japanese economy, and that as a first step toward achievement of the CTS objective expressed in the preceding Checknote, ~~measures should be taken to eliminate price controls.~~ *it is suggested consideration be given to measures which should be taken to eliminate price controls.*

-----G. L. E.-----

CONFIDENTIAL

463.7

Following is copy of Checknote #1

File No. 463.8 (2 Jul 49) ESS

Subject: Application for Permission to Import Crude Oil to Japan

From: ESS

To: G-4

Date: 2 Jul 1949

PERSONNEL ADMINISTRATION References are:

- a. SCAPIN 6595-A, subject, same as above, 23 May 1949.
- b. C/N No. 1 from G-4 to G/S through ESS, subject: same as above, 2 May 1949, and C/N No. 2 from FIB to G-4, same subject, 19 May 1949.

2. Prior to the return by ESS (C/N No. 2, reference 1b) of the draft of reference SCAPIN to G-4 for completing action, C/N No. 1, referenced above, was inadvertently not referred to ESS/IND.

3. ESS, as stated in C/N No. 2 of reference 1b, concurs in the transaction between Caltex Oil (Japan) Ltd. and Nippon Oil Co., however, the selection of refinery for refining the 20,000 tons of crude oil to be received by Nippon Oil Co. does not conform with ESS's intended plan for rationalizing refining operations in the indigenous crude producing area; further, inadequate receiving facilities at Niigata would make it difficult and expensive to receive crude in that area. Approval by the Chief of Staff is expected momentarily on a staff study permitting the import of crude oil and operation of the Pacific Coast refineries; processing of the 20,000 tons of crude can be satisfactorily accomplished in one of these plants owned by Nippon Oil Co.

4. In view of the foregoing, ESS will take appropriate action to have the oil refined on the Pacific Coast upon receipt of approval from the Chief of Staff.

W. F. H.

Lt. Col. L. H. Montgomery (26-6122)

1 AUG 1949

2. From: G-4

To: ESS

Date:

1. With reference to Checknote #1, the 20,000 tons of crude oil import by Caltex Oil (Japan) Limited, as the purchase price for certain real property of the Nippon Oil Company, G-4's position is:

a. At the time this transaction was approved it was definitely stipulated that this crude would be utilized by the Nippon Oil Company in bringing their Niigata Refinery up to capacity operation for the period of approximately one year, thereby providing SCAP with a yard stick upon which to base refinery costs and production capabilities of refineries in the indigenous area.



CONFIDENTIAL

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G4 File

CONFIDENTIAL

Lt. Col. G. H. Montgomery
(26-6122)

Application for Permission to Import Crude
Oil to Japan

G-4

ESS

2.
Cont'd

b. So long as Nippon Oil Company confines their activities to the limitations stipulated in their application to SCAP, which was duly approved in SCAPIN 6595-A, 23 May 1949, G-4 considers that this transaction is a private business deal and does not come within the scope of the program for importing oil referred to in paragraph 2 of Checknote #1.

2. In view of the foregoing, G-4 does not concur in the action proposed by ESS in Checknote #1, and considers that the 20,000 tons of crude oil in question is the property of Nippon Oil Company and that as such they should be permitted to refine and distribute the products derived therefrom (subject to Japanese Government Petroleum Rationing Regulations) in such manner as they deem advisable.

(E)

----- G. L. E. -----

G 4 File

CONFIDENTIAL

G 4 File

CONFIDENTIAL

GD PET/GCR/GHM/mw

G-4 PETROLEUM DIVISION

MEMORANDUM FOR RECORD:

30 July 1949

Subject: Application for Permission to Import Crude Oil to Japan

1. References:

a. In a Memorandum to GHQ, SCAP, C.L.C.O. No. 927 (2P), 5 April 1949, subject: Application for Permission to Import Crude Oil to Japan, the Japanese Government transmitted an application of Caltex Oil (Japan) Limited, certain real property for which Caltex proposed to pay approximately 20,000 long tons of crude oil. It is stipulated in this application that this crude oil will be delivered as required by the Nippon Oil Company, Limited, to the port of Niigata and will be received by the Nippon Oil Company, Limited into their tankage at that port for ultimate refining in the Kashiwazaki Refinery of the Nippon Oil Company.

b. By Checknote from G-4 to the Chief of Staff through ESS, 2 May 1949, same subject, a proposed SCAPIN to authorize the Japanese Government to approve the importation of crude oil as a one-time exception to paragraph 2 of SCAPIN 640, 21 January 1946, subject: Crude Oil Imports, was transmitted to the Chief of Staff for approval. G-4 received by Checknote from the Foreign Investment Board the proposed SCAPIN bearing Chief of Staff approval for final action and transmission of same to the Japanese Government.

c. Memorandum for the Japanese Government from GHQ SCAP, AG 463.7 (5 Apr 49)GD, SCAPIN 6595-A, 23 May 1949, subject: Application for Permission to Import Crude Oil to Japan, reads as follows:

"The application transmitted by reference 1b (refer to 1a above) is approved as a one-time exception to paragraph 2 of reference 1a."

d. In subject Checknote from ESS to G-4, AG 463.8 (2 Jul 49) ESS, 2 July 1949, subject: same as above, it is pointed out that although ESS concurred in the transaction between Caltex and Nippon Oil Company, the selection of the refinery for refining the 20,000 long tons of crude oil does not conform to the ESS intended plan for rationalizing refining operations in the indigenous crude producing area; further, inadequate receiving facilities at Niigata would make it difficult and expensive to receive crude in that area. In view of the foregoing, ESS states that they propose to take appropriate action to have the oil refined on the Pacific Coast in refineries of their choice, upon receipt of approval from the Chief of Staff authorizing the import of crude oil and operation of the Pacific Coast Refinery.

CONFIDENTIAL

G 4 File

G 4 File

CONFIDENTIAL

Memo for Record

Subj: Application for Permission to Import Crude Oil to Japan, 30 Jul 49

2. This action advises ESS that G-4 considers the import of 20,000 long tons of crude oil by the Caltex Oil (Japan) Company as separate and distinct from the contemplated importation of crude oil procured from appropriated and non-appropriated funds under SCAP's control. It is further considered that the action of ESS in effect would tend to stifle the efforts of private enterprise to engage in business within Japan. Finally, it is considered that the action of ESS is not in accord with the desires of the Supreme Commander for the Allied Powers to eliminate unnecessary controls. For the reasons stated G-4 does not concur in the scheme proposed by ESS in subject Checknote.

3. RYCOM is not affected by this action.
4. Action is within established policy.
5. Petroleum Division follow-up suspense: None.
6. Action completed on G-4 Journal Number 86764.

GHM ghm (26-6122)

JOC _____

CCR old

G 4 File

CONFIDENTIAL

G 4 File

RESTRICTED

COPY



CHECK SHEET

Mr Pollock 26-6709
HGS/RYG/CMP/jm

G-4 File

NR 642 017

Subject: Entry of Foreign Capital to Develop Petroleum Resources in Japan

1 From: NR

To: G-4/PAG

Date: 17 May 1949

1. As you are aware, this section is preparing a staff study to establish policy regarding entry of foreign capital to develop petroleum resources.

2. In connection with this study, it is now desired to include the following as appendices: (a) A statement affording proof of the degree of interest currently shown by foreign oil companies in being afforded an opportunity to participate in exploration for and development of petroleum resources in Japan; and (b) historic examples showing the order of magnitude of capital investments made in the past by major companies in foreign lands in order to discover producing fields, and the length of time taken to obtain any financial return.

3. Your cooperation in preparing the above appendices is invited.

H. G. S.

2

From: G-4

To: NR

Capt Travis 26-6123
Date: JUL 21 1949

1. Inclosed are statements relative to basic subject from Shell, Caltex, Standard-Vacuum and Tidewater-Associated Companies, with particular reference to the data solicited in paragraph 2a of Checknote #1.

2. There are also inclosed excerpts from "American Operations Abroad" by Leonard M. Fanning (McGraw-Hill, 1947) with reference to the inquiry made in paragraph 2b of Checknote #1.

3. Delay in replying to basic checknote is due to the necessity for securing an expression of opinion from the parent companies referred to in paragraph 1 above. It has not been possible to secure the opinions of other petroleum companies.

G-42 ROUTING	
A C/S G-4	1. Statements from Oil Companies (4, in dup)
D AC/S G-4	2. Excerpts from "American Operations Abroad." (dup)
EXECUTIVE	_____
PLANS & POLICY	_____
OPERATIONS	_____
CONST & FAC	_____
TRANSPORTATION	_____
SUPPLY	_____
PETROLEUM	_____
BUDGET	_____
PERSONNEL	_____
ADMINISTRATION	_____

for G. L. E.

RESTRICTED

83122

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GD PET/CCR/DAT/lea
G-4 PETROLEUM DIVISION

20 July 1949

MEMORANDUM FOR RECORD:

Subject: Entry of Foreign Capital to Develop Petroleum Resources in Japan

1. By C/N, NR 642 (17 May 49), subj: Entry of Foreign Capital to Develop Petroleum Resources in Japan, 17 May 1949, the Petroleum Advisory Group were requested to secure, for inclusion as appendices to a study being prepared on the basic subject:

a. A statement affording proof of the degree of interest currently shown by foreign oil companies in being afforded an opportunity to participate in exploration for and development of petroleum resources in Japan.

b. Historic examples showing the order of magnitude of capital investments made in the past by major companies in foreign lands in order to discover producing fields and the length of time taken to obtain any financial return.

2. This action forwards to NR the data requested in basic C/N and explains that the delay in replying was due to the necessity of securing the expressed opinion from the parent petroleum companies.

3. RYCOM is not affected by this action.

4. Action is within established policy.

5. Petroleum Division follow-up suspense: None.

6. Action completed on G-4 Journal No. 83122.

D.A.T. , 26-6123R.J.B. J.O.C. G.H.M. C.C.R.

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4637

Lt Col Montgomery
26-6123

Board of Trade (Boski Cho) Procedure with Respect to
Importation and Distribution of Petroleum Products

JUN 1949

G-4

ESS

- (1) 1. Request ESS concurrence in the inclosed directive to the Japanese Government (SCAPIN), which prescribes the procedure for transfer of title of imported petroleum products from the Japanese Government to commercial distributors.
2. The purpose of this SCAPIN is to completely withdraw the Japanese Government from the business of physically receiving and delivering these products to distributors, and to establish this process in accordance with the usual commercial practice.

G-4 File

1 Incl
SCAPIN, with M/R

Fryatt

G-4 ROUTING	
A C/S G-4	_____
D AC/S G-4	_____
EXECUTIVE	_____
PLANS & POLICY	_____
OPERATIONS	_____
CONST & FAC	_____
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ADMINISTRATION	<i>DB</i>



Ret
84179

G-4 File

D R A F TGD/PET/REG/GHM/rk
3 June 1948GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
APO 500AG ()GD
SCAPIN

MEMORANDUM FOR: JAPANESE GOVERNMENT

THROUGH: Central Liaison Office, Tokyo

SUBJECT: Board of Trade (Boeki Cho) Procedure with Respect to
Importation and Distribution of Petroleum Products

1. Reference:

Memorandum for the Japanese Government from General Headquarters, Supreme Commander for the Allied Powers, 3 April 1946, AG 334 (3 Apr 46) ESS/IE, SCAPIN 854, subject: Board of Trade (Boeki Cho).

2. On the effective date of the next official petroleum price schedule issued after receipt of this directive, the Japanese Government will transfer all petroleum and petroleum products (hereinafter referred to as petroleum) procured from United States Government appropriated and non-appropriated funds into commercial channels by the following procedures:

a. When delivery of petroleum is made to the Japanese Government in Japan, either by direct shipment from abroad or from local United States Government stocks, the Board of Trade (Boeki Cho) will take title by signing a receipt on behalf of the Japanese Government and will then immediately sell the entire delivery to the petroleum distributor (or distributors) as designated by the Minister of Industry and Foreign Trade.

b. When delivery of petroleum is made to the Japanese Government aboard ship, the Board of Trade will take title by signing a receipt on behalf of the Japanese Government, and, upon arrival of the cargo in Japan, will sell the entire cargo, less the carrying ship's bunkers, if any, to the petroleum distributor (or distributors) as designated by the Minister of Industry and Foreign Trade.

Incl #1

c. Title to the petroleum will pass from the Board of Trade to the buying distributor aboard incoming ship, or at the point where released by the United States Government. Thereafter, the distributor will have sole responsibility for the petroleum in accordance with the distribution procedures established by the Ministry of Industry and Foreign Trade.

d. In the next petroleum price schedule, provision will be made in the distributor's margin (difference between distributors' buying price from the Board of Trade and distributors' selling price) to cover import duty, bill of lading loss, unloading, transfer charges from local United States Government storage and any charges incidental to the receipt of petroleum in addition to other distribution expenses.

2. The Japanese Government will not engage in the physical handling of petroleum. All activities relating to physical handling of petroleum, such as transfer from incoming ships, transportation of products to distributors' facilities, distribution and sale of products to consumers, will be performed by private enterprise.

3. Existing procedures regarding distribution of funds collected by the Board of Trade (Boeki Cho) and/or the Foreign Trade Kodan from the petroleum distributors are not affected by this memorandum.

FOR THE SUPREME COMMANDER:

Concurrence:

ESS _____

Incl # 1

D R A F T

G-4 PETROLEUM DIVISION

GD PET/REC/GHM/rk

5 June 1949

MEMORANDUM FOR RECORD:

Subject: Board of Trade (Boeki Cho) Duties with Respect to Importation and Distribution of Petroleum Products

1. Coincident with the dissolution of the Petroleum Distribution Kodan on 1 April 1949, and assumption of responsibilities for receipt, storage and distribution of petroleum products to the Japanese economy by private enterprise, it was the intent of the SCAP that the Japanese Government would no longer engage in the petroleum business other than the promulgation and enforcement of governmental regulations necessary to control the activities of the industry and to effect equitable distribution of the limited quantity of petroleum products available.

2. Since April 1st it has been found that the Japanese Government is still actively engaged in the petroleum business through the Board of Trade (Boeki Cho) which is charged with the responsibility for receipt on behalf of the Japanese Government of imported petroleum products. At the present time Boeki Cho's activities consist of receipting to the United States Government for petroleum imports, payment of import duties, assumption of bill of lading losses resulting from the difference between the United States Government manifested quantities and the actual delivered quantities, transportation of petroleum products to the various distributing companies, and sale of products to those companies at points of delivery. These activities, if permitted to continue, partially defeat the purpose of eliminating the Japanese Government as a business operator, and could conceivably lead to the Japanese Government expanding its operations and again taking an active part in petroleum distribution through establishment by Boeki Cho of holding and consignment points.

3. This action is initiated to clarify and to establish procedures which will limit the activities of the Board of Trade (Boeki Cho) to effecting receipt to the United States Government for petroleum imports and immediately turning them into commercial distribution channels.

4. The Japanese Government is being informed that activities of its agencies will be confined to receipting for petroleum imports for the Japanese Government and transferring title on board ship to private enterprise, billing and collection for products sold at official established prices.

Memorandum for Record, 3 June 49
Subj: Board of Trade (Boeki Cho) Duties with Respect to Importation
and Distribution of Petroleum Products

5. After the effective date provided for in this SCAPIN, private enterprise will receive title to the products on board ship at bill of lading quantities, and will pay import charges and landing costs. This transfer of activities will, of necessity, require reduction in distributor buying price since these handling costs are currently included in Boeki Cho's selling price to distributors.

6. This regulation affects only those products procured from the United States Government appropriated and non-appropriated funds, and is in accordance with SCAP policy on conversion of government monopolies to private enterprise.

7. Petroleum Division follow-up suspense: None.

8. Initiated case. Action completed.

G.H.M. CHM 26-6123

R.J.B. RJB 26-8695

R.E.C. C 26-6121

GENERAL HEADQUARTERS
FAR EAST COMMAND
Assistant Chief of Staff, G-4

Retrol

28 May
(Date)

Do we have ESS
concerns on this
one? - By verbal agreement in principle
only, they have not seen
this as written

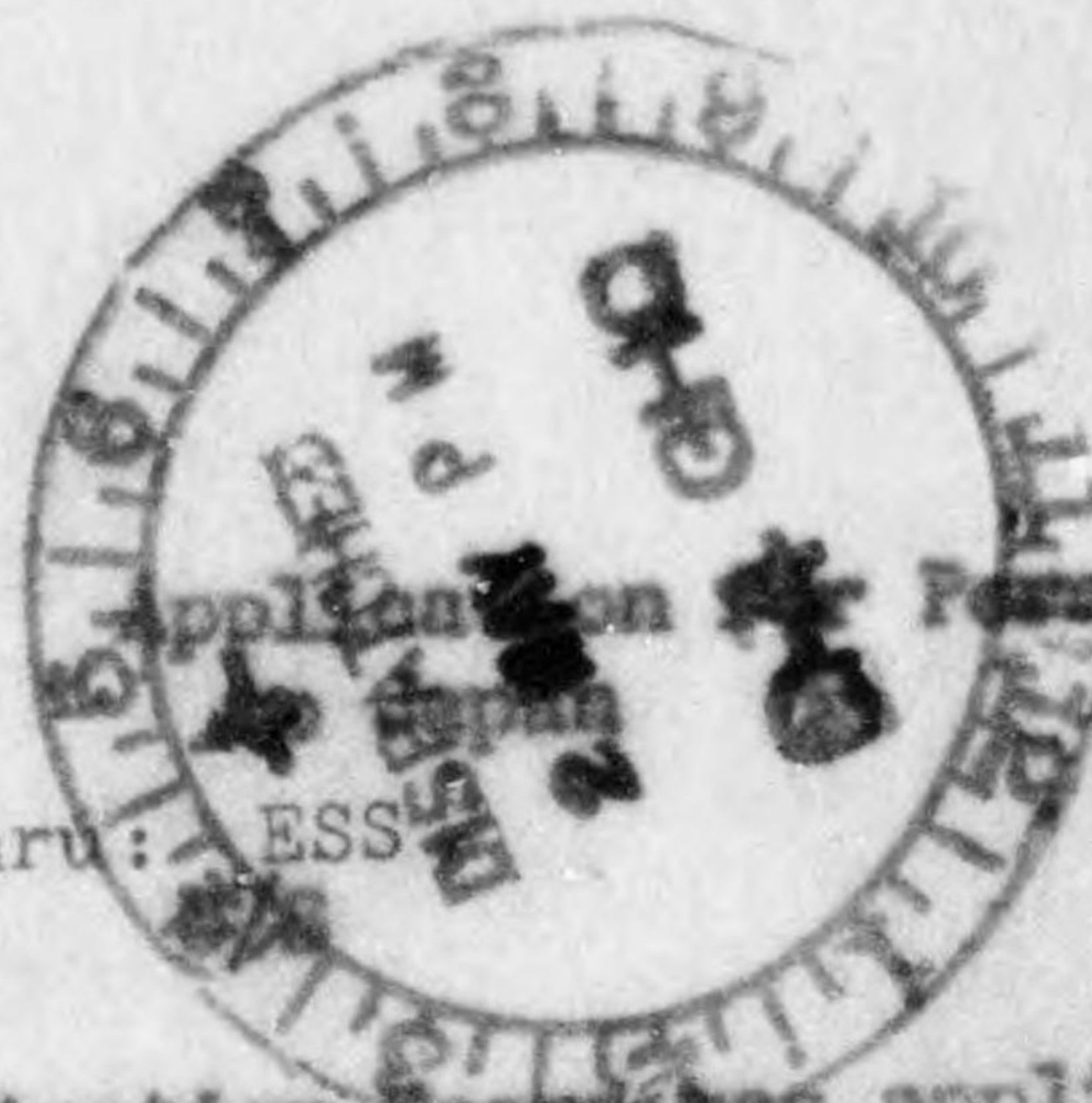
In your par 1 c
better select a better term
than "US host" local storage
— we have none,



H. E. EASTWOOD
Colonel, GSC
Assistant Chief of Staff, G-4

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G-4 ROUTING	
A C/S G-4	_____
D AC/S G-4	_____
EXECUTIVE	_____
PLANS & POLICY	_____
OPERATIONS	_____
CONST & FAC	_____
TRANSPORTATION	G-4
SUPPLY	_____
ROLEUM	_____
BUDGET	_____
PERSONNEL	_____
ADMINISTRATION	_____

Col. R. E. Cruse
(26-6121)

Application on Permission to Import Crude Oil

Thru: ESS

2 MAY 1949

1. The Economic Stabilization Board has applied to SCAP for approval of the importation of approximately 20,000 tons of crude oil, which is to be used as payment for a proposed purchase by Caltex Oil (Japan) Ltd. of certain property from Nippon Oil Company.

2. The SCAP Foreign Investment Board, also the Japanese Government, have before them for validation an application by Caltex Oil (Japan) Ltd. to purchase from Nippon Oil Company a certain piece of real property located at Tsurumi, Yokohama. Caltex desires to acquire this property and to develop and use it as an ocean terminal for the importation of petroleum products. The agreed price to be paid Nippon for this property is approximately 20,000 tons of crude oil to be delivered by Caltex to the Nippon Oil Company at Niigata, Japan.

3. Coincident with the closing of Pacific Coast refineries, the importation of crude oil into Japan was prohibited by SCAPIN 640, 21 January 1946. The purchase agreement between Caltex and Nippon cannot therefore be validated unless the importation into Japan of the purchase price, approximately 20,000 tons of crude oil, is authorized as an exception to the general policy on importation of crude oil.

4. Six small refineries are operating on the west coast of Honshu to refine indigenous crude. Four of these refineries are operated by Nippon Oil Company. The total capacity of these refineries is about 10,000 barrels per day, whereas the total production of crude is about 3,500 barrels per day, leaving about 6,500 barrels of daily refining capacity unused. The 20,000 tons of crude oil under consideration will, if imported, be processed through the Nippon refinery at Kashiwasaki, which will permit this refinery to operate at capacity for about one year.

5. The general question of what, if any, refining capacity should be permitted in Japan has been the subject of considerable study and G-4 now has for review a study of this subject prepared by ESS which recommends the re-opening of the closed Pacific Coast refineries, with no direct limitation being imposed on refining capacity and authorization for the import of crude oil. With respect to importation of crude, ESS recommends external control may be imposed at any later date as deemed necessary. The importation of the 20,000 tons of crude involved in the present case would, however, have no bearing on the general subject, except as a precedent, since it is intended to refine this product in an already operating refinery operating primarily to refine indigenous crude.

6. Caltex had no investment in real property in Japan before the war

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G-4 ROUTING	
A C/S G-4	_____
D AC/S G-4	_____
EXECUTIVE	_____
PLANS & POLICY	_____
OPERATIONS	_____
CONST & FAC	_____
TRANSPORTATION	G-4
SUPPLY	_____
ROLEUM	_____
BUDGET	_____
PERSONNEL	_____
ADMINISTRATION	_____

Col. R. E. Cruse
(26-6121)Application for Permission to Import Crude Oil
Thru: ESS

2 MAY 1949

1. The Economic Stabilization Board has applied to SCAP for approval of the importation of approximately 20,000 tons of crude oil, which is to be used as payment for a proposed purchase by Caltex Oil (Japan) Ltd. of certain property from Nippon Oil Company.

2. The SCAP Foreign Investment Board, also the Japanese Government, have before them for validation an application by Caltex Oil (Japan) Ltd. to purchase from Nippon Oil Company a certain piece of real property located at Tsurumi, Yokohama. Caltex desires to acquire this property and to develop and use it as an ocean terminal for the importation of petroleum products. The agreed price to be paid Nippon for this property is approximately 20,000 tons of crude oil to be delivered by Caltex to the Nippon Oil Company at Niigata, Japan.

3. Coincident with the closing of Pacific Coast refineries, the importation of crude oil into Japan was prohibited by SCAPIN 640, 21 January 1946. The purchase agreement between Caltex and Nippon cannot therefore be validated unless the importation into Japan of the purchase price, approximately 20,000 tons of crude oil, is authorized as an exception to the general policy on importation of crude oil.

4. Six small refineries are operating on the west coast of Honshu to refine indigenous crude. Four of these refineries are operated by Nippon Oil Company. The total capacity of these refineries is about 10,000 barrels per day, whereas the total production of crude is about 3,500 barrels per day, leaving about 6,500 barrels of daily refining capacity unused. The 20,000 tons of crude oil under consideration will, if imported, be processed through the Nippon refinery at Kashiwazaki, which will permit this refinery to operate at capacity for about one year.

5. The general question of what, if any, refining capacity should be permitted in Japan has been the subject of considerable study and G-4 now has for review a study of this subject prepared by ESS which recommends the re-opening of the closed Pacific Coast refineries, with no direct limitation being imposed on refining capacity and authorization for the import of crude oil. With respect to importation of crude, ESS recommends external control may be imposed at any later date as deemed necessary. The importation of the 20,000 tons of crude involved in the present case would, however, have no bearing on the general subject, except as a precedent, since it is intended to refine this product in an already operating refinery operating primarily to refine indigenous crude.

6. Caltex had no investment in real property in Japan before the war

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G-4 File

G-4 File

G-4 File

Col R. E. Cruse
(26-6121)

Application for Permission to Import Crude Oil
to Japan

Thru: ESS
C/S

G-4

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Cont'd

but marketed its products through agents and Japanese companies. The purpose of the acquisition of the subject property is to develop an ocean terminal so that the company may import its products directly and market them in Japan under brand names. Caltex has an arrangement with Nippon whereby Nippon will act as distributor for Caltex products in Japan, and Caltex desires an ocean terminal from which its products can be supplied. While the particular property to be acquired is the site of a former Nippon refinery, the refinery was destroyed by bombing and is being completely removed from the area. There is therefore no consideration or question of refineries involved in the transaction so far as Caltex is concerned, but solely the establishment of an ocean terminal for the receipt of refined products.

7. The importation of crude in the proposed amount would have the following advantages:

a. It would permit the Kashiwasaki refinery to operate for about one year at capacity instead of about one-third capacity as at present, thereby reducing refinery losses of product, especially in fuel for boilers.

b. It would make available a crude containing probably 2% water as compared to about 20% water found in indigenous crude. This would greatly reduce the losses due to water removal.

c. Because of superior quality of the imported crude, a straight run or a mixture with indigenous crude would result in a large production of more volatile, and more expensive, refined products.

d. The refining of this crude at Yen cost would reduce the amount of refined products required to be imported by the United States to meet scheduled needs in Japan.

e. The operation of a Japanese refinery at capacity, using two-thirds imported crude, should furnish needed data as to actual refinery costs in Japan under present conditions. In considering the refinery question in general, no satisfactory conclusions have been reached in regard to possible dollar savings that would accrue if refineries were permitted to re-open in Japan. This is due to the lack of any reliable data as to present refining costs. Such data cannot be obtained from refineries which are operating under present conditions of partial capacity and low grade indigenous crude.

Col R. E. Cruse
(26-6121)

Application for Permission to Import Crude Oil
to Japan

Thru: BSS
C/S

G-4

1.
Cont'd

8. In so far as this proposal is concerned, there are two principal questions to be resolved:

a. Whether an exception to policy should be made to permit the one-time importation of crude in sufficient quantity to carry out the terms of the contract. The quantity of crude involved is estimated to be approximately 20,000 tons.

b. Those other factors normally weighed by the Supreme Commander for the Allied Powers prior to approval and validation of contracts of this nature involving long-time investment in Japan by foreign investors.

9. With respect to paragraph 8 a above, G-4 considers there is no objection to authorizing a one-time importation of crude in such amount as consideration of factors referred to in paragraph 8 b above shall indicate as adequate under the proposed agreement, if validated.

10. Should it be determined to validate the proposed contract, G-4 recommends approval of inclosed draft of a proposed SCAPIN authorizing the importation of subject crude as a one-time exception to policy.

1 Incl
Proposed SCAPIN

-----H. E. E.-----

GD PET/REC/ew

G-4 PETROLEUM DIVISION

MEMORANDUM FOR RECORD:

27 April 1949

Subject: Application for Permission to Import Crude Oil to Japan

1. This action transmits a SCAPIN to C/S for approval which would authorize the importation of approximately 20,000 tons of crude oil into Japan by Caltex Oil (Japan) Ltd. This crude is to be used as payment to the Nippon Oil Company for certain properties which Caltex wishes to develop as an ocean terminal for the receipt of petroleum products.
2. G-4 recommends approval of the proposed SCAPIN which authorizes the importation of subject crude as a one-time exception to policy, provided the purchase contract is otherwise validated.
3. This action is a one-time exception to general policy.
4. Petroleum Division follow-up suspense: 10 May 1949.
5. Action on G-4 Journal Number 80704 suspended 10 May 1949.

REC (26-6121)G
4
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D R A F TGHM/mw
12 April 1949AG ()GD
SCAPIN

MEMORANDUM FOR: JAPANESE GOVERNMENT

SUBJECT: Application for Permission to Import Crude Oil
to Japan

1. References:

a. Memorandum for the Japanese Government from General Headquarters, Supreme Commander for the Allied Powers, file AG 463.7 (21 Jan 46)GD, SCAPIN 640, 21 January 1946, subject: Crude Oil Imports.

b. Memorandum from the Central Liaison and Coordination Office, C.L.C.O. No. 927 (2-P), 5 April 1949, subject: Application for permission to Import Crude Oil to Japan.

The
2./ application transmitted by reference 1b is approved as a one-time exception to paragraph 2 of reference 1 a, provided the proposal of Caltex Oil Company (Japan) Ltd., to purchase from the Nippon Oil Company, Ltd., a piece of property at Tsurumi, Yokohama, for use as an ocean terminal for receipt, storage and distribution of petroleum products therefrom, is validated by the Supreme Commander for the Allied Powers.

FOR THE SUPREME COMMANDER:

G-4 DRAFT	APP'D BY <u>FE</u> 20/4/49
	FOR FORMAL CONCURRENCE AND <u>for</u> <u>Submission to C/S</u> ✓
	<u>ig & Dispatch by G-4</u>
	<u>ig & Dispatch by DIV.</u>

Mr Balow
ESS

D R A F TREC/mw
23 April 1949

Checknote to C/S

Subject: Application for Permission to Import Crude Oil to Japan

1. The Economic Stabilization Board has applied to SCAP for approval of the importation of approximately 20,000 tons of crude oil, which is to be used as payment for a proposed purchase by Caltex Oil (Japan) Ltd. of certain property from Nippon Oil Company.
2. The SCAP Foreign Investment Board, also the Japanese Government, have before them for validation an application by Caltex Oil (Japan) Ltd. to purchase from Nippon Oil Company a certain piece of real property located at Tsurumi, Yokohama. Caltex desires to acquire this property and to develop and use it as an ocean terminal for the importation of petroleum products. The agreed price to be paid Nippon for this property is approximately 20,000 tons of crude oil to be delivered by Caltex to ^{the} Nippon Oil Co ~~S.I.P.~~ Niigata. *Japan.*
3. Coincident with the closing of Pacific Coast refineries, the importation of crude oil into Japan was prohibited by SCAPIN 640, 21 January 1946. The purchase agreement between Caltex and Nippon cannot therefore be validated unless the importation into Japan of the purchase price, approximately 20,000 tons of crude oil, is authorized as an exception to the general policy on importation of crude oil.
4. Six small refineries are operating on the west coast of Honshu to refine indigenous crude. Four of these refineries are operated by Nippon

Oil Company. The total capacity of these refineries is about 10,000 barrels per day, whereas the total production of crude is about 3,500 barrels per day. *Having about 6500 barrels of daily refining capacity unused.* The 20,000 tons of crude oil under consideration will be processed through the Nippon refinery at Kashiwazaki, *which* ^{*if imported,*} and will permit this refinery to operate at capacity for about one year.

5. The general question of what, if any, refining capacity should be permitted in Japan has been the subject of considerable study and G-4 now has for review a study of this subject prepared by ESS which recommends the *wish no direct limitation be being imposed on refinery capacity* re-opening of the closed Pacific Coast refineries and authorization for the import of crude oil. *Insert 1.* The importation of the 20,000 tons of crude involved

except as a precedent, in the present case would, however, have no bearing on the general subject, since it is intended *to refine this product in* solely to bring an already operating refinery ^{*operating*} up to *primarily to refine indigenous crude.* ~~economic capacity.~~

6. Caltex had no investment in real property in Japan before the war but marketed its products through agents and Japanese companies. The purpose of the acquisition of the subject property is to develop an ocean terminal so that the company may import its products directly and market them in Japan under brand names. Caltex has an arrangement with Nippon whereby Nippon will act as distributor for Caltex products in Japan, and Caltex desires an ocean terminal from which its products can be supplied. While the particular property to be acquired is the site of a former Nippon refinery, the refinery was destroyed by bombing and is being completely removed from the area. There is therefore no consideration or question of refineries involved in the transaction so far as Caltex is concerned, but solely the establishment of an ocean terminal for the receipt of refined products.

7. Insofar as the present action is concerned the sole question to be determined is whether an exception to policy should be made so as to permit the one-time importation of approximately 20,000 tons of crude oil for the purpose of carrying out the terms of the contract. G-4 considers that there is no objection to such one-time authorization; on the contrary there would be the following advantages:

a. It would permit the refinery to operate for about one year at capacity instead of about one-third capacity as at present, thereby reducing refinery losses of product, especially in fuel for boilers.

b. It would make available a crude containing probably 2% water as compared to about 20% water found in indigenous crude. This would greatly reduce the losses due to water removal.

c. Because of superior quality of the imported crude, a straight run or a mixture with indigenous crude would result in a larger production of the more volatile, and more expensive, refined products.

d. The refining of this crude at Yen cost would reduce the amount of refined products required to be imported by the United States to meet scheduled needs in Japan.

e. The operation of a Japanese refinery at capacity, using two-thirds imported crude, should furnish some much needed data as to actual refinery costs in Japan under present conditions. In considering the refinery question in general, no satisfactory conclusions have been reached in regard to possible dollar savings that would accrue if refineries were permitted to reopen in Japan. This is due to the lack of any reliable data as to present refining costs. Such data cannot be obtained from refineries which are operating under present conditions of partial capacity and low grade indigenous crude.

8. G-4 recommends approval of the attached ^{*draft of a proposal*} SCAPIN which authorizes the importation of subject crude as a one-time exception to policy, provided the purchase contract is otherwise validated.

-----H. E. E.-----

G-4 DRAFT APP'D BY K 25/4/49
FOR FORMAL CONCURRENCE AND for Submission to C/S
ig & Dispatch by G-4 ✓
ig & Dispatch by DIV

1 May

Col. Cruise -

Please change action to route C/N through ESS. No change in first page except to indicate - thru ESS.

Page 2 and 3 please change in accord with my pencil drafts attached

E

In view of action going through ESS you don't need to Brief our C/N.

**GENERAL HEADQUARTERS
FAR EAST COMMAND**

CHECK SHEET

Col. R. E. Cruse
(26-6121)

(Do not remove from attached sheets)

Application for Permission to Import Crude Oil
to Japan

File No:

Subject:

Note
No.

From: G-4

To: C/S

Date:

1.
Cont'd

but marketed its products through agents and Japanese companies. The purpose of the acquisition of the subject property is to develop an ocean terminal so that the company may import its products directly and market them in Japan under brand names. Caltex has an arrangement with Nippon whereby Nippon will act as distributor for Caltex products in Japan, and Caltex desires an ocean terminal from which its products can be supplied. While the particular property to be acquired is the site of a former Nippon refinery, the refinery was destroyed by bombing and is being completely removed from the area. There is therefore no consideration or question of refineries involved in the transaction so far as Caltex is concerned, but solely the establishment of an ocean terminal for the receipt of refined products.

7. In so far as the present action is concerned the ~~sole~~ ^{principle} question to be determined is whether an exception to policy should be made so as to permit the one-time importation of approximately 20,000 tons of crude oil for the purpose of carrying out the terms of the contract. G-4 considers that there is no objection to such one-time authorization, ~~on the contrary there would be the following advantages:~~ ^{for the importation of such an amount of crude as is determined to be}

- a. It would permit the ^{Nashinazaki} refinery to operate for about one year at capacity instead of about one-third capacity as at present, thereby reducing refinery losses of product, especially in fuel for boilers.
- b. It would make available a crude containing probably 2% water as compared to about 20% water found in indigenous crude. This would greatly reduce the losses due to water removal.
- c. Because of superior quality of the imported crude, a straight run or a mixture with indigenous crude would result in a larger production of more volatile, and more expensive, refined products.
- d. The refining of this crude at Yen cost would reduce the amount of refined products required to be imported by the United States to meet scheduled needs in Japan.
- e. The operation of a Japanese refinery at capacity, using two-thirds imported crude, should furnish ~~some such~~ needed data as to actual refinery costs in Japan under present conditions. In considering the refinery question in general, no satisfactory conclusions have been reached in regard to possible dollar savings that would accrue if refineries were permitted to re-open in Japan. This is due to the lack of any reliable data as to present refining costs. Such data cannot be obtained from refineries which are operating under present conditions of partial capacity and low grade indigenous crude.

7. The importation of crude in the proposed amount would have the following advantages:

Here list advantages a to $\frac{1}{2}$ - as amended - in previous para 7.

8. Insofar as this ^{proposal} ~~present~~ action is concerned there are two ^{principal} ~~main~~ ^{questions} to be ~~determined~~; resolved.

a. Whether an exception to policy should be made to permit the one-time importation of crude in sufficient quantity ^{to be carried out} ^{the quantity of crude must be estimated to be} the terms of the contract, ~~approximately~~ approximately 20,000 tons.

b. Those other factors normally weighed by NEAP prior to approval and validation of contracts of this nature involving long-time investment in Japan by foreign investors.

9. With respect to paragraph 8 a above B4 considers there is no objection to authorizing a one-time importation of crude in such amount as consideration of factors referred to in paragraph 8 b above shall indicate as adequate under the proposed agreement, if validated.

10. Should it be determined to validate the proposed contract & recommends approval of enclosed draft of a proposed SCAPIN authorizing the importation of subject smoke as a one-time exception to policy.

463.7

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Natural Resources Section

HGS/RYG/GFK/1b
30 April 1949

NR 642 (30 Apr 49)MG

MEMORANDUM FOR: Record

SUBJECT: Imperial Oil Co's 1949-50 Geophysical Program

- 1. Time: 0900-1200 and 1400-1630 25 April 1949
- 2. Personnel: Mr G. Kaufmann, Mr C. M. Pollock, NR, Messrs Waitoh and Hayashi, Imperial Oil Co, and Mr Iida, chief geophysicist of the Geological Survey of Japan.
- 3. Reference: Discussion of proposed revisions of geophysical surveys for oil exploration in FY 1949.
- 4. Brief of Conference:
 - a. Gravity meter surveys:
 - (1) The main gravity program will be made with one of the new gravity meters, when it arrives, in a southern extension of the gravity survey of the Niigata basin. Almost all of the northern portion of this basin has been surveyed at various times by torsion balance surveys. Mr Kaufmann suggested:
 - (a) That the completed gravity data be compiled on suitable base maps on the scale of 1:50,000. These maps should show all gravity work such as, gradients and curvatures of torsion balance stations and the computed contours of equal Bouguer gravity anomaly values.
 - (b) When the survey is started with the new gravity meters, it is suggested that a tie be made to a pendulum station in this area and all Bouguer anomaly values be reduced to the absolute gravity base. This facilitates later computations for interpretation of results and allows direct comparison between the gravity values in this area and those in any other part of Japan or the world, which have also been reduced to an absolute datum.

G-4 ROUTING	
A C/S G-4	_____
D AC/S G-4	_____
EXECUTIVE	_____
PLANS & POLICY	_____
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① PETROLEUM	<input checked="" type="checkbox"/>
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PERSONNEL	_____
② ADMINISTRATION	<input checked="" type="checkbox"/>

463.7

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Natural Resources Section

HGS/RYG/GFK/1b
30 April 1949

NR 642 (30 Apr 49)MG

MEMORANDUM FOR: Record

SUBJECT: Imperial Oil Co's 1949-50 Geophysical Program

1. Time: 0900-1200 and 1400-1630 25 April 1949

2. Personnel: Mr G. Kaufmann, Mr C. M. Pollock, NR, Messrs Naitoh and Hayashi, Imperial Oil Co, and Mr Iida, chief geophysicist of the Geological Survey of Japan.

3. Reference: Discussion of proposed revisions of geophysical surveys for oil exploration in FY 1949.

4. Brief of Conference:

a. Gravity meter surveys:

(1) The main gravity program will be made with one of the new gravity meters, when it arrives, in a southern extension of the gravity survey of the Niigata basin. Almost all of the northern portion of this basin has been surveyed at various times by torsion balance surveys. Mr Kaufmann suggested:

(a) That the completed gravity data be compiled on suitable base maps on the scale of 1:50,000. These maps should show all gravity work such as, gradients and curvatures of torsion balance stations and the computed contours of equal Bouguer gravity anomaly values.

(b) When the survey is started with the new gravity meters, it is suggested that a tie be made to a pendulum station in this area and all Bouguer anomaly values be reduced to the absolute gravity base. This facilitates later computations for interpretation of results and allows direct comparison between the gravity values in this area and those in any other part of Japan or the world, which have also been reduced to an absolute datum.

G-4 ROUTING	
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D AC/S G-4	_____
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G-4 Petroleum

NR 642 (30 Apr 49)MG

- (c) Base station should be established by gravity meter throughout the area in Niigata already surveyed by torsion balance, in order to control the compilation of the gravity base maps.
 - (d) The gravity survey of the Niigata area should be easily and rapidly accomplished by transporting the gravity meter by car. Such a survey would require the services of only two men, an operator and a surveyor. The horizontal control appears to be sufficiently accurate on existing topographic maps, so that only accurate level data will be required.
- (2) The second gravity meter will be placed in operation in the Takada plain. This is a small basin area south of the Niigata basin which should prove to be an ideal area for gravity meter work. A net-work of roads seem to be available, making possible closed loops about 2.5 kilometers on a side. Station intervals of 500 meters along traverse lines should give adequate detail on this survey.
- (3) Both gravity meters can be used in the Kwanto plain in the Tokyo area, upon completion of the Niigata and Takada surveys. This survey can run into the fall and winter months as long as there are any funds available for gravity field work. The sum of ¥4,000,000 is assigned for gravity operations during FY 1949.

b. Seismic surveys:

- (1) A seismograph survey to check the possibility of sedimentary overlaps has been proposed for the Suibara area of the Niigata Basin. Mr Kaufmann suggested that this can be best accomplished by a series of overlapping reversed refraction seismograph profiles which will be tied into a well section. A refraction seismograph apparatus will be made available for this work by the Geological Survey of Japan. In the meantime, five shot holes will be prepared for a seismograph traverse across the possible zone of overlap in this area.
- (2) The reflection seismograph survey of the Hanyuda prospect in the Niigata area is already in progress. This survey is an endeavor to define structural

NR 642 (30 Apr 49)MG

closures south of the Niitsu field. No difficulties are anticipated on this survey.

- (3) The Betsuyama structure in the Niigata area is greatly complicated by faulting and would be difficult to work out even with modern reflection techniques. There is a serious problem of drilling shot holes through gravel in this area, so it was suggested that this survey be postponed until the new seismograph equipment arrives. It may be possible, by use of compositing and multiple detectors, to avoid the necessity of drilling deep shot holes in this area. It is suggested that one of the new seismic units be tried for a week or ten days in this area, and if, by that time, good records cannot be obtained, the project should be dropped from the 1949 program.
- (4) The Toyama structure is a north-plunging feature on the southeast side of the Toyama basin. It is required to define the nature of the east flank of this structure and the attitude of the deeper horizons. It is recommended that the new reflection seismograph equipment be used on this project. From one to three short reflection seismograph profiles should complete this project.
- (5) Details of faulting and depth to possible producing horizons are required in the area to the north of the present producing area of Yabase field, Akita Prefecture. There is a surface bed of unconsolidated dune sand over part of the prospect which has heretofore prevented the obtaining of satisfactory records. It is proposed to use the new reflection seismograph equipment on this prospect, where the compositing and multiple detector technique may give sufficient sensitivity to permit satisfactory results.
- (6) The Sagoshi reflection survey is already in progress. This is an effort to detail the extension of an old producing field in the southern part of the Akita area. The area is greatly complicated by faulting and may be too difficult for the older reflection techniques being employed there.
- (7) In the Yamagata area, information is desired on the subsurface conditions of possible noses cut by major faulting to the west of the Narahashi field. The problem appears to be rather simple and if time and funds permit, it may be possible to complete one or two reflection profiles with the new seismic equipment in this area.

NR 642 (30 Apr 49)MG

5. Recommendations:

a. It was recommended that Imperial Oil Co should list in linear kilometers the amount of traverse proposed for the 1949-50 fiscal year on gravity meter and reflection and refraction seismograph traverses.

G. F. Kaufmann
GODFREY F. KAUFMANN
Scientific Consultant (attached)
Mining and Geology Division

Copy furnished:
G-4 Petroleum

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Natural Resources Section

HGS/RYG/GFK/jm
4 May 1949

NR 642 (4 May 49)MG

MEMORANDUM FOR: Record

SUBJECT: Conference on Imperial Oil Co's 1949-50 Geophysical Program

1. Time: 28 April 1949

2. Personnel: Mr G. F. Kaufmann, visiting expert, Messrs Naitoh and Hayashi, Imperial Oil Co, and Mr Iida, chief geophysicist, Geological Survey

3. Reference: Discussion of proposed geophysical surveys for oil exploration in FY 1949 in the following areas:

a. Suibara prospect of the Niigata basin:

(1) Mr Kaufmann proposed to attack the problem of locating possible pinch-outs of the producing sand of this area by use of the refraction technique in seismic surveying. A ten-kilometer traverse, consisting of four overlapping reversed profiles from five shot-holes, was proposed as the minimum requirement on this survey.

(2) Mr Iida explained that poor results were obtained in this area on a similar refraction seismograph traverse made several years ago. He thought that a successful refraction survey might be carried out, but would require exceptionally deep shot-holes and large charges of dynamite. Mr Naitoh expressed the opinion that this method would result in a very expensive operation.

(3) Mr Kaufmann agreed with these statements and pointed out that an alternative attack on the problem might be made with new reflection seismic equipment. The use of reflection seismograph techniques to locate a possible pinch-out would not be as satisfactory as the refraction method, and probably would cost less.

(4) It was agreed to check into the relative costs of refraction and reflection surveys in this area, and if the refraction survey cost was not prohibitive within the limits of the budget, to go ahead with the preparation of shot-holes, otherwise this survey would have to await the arrival of new seismic equipment.

b. Takada Plain, Niigata basin:

(1) It was proposed in the conference of 25 April, to use a 500-meter station interval on the gravity meter traverses planned for this

NR 642 (4 May 49)MG

area, but Mr Hayashi suggested that this interval might be too great. He thought that an interval of 250-meters would be less likely to miss tight folding of the beds, which might occur in this area.

(2) Mr Kaufmann agreed that the choice of station interval might be left to the field operators, who could lengthen the station interval in areas of little gravity change and shorten it where gravity values varied considerably between adjacent stations. Actually, the choice of station intervals between 250 meters and 500 meters would have little effect on the over-all time of the survey.

c. Mr Hayashi presented the following list of linear kilometers of traverse to be covered in FY 1949 by various types of geophysical surveys in the interest of Imperial Oil Co:

(1) Gravity meter:

- a. Nagaoka Plain: 640 kilometers comprising 2,560 stations at an interval of 250 meters
- b. Takada Plain: 360 kilometers comprising 1,440 stations at an interval of 250 meters
- c. A progress estimate of 25 stations per day on foot traverses or 50 stations per day on automobile traverses has been made for the above work

(2) Torsion balance:

- a. Muramatsu: 60 kilometers
- b. Miyauchi: 38 kilometers

(3) Reflection seismograph:

- a. Tsuchizaki: 13 kilometers
- b. Sagoshi: 15 kilometers
- c. Hanyuda: 11 kilometers
- d. Betsuyama: 4 kilometers

(4) Refraction or reflection seismograph:

- a. Suibara: 10 kilometers

G. F. Kaufmann
G. F. KAUFMANN

Scientific Consultant (attached)
Mining and Geology Division

Copy furnished:
G-4 Petroleum

4637
~~11002~~
~~20102~~

Lt Col G. H. Montgomery
(26-6123)

C/S G-4	_____
AC/S G-4	_____
EXECUTIVE	_____
PLANS & POLICY	_____
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BUDGET	_____
PERSONNEL	_____
ADMINISTRATION	<u>12</u>

Omission of Transaction Tax on Non-Profit
Petroleum Stock Transfers

ESS

13 April 1949

In accordance with oral request of ESS, Internal Revenue, (Mr. Shavell) the following information is furnished relative to exemption of non-profit stock transfers from the Transaction Tax:

2. Imported petroleum products for the Japanese economy are discharged into commercial facilities at Nagasaki, Shimotsu, Wakayama Prefecture and Yokohama, or are transferred from U. S. Army storage in Japan to commercial facilities. Title to the petroleum passes from the Japanese Government to the company (distributor) receiving the cargo at time of importation or receipt from army facilities.

3. Because incoming cargoes are discharged into whatever commercial storage that may be available at a limited number of import points, subsequent non-profit stock transfers are necessary so the products can be distributed in accordance with the consumption quotas as established by the Japanese Government. During the course of these stock transfers, which of necessity must appear on company books as sales, the petroleum will pass to another company (distributor) other than the original recipient and in accordance with Japanese Law #108 of 7 July 1948, a 1% Transaction Tax is imposed. This condition will result in some distributors having to pay higher prices than others for the same product which is considered unequitable, not only to the distributor paying the additional tax, but also to the ultimate consumer who will have to reimburse the distributors for this tax through creating a price differential which will be based upon the number of transfers or transactions made.

4. A record of the inter-company (distributor) transfers is maintained by the Petroleum Distribution Section, Mining Bureau of the Ministry of Commerce and Industry, and such transfers are subject to their approval. If provision is made so the tax is omitted on the inter-company transfers, no loss in tax revenue should result as compared with the Transaction Tax revenue which was received during distribution of petroleum products by the Petroleum Distribution Kodan, and will result in a more uniform price structure.

5. In view of the foregoing, it is recommended that the Transaction Tax be omitted on petroleum products until title passes to the distributor who ships the product into actual consumption channels.

DISPATCHED
14 APR 1949
G-4 812

Forayth

Pat
81122

GD PET/REC/GHM/MS

G-4 PETROLEUM DIVISION

MEMORANDUM FOR RECORD:

13 April 1949

Subject: Omission of Transaction Tax on Non-Profit Petroleum Stock Transfers

1. During the course of a conference on the proposed Japanese Government Bill which would institute a gasoline tax, attended by representatives from G-4 Petroleum Division, Legal Section, ESS (Internal Revenue), and the Japanese Ministry of Finance, the question as to the applicability of the Transaction Tax on non-profit petroleum stock transfers came up. ESS (Internal Revenue), (Mr. Shavell) requested that G-4 forward the necessary information upon which his office might be able to base a decision as to whether or not the Transaction Tax should apply to distributor's non-profit stock transfers.

2. By this action G-4 is furnishing the requested information.
3. Action is within established policy.
4. Petroleum Division follow up suspense: None.
5. Initiated Case. G-4 action completed.

GHM John (26-6123)CCR DM

21

D R A F TGHM/mw
12 April 1949

C/N #1

Subject: Omission of Transaction Tax on Non-Profit
Petroleum Stock Transfers

From: G-4

To: ESS

1. In accordance with ^{oral} ~~verbal~~ request of ESS, Internal Revenue, (Mr. Shavel) the following information is furnished relative to exemption of non-profit petroleum stock transfers from the Transaction Tax.
2. Imported petroleum products for the Japanese economy are discharged into commercial facilities at Nagasaki, Shimotsu, Wakayama Prefecture and Yokohama, or are transferred from U. S. Army storage in Japan to commercial facilities. Title to the petroleum passes from the Japanese Government to the company (distributor) receiving the cargo at time of importation or receipt from army facilities.
3. Because incoming cargoes are discharged into whatever commercial storage that may be available at a limited number of import points, subsequent non-profit stock transfers are necessary so the products can be distributed in accordance with the consumption quotas as established by the Japanese Government. During the course of these stock transfers, which of necessity must appear on company books as sales, the petroleum will pass to another company (distributor) other than the original recipient and in accordance with Japanese Law #108 of 7 July 1948 a 1% Transaction Tax is imposed. This condition will result in some distributors having to pay higher prices than others for the same product which is considered unequitable, not only to the distributor paying the additional tax but also to the ultimate consumer who will have to reimburse the distributors for this tax through creating a price differential which will be based upon the number of transfers or transactions made.
4. A record of the inter-company (distributor) transfers is maintained by the Petroleum Distribution Section, Mining Bureau of the Ministry of Commerce and Industry, and such transfers are subject to their approval. If provision is made so the tax is omitted on the inter-company transfers, no loss in tax revenue should

D R A F TGHM/nw
12 April 1949

C/N #1

Subject: Omission of Transaction Tax on Non-Profit
Petroleum Stock Transfers

From: G-4

To: ESS

1. In accordance with ~~verbal~~^{oral} request of ESS, Internal Revenue, (Mr. Shavel) the following information is furnished relative to exemption of non-profit petroleum stock transfers from the Transaction Tax.
2. Imported petroleum products for the Japanese economy are discharged into commercial facilities at Nagasaki, Shimotsu, Wakayama Prefecture and Yokohama, or are transferred from U. S. Army storage in Japan to commercial facilities. Title to the petroleum passes from the Japanese Government to the company (distributor) receiving the cargo at time of importation or receipt from army facilities.
3. Because incoming cargoes are discharged into whatever commercial storage that may be available at a limited number of import points, subsequent non-profit stock transfers are necessary so the products can be distributed in accordance with the consumption quotas as established by the Japanese Government. During the course of these stock transfers, which of necessity must appear on company books as sales, the petroleum will pass to another company (distributor) other than the original recipient and in accordance with Japanese Law #108 of 7 July 1948 a 1% Transaction Tax is imposed. This condition will result in some distributors having to pay higher prices than others for the same product which is considered unequitable, not only to the distributor paying the additional tax but also to the ultimate consumer who will have to reimburse the distributors for this tax through creating a price differential which will be based upon the number of transfers or transactions made.
4. A record of the inter-company (distributor) transfers is maintained by the Petroleum Distribution Section, Mining Bureau of the Ministry of Commerce and Industry, and such transfers are subject to their approval. If provision is made so the tax is omitted on the inter-company transfers, no loss in tax revenue should

D R A F TGHM/mvr
12 April 1949

C/N #1

Subject: Omission of Transaction Tax on Non-Profit
Petroleum Stock Transfers

From: G-4

To: ESS

1. In accordance with ~~verbal~~^{oral} request of ESS, Internal Revenue, (Mr. Shavel) the following information is furnished relative to exemption of non-profit petroleum stock transfers from the Transaction Tax.
2. Imported petroleum products for the Japanese economy are discharged into commercial facilities at Nagasaki, Shimotsu, Wakayama Prefecture and Yokohama, or are transferred from U. S. Army storage in Japan to commercial facilities. Title to the petroleum passes from the Japanese Government to the company (distributor) receiving the cargo at time of importation or receipt from army facilities.
3. Because incoming cargoes are discharged into whatever commercial storage that may be available at a limited number of import points, subsequent non-profit stock transfers are necessary so the products can be distributed in accordance with the consumption quotas as established by the Japanese Government. During the course of these stock transfers, which of necessity must appear on company books as sales, the petroleum will pass to another company (distributor) other than the original recipient and in accordance with Japanese Law #108 of 7 July 1948 a 1% Transaction Tax is imposed. This condition will result in some distributors having to pay higher prices than others for the same product which is considered unequitable, not only to the distributor paying the additional tax but also to the ultimate consumer who will have to reimburse the distributors for this tax through creating a price differential which will be based upon the number of transfers or transactions made.
4. A record of the inter-company (distributor) transfers is maintained by the Petroleum Distribution Section, Mining Bureau of the Ministry of Commerce and Industry, and such transfers are subject to their approval. If provision is made so the tax is omitted on the inter-company transfers, no loss in tax revenue should

result as compared with the Transaction Tax revenue which was received during distribution of petroleum products by the Petroleum Distribution Kodan, and will result in a more uniform price structure.

5. In view of the foregoing, it is recommended that the Transaction Tax be omitted on petroleum products until title passes to the distributor who ships the product into actual consumption channels.

----- H. E. E. -----

G-4 DRAFT		APP'D BY <u>Forst</u>	<u>12/4/49</u>
FOR FORMAL	} for	<u>Submission to C/S</u>	
CONCURRENCE		<u>ig & Dispdch by G-4</u> ✓	
AND		<u>ig & Dispdch by DIV</u>	

CONFIDENTIAL

G-4 ROUTING	
A C	Copy below is contents of C/N 1
D AC	163.8 (30 Mar 49) ESS/FTC
EXECUTIVE	
PLANS & POLICY	From: ESS
OPERATIONS	
CONST & FAC	
TRANSPORTATION	
PETROLEUM	3 Incls
BUDGET	as indicated
PERSONNEL	
ADMINISTRATION	

↓ 63.1

RWH/AJG/MLT/jc
Miss Tobin-26-8589

Subject: Importation of Crude and Refined Oil

To: G-4

30 March 1949

Attached is letter from the United Kingdom Liaison Mission with previous letters appended. Your comments are requested prior to 4 April as to what information, if any, can be given to UKIM at this time.



-W.F.M.-

2. From: G-4

LT Col G.H. Montgomery

Date: 8 April 1949

1. With reference to C/N 1 and inclosures thereto: All petroleum products purchased with U. S. appropriated funds for use by the Japanese civil economy are procured by the Armed Services Petroleum Purchasing Agency, based upon SCAP slated requirements.
2. There is no objection to importation of refined petroleum products through a barter or trade exchange agreement, or by use of non-appropriated funds available to SCAP. Products so procured would reduce the quantities to be purchased from GARIOA and EROA appropriated funds. Refined products to be procured by these methods should first be cleared with G-4 in order that requirements stated to Armed Services Petroleum Purchasing Agency may be reduced.
3. With reference to inclosure 3 from Head of Purchasing & Selling Section, UKIM, to ESS, Foreign Trade and Commerce Division, it appears that the UKIM is under the impression that the dissolution of the Petroleum Distribution Kodan on 31 March 1949 will result in private oil companies importing and distributing petroleum products in Japan through their own organizations as direct imports for their own account. This situation, while desirable, is not yet practicable. At the present time private companies have taken over petroleum distribution facilities formerly operated by the Petroleum Distribution Kodan and are distributing and selling, under Japanese Government regulations, the products refined from indigenous crude and those provided by U. S. appropriated funds. It is not apparent how a commercial company can import and sell its own products in Japan until the Yen becomes fully convertible into other currency.
4. The importation of crude petroleum into Japan is at present prohibited. No further information on this subject is available pending decision on the current study of refining capacity to be permitted in Japan.

3 Incls:
n/c

FOR S/T

-H. E. E.-

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80475

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GD PET/GHM/REC/mw

G-4 PETROLEUM DIVISION

MEMORANDUM FOR RECORD:

8 April 1949

Subject: Importation of Crude and Refined Oil

1. C/N #1 from ESS to G-4, 30 March 1949, subject: Importation of Crude and Refined Oil, forwards a letter from United Kingdom Liaison Mission, which makes an offer to import crude and refined oil under the condition that the Shell Oil Company will be able to import these products and distribute them in Japan through their own organization. These products would be imported and paid for in dollars, presumably from U. S. appropriated funds. The UKLM is apparently laboring under a misapprehension that upon dissolution of the Petroleum Distribution Kodan, private oil companies will assume responsibility for importing and distributing petroleum products in Japan through their own organizations as direct imports for their own accounts.

2. By C/N #2, G-4 is replying to ESS, stating that all petroleum products purchased with U. S. appropriated funds, if used by the Japanese civil economy, are procured by the Armed Services Petroleum ^{Purchasing} Agency, based upon SCAP slated requirements. G-4 further states that there is no objection to importation of refined petroleum products through arrangements other than appropriated fund accounts. An explanation is given as to the status of private enterprise upon the dissolution of the Kodan and the controls under which they are currently operating. No comment can be given relative to importation of crude petroleum since at present it is prohibited and this subject will resolve itself when a decision is reached on the refinery capacity to be permitted in Japan.

3. Action is within established policy.
4. Petroleum Division follow-up suspense: None.
5. Action completed on G-4 Journal Number 80475.

GHM John (26-6123)

REC _____

CONFIDENTIAL

CONFIDENTIALD R A F TREC/mw
4 April 49C/N #2 From: G-4 ~~ESS~~ To: ESS

1. With reference to C/N 1 and inclosures thereto: All petroleum products purchased with U. S. appropriated funds for use by the Japanese civil economy are procured by the Armed Services Petroleum Purchasing Agency, based upon SCAP slated requirements.

2. There is no objection to importation of refined petroleum products through a barter or trade exchange agreement, or by use of non-appropriated funds available to SCAP. Products so procured would reduce the quantities to be purchased from GARIOA and EROA appropriated funds. Refined products to be procured by these methods should first be cleared with G-4 ^{in order that} ~~as to requirements~~ *requirements stated in ASPPA may be reduced.* in the Japanese economy program and for concurrence of the Armed Services Petroleum Purchasing Agency.

3. With reference to inclosure 3 from Head of Purchasing & Selling Section, UKIM, to ESS, Foreign Trade and Commerce Division, it appears that the UKIM is under the impression that the dissolution of the Petroleum Distribution Kodan on 31 March 1949 will result in private oil companies importing and distributing petroleum products in Japan through their own organizations as direct imports for their own account. This situation, while desirable, is not yet practicable. At the present time private companies have taken over petroleum distribution facilities formerly operated by the Petroleum Distribution Kodan and are distributing and selling, under Japanese Government regulations, the products refined from indigenous crude and those provided by U. S. appropriated funds. It is not apparent how a commercial company can import and sell its own products in Japan until the Yen becomes ^{fully} convertible into other currency.

4. The importation of crude petroleum into Japan is at present prohibited.

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No further information on this subject is available pending decision on the current study of refining capacity to be permitted in Japan.

----- H. E. E. -----

C

FOR FEDERAL CONCURRENCE AND	for	Submission to O/S	APP'D BY <u>[Signature]</u> 8/14/49
		ig & Dispatch by G-4	
		ig & Dispatch by DIV. ✓	

CONFIDENTIAL

CONFIDENTIALD R A F TGHM/mw
5 April 49

MEMORANDUM FOR RECORD:

Subject: Importation of Crude and Refined Oil

1. C/N #1 from ESS to G-4, 30 March 1949, subject: Importation of Crude and Refined Oil, forwards a letter from United Kingdom Liaison Mission, which makes an offer to import crude and refined oil under the condition that the Shell Oil Company will be able to import these products and distribute them in Japan through their own organization. These products would be imported and paid for in dollars, presumably from U. S. appropriated funds. The UKIM is apparently laboring under a misapprehension that upon dissolution of the Petroleum Distribution Kodan, private oil companies will assume responsibility for importing and distributing petroleum products in Japan through their own organizations as direct imports for their own accounts.

2. By C/N #2, G-4 is replying to ESS, stating that all petroleum products purchased with U. S. appropriated funds, if used by the Japanese civil economy, are procured by the Armed Services Petroleum Agency, based upon SCAP slated requirements. G-4 further states that there is no objection to importation of refined petroleum products through other arrangements, ^{than appropriated fund accounts.} An explanation is given as to the status of private enterprise upon the dissolution of the Kodan and the controls under which they are currently operating. No comment can be given relative to importation of crude petroleum since at present it is prohibited and this subject will ^{be} solve itself, ~~when~~ ^{is reached} when a decision on the refinery capacity to be permitted in Japan, ~~is reached.~~

3. Action is within established policy.
4. Petroleum Division follow-up suspense: None.
5. Action completed on G-4 Journal Number 80475.

GHM *ghm* (26-6123)REC *ghm***CONFIDENTIAL**

G-4 File

463.7

Monthly Data on Japanese Petroleum Imports

G-4

ESS/RP

FEB 25 1949

2

1. Under the Quartermaster General Petroleum Supply Program, a Monthly Report of Petroleum Issues, under Reports Control Symbol WDGSP-134, is submitted to the Department of the Army, in which is included all petroleum products imported for the use of the Japanese economy. Petroleum products imported for the use of the occupation forces are stated separately in this report. The comments in paragraphs 1 and 2 on Check Note 1 are, therefore, essentially correct.

2. The Monthly Report of Petroleum Issues is evaluated on the basis of original cost (f.o.b.). Based on the current Quartermaster Petroleum Price List, the estimated average per cent of increase to find the CIF landing cost values in Japan are as follows:

Gasoline	33%
Diesel	73%
Fuel Oil	113%
Miscellaneous	35%

These differ slightly from the percentages shown in paragraph 3a Check Note 1. The ratio of increase to find the CIF landing cost is based on the import of petroleum products from areas normally supplying the Far East Command.

3. As of the current date, only United States dollars from GARIOA, EROA or non-appropriated funds are used to purchase petroleum products imported for the Japanese civilian economy.

4. Petroleum products for the Japanese economy are normally imported from the Persian Gulf or from the United States.

C. J. E.

H. E. E. - - - - -

G-4 ROUTED TO	
A C/S G-4	_____
D AC/S G-4	_____
EXECUTIVE	_____
PLANS & POLICY	_____
OPERATIONS	_____
CONST & FAC	_____
TRANSPORTATION	_____
SUPPLY	_____
① PETROLEUM BUDGET	<i>[Signature]</i>
PERSONNEL	_____
② ADMINISTRATION	<i>[Signature]</i>



Pat
77724

GD PET REC/MJT/ajb

G-4 PETROLEUM DIVISION

25 February 1949

Memorandum for Record:

SUBJECT: Monthly Date on Japanese Petroleum Imports

1. This C/N answers queries from ESS/RP concerning petroleum products imported for the Japanese economy.

2. This action within established policy.

3. G-4 Petroleum Division follow up suspense: None.

4. Action completed on G-4 Journal No. 77724.

MJT MJT 26-8851 JMW JMW PRH PRH RJB RJB REC C
by JMW

463.8(17 Feb 49)
ESS/RP

ESS/RP

Attn: Major Toia

L. Hollerman -
CSS 26-7329
KDM/FG/CSS/mo

Monthly Data on Japanese Petroleum
Imports

G-4, Petroleum
Office

17 February 1949

1

To clarify recent telephone conversations between ESS/RP and G-4, Petroleum Office, ESS/RP wishes to define the nature of its requirements for monthly data concerning Japanese imports of petroleum and petroleum products as follows:

1. Commodities

Gasoline
Diesel oil
Fuel oil
Miscellaneous (including kerosene, lubricating oils, greases, waxes, etc.; excluding asphalt)
Crude oil

2. Quantities

Total imports into the Japanese civilian economy should be included, from whatever source derived. All products paid for by United States appropriated funds (GARIOA, EROA, etc.) which are imported into the Japanese civilian economy should be included. Direct commercial imports, if any, by either Japanese or non-occupation force persons should be included. Among specific items to be included are the following:

a. All diversions, transfers or issues from U.S. or other occupation force military stocks to the Japanese civilian economy.

b. Direct imports via Japanese shipping of petroleum products for use of the Japanese civilian economy.

c. Smuggled petroleum products which have been confiscated and entered thru official channels into the Japanese civilian economy.

Petroleum products imported for the use of occupation forces should not be included.