The Raj in Arabia

and

Frank Holmes — "Father of Oil"

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Abstract

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At the close of World War One, the great oil reserves of the Arabian Peninsula were hidden beneath the desert sands while the Arab shaikhdoms were ruled, and policed, by the Government of India. Today’s Gulf States were little valued backblocks in the rich real estate of the Indian Raj. As first Persia, then Iraq, gave up their petroleum lakes to serve the British Empire, across the water on the Arab side of the Persian Gulf, the entire peninsula was deemed worthless by world experts who decreed “there is no oil in Arabia”.

The study gives particular concentration to the 25 years from 1913 to 1938. What is revealed is that the Arab shaikhdoms were denied either authentic protectorate status or independence and were then intentionally excluded by the British Government from the League of Nations’ supervised Mandates. Discussion of the status of the Arab shaikhdoms was deliberately kept off the agenda of post World War One settlement provisions in order to hand them over to the authority of the Government of India, in compensation for failure to achieve its World War One goal – the annexation of Iraq as a colony for India.

In demonstrating the effect of rule by the Government of India and the position of the Arab shaikhdoms as outposts of the Raj, the study shows that New Zealander Frank Holmes identified and mapped the oil fields of Saudi Arabia, Bahrain and Kuwait in 1922-1923. Through following Holmes’ activities, and by examining the documented hostile reactions to his efforts to open up the Arabian oil fields, it is shown that rule by the Government of India delayed development of Arabia’s sole resource thereby continuing the area’s poverty. Considered an icon of the Indian Empire, the Anglo Persian Oil Company contributed to blocking the area’s aspirations, even though that company was convinced nothing would be found because Arabia was oil barren. Neighbouring Persia’s commercial oil industry began in 1908 and Iraq’s in 1925. On the Arab side of the Persian Gulf, the first oil flowed in 1932 in Bahrain, and not until 1938 for Saudi Arabia; Kuwait did not export its oil until 1946.

This is the first study to examine the role of the Government of India in the Arabian Peninsula in the post-World War One years. It utilises unpublished official documentation, and untapped corporate and personal archives, to focus on the period and bring into context the development of the economics, politics and international relations of the modern states of the Arabian Peninsula. An insight is provided into why the Gulf States remain suspicious of Western criticism of their oil production and pricing policies. And the historical basis of the West’s belief that it has a “right” to Arabia’s oil is examined.
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I, Aileen Keating, do declare that the content of this thesis is an original work incorporating research undertaken solely by me. I further declare that no part of this thesis has been submitted for any degree and is not currently in submission for any other degree.

[Signature]
Acknowledgments

When I began this project, initially with the aim of discovering what it was that had deprived Frank Holmes of his place in history, and how and why this occurred, I was actively encouraged by H.E. Tariq Abdul Rahman Almoayed, Minister of Information of the State of Bahrain. It is my deep regret that he passed away in 1999 and will not share with me the satisfaction of the work completed.

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I feel certain that many future researchers will be indebted, as I am, to the unknown individual who originally collected the now rare, and becoming ever more precious, early books on the Arab world and Persian Gulf so well preserved in ANU’s Bliss Library.
1903, the Viceroy of India, Lord Curzon (left) and his official party being carried ashore at Kuwait. Penelope Tuson's *Records of the British Residency and Agencies in the Gulf* (1979) page 192.
The January 1933 handover of the Ikhwan rebel leaders to Abdul Aziz Bin Saud. (Left to right) Yussuf Yassin (in dark aba) seated, in suit and toppe, is the Political Resident Sir Hugh Biscoe. Standing – and wearing an aba over his western suit and a topee -- is Harold Dickson. Abdul Aziz Bin Saud is seated, standing beside him is Shaikh Hafiz Wahba and seated to the right is the British Air Commodore.

Between pages 112-113 Shaikh Hafiz Wahba’s Arabian Days 1964
Frank Holmes’ map of the Al Hasa concession prepared in 1922 and amended to include the Neutral Zone created by Sir Percy Cox at the December 1922 Ujair Conference. Reprinted, page 85, in Ameen Rihani’s *Ibn Sa’oud of Arabia; His people and Land* (1928) with caption “map prepared by Major Holmes”.
Arabian oil fields, pipelines and refineries in 1949 as they appeared in *Life Magazine* of March 28th 1949. The caption read “America’s concession is the largest...”
Showing development of the Arabian oilfields in 1958, and the surrounding areas of Iraq, Iran, Yemen and Aden. Page xii, Wayne Mineau’s *The Go Devils*, 1958
“When there are no horses, saddle the dogs,” is a local proverb that surely illustrates the resilient character with which the Arabs of the Gulf endured the domination of the Government of India. When Lord Curzon, the Viceroy of India, included the Arab shaikhdoms on his almost royal tour of 1903, he carried with him a purpose-built platform. From a silver and gold throne atop this dais, Curzon addressed the Arabs assembled on the bare ground below. It was Curzon’s majestic example that set in place the imperial style in which the British officials of the Government of India would treat the Arabs of the Persian Gulf for the coming half century.

With the gunboats of the Indian Marines ever on the horizon, and platoons of Indian Sikhs kept in easy striking distance, there was little the Gulf Arabs could do to resist Britain’s assumption of power through its proxy, the Government of India. Abdul Aziz Bin Saud, the future Ruler of Saudi Arabia once expressed it very well. In 1922 he explained: “I will put my seal, if they say I must, but I will strike when I can. What I cede of my rights under force, I will get back ... when I have sufficient force.”

In the event, the means by which the Gulf Arabs escaped the harsh embrace of the Government of India was not force. It was development of their oil resources. New Zealander Frank Holmes discovered that oil in 1922-1923, then had to fight the Government of India, and the British Empire, to develop it. He succeeded, finally, in bringing in the Americans and then had to fight all over again on their behalf. The obfuscation, objections and obstacles thrown up by the Government of India and her officials in the Gulf to deter Frank Holmes’ development of the Arabian oil fields are related in this thesis.

Structure of the thesis

This thesis seeks to answer the question – what was it that delayed development of Arabia’s oil, after Holmes’ 1922-1923 discovery, until 1932 for Bahrain and 1938 for both Kuwait and Saudi Arabia, particularly since neighbouring Persia had been pumping oil since 1908 and Iraq since 1927. It is the contention of this thesis that it was rule by the Government of India in the Arabian Peninsula, reconfirmed by Winston Churchill in 1921, that held back the development of Arabia’s oil for decades. In pursuit of this contention it is necessary to demonstrate two main issues which are first, that Frank Holmes did identify the Arabian oil fields and second, that the Government of India did hold power in the Arabian Peninsula.

The thesis is in three parts. Section One sets out the background and begins with a revision of the existing literature Myths and Mistakes: the Record Corrected. It notes the efforts to belittle and even slander Frank Holmes’ personal and professional reputation. After Holmes’ 1932 oil success in Bahrain proved the world experts wrong in their unanimous opinion that there was no oil in Arabia, rather than admit Holmes’ achievement, a number of myths were propagated. Paramount among these was that the 51% British Government owned Anglo Persian Oil Company did know there was oil, but pursued a deliberate policy of declaring the area oil barren in order to keep away possible competitors. This myth is shown to have no basis.

Chapter Two, No Oil in Arabia, details the many geological surveys. Beginning in 1904 with Pilgrim’s survey for the esteemed Geological Survey of India, through various surveys mainly by British, but also Hungarian and Swiss geologists – and including seven surveys of Kuwait by the geologists of the Anglo Persian Oil Company – the world experts decreed the Arabian Peninsula of no geological value.

How the Government of India came to be in the position of exercising authority over the Arabian Peninsula is explored in Chapter Three, The Gulf Raj. Britain’s entry into Mesopotamia in WW1, accomplished by the Indian military and managed by the Government of India, is examined and India’s goal of annexing Iraq for a colony of India is demonstrated. The deliberate way in which the status of the Gulf States was kept from the attention of the international peace process, and Churchill’s 1921 Cairo Conference endorsing the authority of India, is discussed. The dimension of the India associations of the Anglo Persian Oil Company is revealed. Consolidation of the Government of India’s power in the area and the process of “Indianisation” of the Gulf States are highlighted.
Section Two is devoted to Frank Holmes’ struggle to obtain concessions over the oil fields he had identified. Chapter Four, *A Very Promising Area*, documents Holmes’ discovery of the fields of Al Hasa in Saudi Arabia, Bahrain and Kuwait and describes the hostile reactions of the Government of India’s Political Officers in the area. Chapter Five, *Resolute Rulers*, illustrates the resistance of the Arab rulers to the blandishments, threats and intimidation employed by the Political Officers in their attempts to persuade the Rulers not to sign Holmes’ financially generous concessions but instead to enter into “no fee, no guarantee” arrangements with Anglo Persian Oil Company.

In Chapter Six, *The Model*, the theme is expanded of collusion between the Anglo Persian Oil Company and the Government of India’s Political Officers. The restrictive terms of the British sponsored agreement reached with the Iraq Government by the 50% British owned Turkish Petroleum Company is analysed. This agreement, particularly the British Nationality Clause, is shown to be the model that the British sought to emulate in the Arab concessions as a means of obtaining “maximum British control” that would ease the fears of the Government of India.

Section Three opens with Chapter Seven, *Meltdown*, in which it is shown that development of the Arabian oil fields could only begin when events occurring outside the area resulted in the Colonial Office and the Foreign Office bringing pressure to bear on the Government of India. The argument is developed that it was events such as the Persian claim to sovereignty of Bahrain, the need to build the oil pipeline from Iraq to the Red Sea and Persia’s cancellation of Anglo Persian’s concession that led directly to removing opposition to Holmes’ concessions. The American claim that it was diplomatic pressure from the US State Department that gained them entry into Bahrain and Kuwait is shown to be unsupportable. Attention is given to the terms of the “British Nationality Clause” imposed on Bahrain and the secret “Political Agreement” signed between the British Government and the Kuwait Oil Company, a joint venture between Gulf Oil Corporation USA and the Anglo Persian Oil Company.

Chapter Eight, *Legacy*, looks at the post WW2 retreat to Bahrain of the remnants of the Gulf Raj, where it was still in evidence a decade after the independence of India. The stages by which the Arab countries gained profit sharing in their respective oil companies are outlined as is the attainment by the Gulf States of independence.
Finally, the question is explored of what was gained by wiping from the record the achievement of Frank Holmes’ discovery and persistent efforts to develop the Arabian oil fields. The hypothesis proposed is that diminishing Holmes’ role removed an impediment to British and American claims to possess a “right” to Arabia’s oil, a claim that seems to have extended into a belief that the West in general has a right to the oil of Arabia.

In the years covered by this thesis, a number of characters played their roles. Many are worthy of stand-alone portraits. However, in the interests of keeping the text flow tight and remaining with the arguments, biographical details of individuals mentioned in the text are included as Appendix-3 Who’s Who. A Glossary is provided as Appendix-1 and Frank Holmes 1934-1947 is Appendix-2.

**The research**

The discrepancy between the Western view of the history of Arabia’s oil, and the view held by the Arabs of the Gulf, first caught my attention in 1973. As a journalist, I was on assignment covering political developments, and the drafting of a Constitution, in post independence Bahrain. The island was alive with discussion of the possible use of what was termed the “Arab oil weapon”, an embargo on Arab oil shipments to countries that had aided Israel in the October War of that year. The American media were full of reports expressing outrage that the Arabs could adopt such a measure “after all we’ve done for them” alongside supporting stories about American “oil pioneers” who had toiled in the heat and dust of the Arabian deserts to discover the oil.

In government offices, and in the homes and coffee shops of Bahrain, I was told emphatically that the Americans did not discover the oil of Arabia. Every Bahraini seemed to know that the true discoverer was a New Zealander – Abu Al Naft – though few knew that his name was Frank Holmes. After working outside the Middle East for some years, I returned to Kuwait in 1979, where I was again assured that Abu Al Naft was indeed the “Father of Oil” in Arabia.

Settling into Bahrain for a long posting in 1980, I began to pursue this mystery. Most of the current publications I read barely mentioned the New Zealander Frank Holmes. Those that did depicted him not as a discoverer of oil but as a concession hunter of somewhat dubious reputation. This was also the picture I was given of
Holmes by the American and British managers of the Bahrain Petroleum Company, the Kuwait Oil Company and the Arab American Oil Company (Aramco) in Saudi Arabia, at least by those who had even heard of Frank Holmes.

By now I had spoken to Husain Bin Ali Yateem, the nephew of Muhammad Yateem, who was Holmes’ colleague and personal assistant from 1922-1938. Frank Holmes and his wife Dorothy had cared for Husain while he attended school in Brighton, England. Back in Bahrain, as a very young man, Husain had been sent by Holmes on a mission to the Shaikh of Qatar. Husain Bin Ali Yateem knew, without a shred of doubt, that Frank Holmes had discovered the oil of the Arabian Peninsula. The Yateem family’s records, however, had been destroyed by fire in their Bahrain offices some years earlier.

I searched for books published closer to the time of discovery. Tantalising glimpses of Frank Holmes began to emerge in publications such as Ameen Rihani’s 1928 *Ibn Sa’oud of Arabia; His People and Land*. I pursued a first trawl through the India Office Library and the Abu Dhabi Documentation Centre. I spoke with Dame Violet Dickson in Kuwait. Her husband, Harold Dickson (1881-1959), was a Political Officer with the Government of India and features throughout this thesis. Although she was at pains to impress on me what a truly engaging personality Frank Holmes was, her memory at that stage did not extend to dates or hard facts.

In London, I met with Archibald Chisholm (1902-1988). Chisholm was joint negotiator with Holmes in 1934 for the Kuwait Oil Company concession and in 1978 published *The First Kuwait Oil Concession Agreement: a Record of the Negotiations 1911-1934*. While Chisholm also extolled his personality, he could not agree that it was Holmes who actually pinpointed the oil fields although he did acknowledge he had first identified Kuwait as rich in oil. Chisholm wanted credit for discovering Kuwait’s oil to be given to the Anglo Persian geologists.2

The primary source breakthrough came by tracing Holmes’ family members, now scattered throughout the world in New Zealand, Australia, England, USA, and South America. From Frank Holmes’ surviving personal papers, and letters of his wife Dorothy, I was able to construct a timeline of what Holmes was doing, where and when. Documents of Frank Holmes’ younger brother, Percy, assisted to fill in the gaps and provided a picture of Holmes’ personal and professional background before he entered the Arab world. The personal correspondence between Swiss geologist

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Arnold Heim and Frank Holmes held at Zurich University was enlightening. The material of Guy Scholefield, editor of the New Zealand Dictionary of Biography, held at the Alexander Turnbull Library was useful and contained some additionally informative personal letters.

The publication in 1990 of *Bahrain Oil and Development 1929-1989*, to celebrate the Bahrain Petroleum Company's 60th anniversary, was a setback with its comment that "opportunist businessman" Frank Holmes was "instrumental in securing oil concessions" and its claim that "Arabia's first oil well was struck by American pioneers." Daniel Yergin's *The Prize: The Epic Quest for Oil, Money & Power* quickly followed in 1991 and, although this was a little kinder to Holmes, he was still described as a concession broker. Despite these two publications, the Bahrainis, Kuwaitis, Qatars and Saudis remained adamant. In conversations with me they insisted that it was Frank Holmes who was *Abu Al Naft*.

When I began work on this thesis in 1998, it was my intention to demonstrate whether or not Frank Holmes was, as the Arabs of the Gulf insist, the true discoverer of the oil of Arabia. I searched the Chevron Oil archives in San Francisco and the American Heritage Center's International Archive of Economic Geology at the University of Wyoming. A satisfying exercise was the search through the personal correspondence related to publication of T E Ward's *Negotiations for Oil Concessions in Bahrain, El Hasa (Saudi Arabia), the Neutral Zone, Qatar and Kuwait* (1965), and Edgar Wesley Owen's *Trek of the Oil Finders: A History of Exploration for Petroleum* (1975). The post publication comment on both books was particularly productive.

My "hunch" that there should be, somewhere, the papers of Karl Twitchell (1885-1968), related to the Saudi Arabian concession, was a frustration for many months as I pursued this possibility. Discovery of these was exhilarating. I found them, uncatalogued in 11 cartons, at the Seeley G Mudd Manuscript Library (Public Policy Papers and University Archives) at Princeton University.

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My conviction that there should be a body of correspondence between Frank Holmes and Ameen Rihani also proved correct and discovery of this in Lebanon provided me with a treasure trove of primary source material.

For some time the only connection I had between 31st President of the United States, Herbert Hoover (1874-1964), and Frank Holmes was from secondary sources. The discovery of Hoover’s letter of 1908 among the personal correspondence held by the Hoover Library, and mention of the relationship between Hoover and Holmes in the Chevron Oil Archive documents, allowed me to prove this connection.5

Analysis of the American documentation on the history of oil leads to the thought that the denial of the achievements of Frank Holmes in the written record, in favour of American “oil pioneers”, might be attributed to the public perception of the oil industry itself. From its very inception the industry was forced to defend its reputation. The American oil industry, for example, appeared before some twenty Congressional Hearings beginning with the “trust busting” actions of 1890-1911 that ended with the breaking up of the original Standard Oil. From that experience, the American oil companies recognised the value of positive publicity and did not stint on investing in powerful public relations departments. As early as 1919 Standard Oil of California had a public relations practitioner whose experience included stints as a foreign correspondent in Asia, South America and England – before becoming Chief of Foreign Intelligence and Chief of Information at the State Department, from where he was hired by Standard Oil of California. 6

**Import of Government of India**

A second careful search of the India Office Library, and the personal papers of various Holmes’ contemporaries at St Antony’s College Oxford, produced a bigger, and even more startling insight that resulted in my widening the scope of this project beyond demonstrating that it was Frank Holmes who discovered Arabia’s oil. I have dubbed the picture that emerged from this research “The Gulf Raj” — it is a picture of an Arabian Peninsula ruled, not by “the British” as is usually described, but an Arabian Peninsula ruled by the Government of India.

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5 See Footnote 16
6 Yergin page 97-113 for break up of Standard Oil: White, Gerald T, *Formative Years in the Far West: A History of Standard Oil Company of California and Predecessors through 1919*, USA: Appleton Century Crofts, 1962, page 557, he was the 35 year old Philip H Patchin
That this factor is not evident in works dealing with the period remains a puzzle to me. Briton Cooper Busch in both *Britain and the Persian Gulf* (1967) and *Britain, India, and the Arabs* (1971) comments on the Government of India in Mesopotamia, but does not extend his attention to the Arabian Peninsula. Most writers imply the presence of the Government of India faded after WW1, giving way to "the British". While this is true for Mesopotamia/Iraq, it is not what happened in the Arabian Peninsula.⁷

It seems that even some Arab scholars are confused by this loose categorisation of "the British". In *Beyond Oil, Unity and Development in the Gulf*, Muhammad Rumaihi remarks on the discussion among Arab "legal analysts" of whether or not the shaikhdoms were ever true protectorates and "about the nature of the ties between the Amirates and the British authorities, and about whether relations existed with the Bombay government (the British regime in India) or with London directly."⁸

In entering this discussion, I have drawn on the primary source documentation to show that the relations of the Arab Gulf countries were indeed with what Rumaihi terms "the Bombay government". This relationship, in the form of the authority of the Government of India for all matters except policy, was re-confirmed by Winston Churchill at the Cairo Conference of 1921 and remained in force until the Foreign Office took over responsibility in 1948 on the independence of India. "Policy" was not defined although this was usually accepted to mean such matters as auditing of accounts, supply of materials and grant of local allowances. As will be shown, in practice the Government of India retained full control of general policy as well as administration. Until 1948, while the administrators and the political officers were certainly "British", they were members of the Indian military or the Indian Civil Service. They received instructions from India and reported, not to the British Government, but to the Government of India.⁹

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⁹ IOL/R/L/PS/11/193 January 31st 1921 "Report of the Interdepartmental Committee appointed by the Prime Minister to make recommendations as to the formation of a new department under the Colonial Office to deal with mandated and other territories in the Middle East" Clauses 9-12 deal with the "Persian Gulf littoral"; And IOL/R/L/PS/10/1273/PG/Sub/18 December 12th 1929 Committee of Imperial Defence, Persian Gulf, Report by a Sub-Committee on Political Control; Appendix "De Facto" position as regards political arrangements in the Persian Gulf
The new Orders in Council enacted following the August 1947 Indian Independence Act referred to the previous arrangements linking the Arab shaikhdoms to the Government of India. Clause 4 of the Note attached to the Bahrain Order states that previously “the Governor General of India exercised a number of powers”. It was now necessary, the Note explained, to “transfer elsewhere all powers hitherto exercised by the Governor General of India.” Herbert Liebesny, on the staff of the Foundation for Foreign Affairs in Washington, pointed out in *Middle East Journal* in 1947 “the Political Residency, and the Political Agencies are subordinate to the Government of India.” In 1956 he observed, “only very recently have the Arab principalities of the Persian Gulf been officially put into the category, at least for some purposes, of British-protected states”\(^\text{10}\)

Once having grasped this all important dimension, I moved on to track the equally important India associations of the Anglo Persian Oil Company. Now the trials and tribulations experienced by Frank Holmes in his effort to develop the oil fields he had discovered fell into place. Previously it had seemed to me that, at times, the objections to Holmes were instances of using a sledgehammer to crack a nut. But once it became clear that the Government of India was defending its very presence in the Arabian Peninsula – a presence deliberately not put before any international body for authorisation or endorsement – the reaction to the perceived threat presented in the person and activities of Frank Holmes came into context.

**Who was Frank Holmes (1874-1947)?**

This thesis explores the episode of the Raj in Arabia through the device of following Frank Holmes from discovery of the area’s oil to resolution of the granting and development of the concessions. Therefore, at this point a biography of Holmes up to the moment he began his search for Arabia’s oil is necessary\(^\text{11}\)


\(^{11}\) The biography is assembled from — Peter Mort for Frank Holmes personal papers; Stella Pendlebury for Dorothy Holmes personal papers; Michael Stephenson for Percy Holmes personal papers; Philip Davidson and Gerald Davidson for Holmes’ family records; correspondence was also received from family members Shirley Engberg, Edward Holmes and Dorrie Wilby; The Alexander Turnbull Library Wellington NZ, MS papers 212, Folder 22, Guy Scholefield, Editor of the Dictionary of NZ Biography, for correspondence; Herbert Hoover Library USA for correspondence; Otaga Boys High School Dunedin 1889 Register; personal interview Archibald Chisholm London
Holmes may have inherited sheer grit from his mother. On the day he was born, November 25th 1874, she rode, alone on horseback for hours, to visit Frank’s father where he was constructing bridges for the New Zealand Government. Frank’s father, James, had emigrated from the Lakes District in England, arriving as a young man first in Tasmania, where he met his future wife, then on to New Zealand. He worked on the roads and bridges that were opening up that country and later took advantage of government grants of virgin land to develop a sheep farm in Otago, where he raised his seven children. Frank completed his education at Otago Boys High School and in 1891, at 17, followed his two older brothers already apprenticed to the father’s brother in South Africa. The Holmes’ boys learned the mining business in the gold fields of the Rand where their uncle was general manager of the Johannesburg based Jumpers Co, a pioneer in the cyanide process of recovering gold, a knowledge Holmes would later use to advantage.12

In South Africa he learned more than mining. On December 29th 1895 he was among the 500 men whom Scotsman, Leander Starr Jameson, unsuccessfully led on a 36 hour raid into the Transvaal in rebellion against Kruger’s high taxing of the mostly British owned mining industry. Soon after this Holmes left South Africa for Australia. While he was employed as a metallurgist with the Melbourne Mint, he married Nina Isobel (Nancy) the daughter of Dr James Howard Eccles, children’s specialist at the Melbourne Hospital. They moved on to the arid area of Broken Hill, Australia’s “Silver City”, 1180 kilometres west of Sydney. This was where Australia’s biggest company, Broken Hill Pty Ltd (BHP) was incorporated in 1885 to exploit the rich silver, lead and zinc deposits discovered two years earlier. Frank and Nina’s son, Frank Junior known as “Eccles”, was born here while Frank was manager of “Seabrook” a metallurgical and ore treatment plant. Across in Western Australia, the first claims were being staked out in what would become the fabulously rich Kalgoorlie gold fields. 13

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12 Frank’s father, James Holmes, was born in Westmoreland UK 1837, his wife, Mary Ann Smith, was born in Hobart 1836; they married in Otago NZ 1866. Frank’s two older brothers, Robert and Alan, died during the Boer War. Frank’s youngest brother, Percy (1880-1968), followed a similar apprenticeship to the uncle in South Africa. Percy Holmes went on to be manager of the “Patino Mines”, in his time the world’s largest tin mine; he founded a branch of the family in Bolivia.

13 Jameson surrendered on January 2nd 1896; the raid was one of the important causes of the Boer War of 1899-1902. Papers held by Philip Davidson and Michael Stephenson show Frank and Nina married in the Holy Trinity Church, Maldon Victoria, October 14th 1897; See Blainey, Geoffrey, *The Rise of Broken Hill*, Australia: Macmillan, 1968
With Herbert Hoover

American President-to-be Herbert Hoover was hired to inspect these remote Western Australian fields. His London principals bought the Sons of Gwalia mine, initiated by a group of Welsh miners, on Hoover's advice. At the age of 22, Hoover was appointed Mine Manager and Frank Holmes, also 22, joined him, initially as metallurgist. From Western Australia Hoover was promoted to a post in China for the same company, and Holmes who was now one of few persons experienced in the Cyanide Process of gold extraction, went with him. Though Hoover was constantly urged by the Chinese to find gold, as it turned out, much of the time was spent seeking and developing the enormous coal deposits that constituted China's true wealth.

When they travelled together on the boat from Basra to Bahrain in 1922, Holmes spoke to the Lebanese American writer, Ameen Rihani, of this experience and of his admiration for Hoover who was at that time US Secretary of Commerce. Rihani recorded that Holmes told him: "Hoover was not long in bossing a job he undertook. A man of decision, of quick mind, impetuous but not nervous, full of ambition and grit. He seldom hesitated in making up his mind. He would go down a mine, for instance, look it over and say whether it was worth working or not". Holmes told Rihani: "I once inspected a mine and thought it was good. I asked Hoover to go down and look it over. He did; and when he came up he told me that it was no good. 'I wouldn't spit on it', he said. Hoover is like that. He wasted no time or energy on what he thought was of no value."14

That period in the desert of Western Australia was an experience important to Holmes' later recognition of the resources hidden in the deserts of the Arabian Peninsula. Certainly, it taught him how to survive in a harsh climate. Herbert Hoover's description of Kalgoorlie could apply equally to Arabia. It was, he said, "among the hottest and driest and dustiest places on this earth. The temperature was over 100 degrees at midnight for days at a time. The rain was little more than an inch a year and most of it all at once. The country is unbelievably flat and uninteresting ... some of our mines lay long distances away in the interior ... the principal means of transport was long strings of Afghan camels. We rode them on inspection trips ... we travelled in 20 to 30 mile daily stages, mostly slept on the ground under the cold stars and were awakened by swarms of flies at daybreak."

14 Rihani page 80 "I once inspected a mine"
Hoover also wrote of water problems that Holmes, from his experience in Western Australia, recognised immediately when he saw them again in Arabia; a recognition that prompted his successful search for artesian water in Bahrain and Kuwait. “The Kalgoorlie mines were unbelievably rich, but presented difficult metallurgical problems, made more difficult by the lack of water ... such water as we had came from shallow wells in salty depressions ... we must of necessity recover all the water we could from our metallurgical processes in order to use it over again,” Hoover recorded.15

When the work in China, interrupted by the Boxer Rebellion, ended in October 1901, Hoover went back to California, returning to Australia in 1902. Holmes travelled to London where he joined the mining enterprises of the groups chaired by Edmund Davis, who would later form the Eastern & General Syndicate for work in Arabia. Holmes stayed in touch with Hoover sometimes referring mining persons he considered to be particularly good; Hoover often employed them on Holmes’ recommendation. In 1926 Herbert Hoover would provide a personal reference to the American oil companies attesting to Holmes’ professional abilities and character. Holmes’ association with Hoover may also have influenced his choice of the Gulf Oil Corporation USA as a partner in developing the Bahrain oil concession. The founder and majority stockholder in this company was the Mellon Bank family. In 1926 Andrew Mellon was US Secretary for the Treasury, working with Herbert Hoover as Secretary of Commerce.16

16Herbert Hoover Library, July 11th 1908, Hoover to Holmes: “I am in receipt of your letter regarding a position for a friend of yours. I am afraid that I have no opening at the present moment although I think I shall want a general clerk when we expand our works a little and will be very glad to oblige you. I owe you many thanks for Travis for he is doing splendid work.” Chevron Archives Box 120791, memorandum for historical research project, notes of telephone conversation with Mrs Mary Steams 20/10/1955 “...Holmes had worked with Herbert Hoover in Australia at some time pre WW1 and gave Hoover’s name as reference...Loomis checked on Holmes with Hoover”. Andrew Mellon (1855-1937) was Secretary of the Treasury under three successive Presidents, Harding, Coolidge and Hoover; Herbert Hoover was behind the post WW1 push to obtain a share of Iraq’s oil for American companies; he insisted the British afford an “Open Door” policy to Americans. See, for example, Shwadran page 209 then Secretary of Commerce Herbert Hoover “took it upon himself” to ensure American oil companies would have a share in Mesopotamia’s oil.
Russia, Malaya, Australia and Mexico

The Edmund Davis’ groups sent Frank Holmes to Russia, where he had his first taste of the oil industry in the Caspian, and then to Malaya as Assistant General Manager of the Penang Corporation whose many branches included running the Tanjong Pagar Dock Company at Singapore, an experience echoed in Holmes’ later advice to Abdul Aziz Bin Saud that Ras Tanura was the best prospect for developing a commercial port. By 1905, Holmes was back in Australia, intending to set up his own business as a mining consultant, but his London associates made him an offer he couldn’t refuse and, now 30 years old, he moved to Mexico. 17

He managed several mining projects simultaneously, mostly around Chihuahua northern Mexico, while also acting as Consulting Engineer to the General Luis Terrazas Estate, headquartered in Chihuahua. Spurred by the 1901 discoveries just across the border in Texas, Weetman Pearson (later Lord Cowdray) spent five million sterling until, in 1908, he found the huge oil reserves in Mexico that would later make him one of the richest men in Britain. Very quickly the Hearst family was drilling for oil in Chihuahua and Holmes’ associate General Terrazas – dubbed “the largest individual land and cattle owner in the world” – obtained a 10-year regional prospecting licence for oil. 18

Holmes’ sympathy for the native labour, frequently employed in deplorable conditions at that time, was not always well regarded by expatriate mining colleagues. In Mexico, the foreign miners spoke disparagingly of the indigenous people as “Apaches”. Holmes, sniffed one of his contemporaries, “does not offend them”. Rebellion broke out in Mexico in 1909 in the lead up to the 1910 elections. Nina, Holmes’ Australian wife, died in May 1910 following the loss of an infant daughter. Within weeks, rebel activity had caused the suspension of all mining operations in Chihuahua. Holmes packed up his son and took him to England. 19

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17 See Henry, J D, Baku, An Eventful History, London: Archibald Constable & Co, 1905; Dickson papers, Box 2a/file 4a Report September 30th to November 12th 1922 Dickson to Cox: “Holmes said he had already concluded from charts Ujair (as Bin Saud wanted) was useless as a port, Ras Tanura was the place”

18 Sampson, Anthony, The Seven Sisters, UK: Hodder & Stoughton, 1975, pages 81, 88, 100-101 for detail Lord Cowdray and Mexican Eagle (Aguila) Company; Among Holmes’ private papers is a card recording the inscription on a gold watch, dated October 31st 1908, “presented to Mr. Frank Holmes, General Manager of the Palmarejo & Mexican Gold fields Ltd, of the Oxnam Prospecting Co No.1, Chinipas, Chihuahua as a token of their esteem by the staff of both.”

19 Percy Holmes papers held by Michael & Gloria Stephenson, Bolivia, the 1909-1912 Journal of Robert Emmerson, page 175, “(the mine) has a bunch of Apaches...Holmes does not offend them...the only Indian on the warpath is myself”; The Mexican troubles continued; in 1911 despotic dictator General Porfirio Diaz resigned, he had been President since 1877. Holmes and his son arrived in London July 1910. “Eccles” was with the Indian Army for 15 years after joining during WW1, he
While the boy settled in with the Shropshire family of his father's friend William Pendlebury – Holmes would marry Dorothy, a daughter of this family – over the next four years, Holmes worked again in Russia, then on various tin and gold mining projects in West Africa. For his London group, he negotiated the purchase of a lightering company in Uruguay and also spent time in Montevideo. Although Nigeria did not develop its oil resources until years later, Holmes was there before the First World War exploring for gold, tin, and oil. In April 1914 he married Dorothy in England and was preparing to move his family back to South America when, in August, Britain entered the war against Germany.\textsuperscript{20}

"Major" Frank Holmes

Among Holmes' friends was fellow New Zealander Major George Richardson who was in England in 1914 attending the military Staff College at Camberley. Richardson was appointed Chief of Staff of the Royal Naval Division. Created by Winston Churchill, then First Lord of the Admiralty, this was a hybrid force composed of two Marine Brigades and one new formation for the purpose of feeling the way for troop landings. Holmes went to see Churchill. Although visualising his new force as attracting the very cream of Britain's bright young men, Churchill made a personal exception.

When Holmes appeared in his office, Churchill took one look at the burly New Zealander and barked "how old are you?" To the reply of "just forty, Sir" Churchill snapped "that's a bit old isn't it?" Holmes smoothly retorted "it's exactly your age, Sir." Churchill didn't miss a beat and shot back "in that case you're in the prime of life. We'll see what can be done."\textsuperscript{21}

married Cecily Ronide (no children), was financed by his father in mining projects in Canada, and died in 1939

\textsuperscript{20}William Pendlebury would progress from schoolmaster to Director of Education for Shropshire. Dorothy was proud of her Austrian mother, whom she told Scholefield was the daughter of "Baron del Monte von Montaucau an aide de camp to the Emperor Franz Joseph" Dorothy was with Frank in Abyssinia 1919 and on 4-6 month visits taking in Iraq, Kuwait, Bahrain and Dubai in 1924, 1934 and 1937

\textsuperscript{21}See Jerrold, Douglas, \textit{The Royal Naval Division}, London: Hutchinson, 1923 and Sparrow, Geoffrey and Macbean-Roos, J N, \textit{On Four Fronts with the Royal Naval Division}, London: Hodder & Stoughton 1918; Scholefield Collection, July 25th 1960, Dorothy Holmes to Scholefield, "Frank knew General and Mrs Richardson when he was at the Staff College Camberley. I think it was probably on his recommendation that Frank joined the RND. I know he went to see Churchill who said Frank was too old when Frank commented that Churchill was the same age. Churchill said in that case you are in the prime of life and he got the commission." See also Mineau, Wayne, \textit{The Go Devils}, London: Cassell, 1958, Mineau interviewed Dorothy and recounts this episode pages 179-180; Also October 26th 1959 and December 1st 1960, Lord Freyberg, Lt Gov Windsor Castle to Scholefield "Richardson and Holmes were known to me about
Commissioned as Senior Supply Officer, Major Frank Holmes delivered mules and horses to the forces at Gallipoli, landing them at the height of the debacle of March 1915. He was there to assist with the evacuation of his beleaguered fellow colonials, the Australians and New Zealanders, during which he was twice mentioned in dispatches. Following the April 1916 surrender at Kut of the Anglo Indian Army, when control of operations in Mesopotamia was taken from the Government of India and transferred to the War Office, Holmes was posted to Addis Abbaba, with his headquarters in the British Embassy. From there he scouted through Abyssinia, the Italian colony of Eritrea and across the Arabian Peninsula locating and buying meat and supplies for Britain’s Mesopotamian Expeditionary Force (in modern Iraq). Soon after the March 1917 capture of Baghdad, he was home on sick leave, laid low by what the Medical Board diagnosed as "the effects of food and water conditions in his area of active service." On recovery, he was posted to Flanders with the Royal Marines, 63rd (RN) Division. In January 1918, Winston Churchill personally recalled Frank Holmes from the trenches of France. Churchill instructed that Frank Holmes "be ordered to return to England and report to the Admiralty as soon as possible, as he is required for other duties".

**Abyssinian and the Red Sea**

The “other duties” were to assist in capturing the imagined mineral riches of Abyssinia for Britain. Over the previous twelve months, Holmes' prewar mining associates had been talking with the Board of Trade, the Department of Agriculture and the Ministry of Munitions. Influential Chairman Edmund Davis (later knighted for service to British industry) was requesting exclusive rights to take over several concessions covering potash, potassium, and Wolfram. The British Government endorsed the group’s aim, as these were all minerals used in production of fertiliser and, more importantly, the manufacture of explosives.

1914...they certainly were associated with Winston...I saw a great deal of Holmes when he was with the Naval Division and several times after the war...” As General Sir George Richardson he became Administrator of Western Samoa.

22Jerrold page 48 “Senior Supply Officer”; see also Hickey, Michael, Gallipoli, Melbourne: John Murray, 1995; Holmes’ diary 1914-1915 for detail Gallipoli; Dorothy Holmes’ papers, November 7th 1915, Dorothy to her sister “a piece in The Times refers to Frank’s being mentioned in Despatches in the Dardanelles”; also Scholefield collection Scholefield, Guy H, “A Tough Patient New Zealander”, Otago Daily Times (nd/np) “served throughout to the evacuation and was twice mentioned” and “NZ Man Walked into Confidence of Sheik Oilmen”, Post (nd/np) “headquarters at the British Embassy”

23PRO/WO 339/69521 is Frank Holmes’ WW1 military file, contains Medical Board report “effects of food and water” and January 25th 1918 Admiralty to Secretary War Office request Holmes be returned to England and February 23rd 1918 advises that "Major Frank Holmes, Royal Marines, reported at the Admiralty, on return from France, on the 20th instant"
The Germans had long been the main suppliers of potash and the French and Italians were already in Abyssinia. Britain had been buying these minerals through the Italians, paying, as Churchill pointed out, almost double the price charged to Italian industry.24

Abyssinia was tipped in 1917 mining circles as an area of unlimited mining potential. Holmes' associates put forward grand plans for developing the concessions, including construction of several railways, and nominated their own consulting engineer, New Zealander Frank Holmes, as the ideal man, perhaps the only man, capable of both negotiating and securing the concessions and then moving on to physically and technically develop them. The group formed in March 1918 for this venture was named "The Frank Syndicate".25

Holmes returned to London when the war ended in November 1918. There, in December, he received another letter from the Admiralty informing him he was to receive the "Diploma of the Order of the Crown of Italy (Cavalier) awarded you by His Majesty the King of Italy". Modestly, he told friends it was "only a dog fight medal". With Dorothy, he went back to Abyssinia. The British had predicted that "parts of Abyssinia will prove an El Dorado, a new California, for commercial enterprises after the war". The hoped-for riches did not eventuate. By the close of 1919 Holmes' attention was centred on the other side of the Red Sea, particularly on the lapsed oil concession on the Farasan Islands and also the Salt Mines concession of the Salif Peninsula.26

It was the policy of Holmes' business associates to set up different groupings of investors to support individual, and financially separate, ventures. The syndicate backing the Abyssinia operations remained intact and a new grouping was formed for activities on the Arabian side of the Red Sea. This was The Eastern & General Syndicate Ltd (E&GSynd). Originally visualised in April 1920 as "developing trade

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24 PRO “Abyssinia” and Board of Trade files, BT 66/11, October 1917-December 1918 and CO-727/3 Colonial Office memo, correspondence from Department of Overseas Trade
25 Papers held by Philip Davidson and Michael Stephenson, Registration of “The Frank Syndicate” dated London March 25th 1918 and Power of Attorney to Frank Holmes, same date, witnessed by Davis’ associates listed as Directors, Edmund Janson and William Pocock
26 PRO/WO 339/69521 Admiralty to Holmes “Citation from King of Italy...published London Gazette 17/1/1919”; Holmes papers, December 13th 1918, Dorothy to her family “dog fight medal” and Scholefield Collection October 27th 1959 Dorothy to Scholefield “...we never could quite fathom what this was in aid of...”, PRO/BT66/11 November 30th 1917 re Abyssinian Potash Deposits “The British Consul General Cairo, and General Clayton say...Eldorado.” Prior to WW1 the Turkish Government had ceded the salt revenues of the Empire to the Ottoman Public Debt Administration but during the war the Salif Mines, with salt deposits estimated at 3,000,000 tonnes, were barely operated except for some export to India
on the Arab Coast, but more especially on the Assir and Yemen portion of the Red Sea", by the time of its August 6th official registration in London, its aims had extended to also include "dealing with concessions in Arabia".27

It is the contention of this thesis that Frank Holmes – Abu Al Naft, as the Gulf Arabs call him – went on to discover Arabia’s oil after moving from the Red Sea to the Persian Gulf, and that it was rule by the Government of India that prevented development of these oil riches.

27 Eastern & General Syndicate Ltd was incorporated in London on August 6th 1920
Introduction

In examining the written record of the discovery and development of Arabia’s oil, inconsistencies, discrepancies and seemingly wilful falsehoods become apparent. It is possible to trace errors as they repeat, and in some cases compound, from publication to publication through the years. Several themes consistently emerge. The first is a diminishing of Frank Holmes and his role in the discovery and development of Arabia’s oil to a point where Daniel Yergin, in his 1991 *The Prize*, could describe him as having been “a figure of condescension and ridicule”.

A cause of the continuing dismissal of the abilities and achievements of Frank Holmes can be discerned in the second prominent theme that occurs in the literature. This is a series of claims, both individual and corporate, to have been the person, or company, most deserving of honour in the discovery and development of the oil resources of the Arabian Peninsula.

The denial of Frank Holmes’ professional background, and his depiction as a mere concession hunter rather than an experienced and practised geologist, owes much to the failure of the contemporary geologists, and the oil companies for which they worked, to discern the existence of Arabia’s great oil resources. These men were dogmatic in their insistence that there was no oil in Arabia. The 1932 success of Frank Holmes’ Bahrain oil field left them immensely embarrassed, and considerably annoyed, at having been shown up by someone they considered a rank outsider and well below their own calibre.
In Section Two of this study, the denigration of Frank Holmes by the Political Officers of the Government of India is revealed in their reports and letters. As will be seen, these Officers were intent on removing Holmes because they perceived him to be an obstacle to their political aspirations in the area. They therefore sought to discredit him personally to their superiors, to the Shaikhs and to British officials in Whitehall. The Political Officers mostly centred their attacks on Holmes' character and integrity, only occasionally spilling onto his professional skills and abilities. In demonstrating that Frank Holmes did discover the oil of Arabia, it is necessary to first clear away the errors that have built up in the existing body of literature dealing with the discovery and development of the Arabian oil fields.

Prior to Frank Holmes' death in 1947, there were only two commercially published works. These were an article in the January 1939 American magazine and Lebanese American writer Ameen Rihani's 1928 book Ibn Sa'oud of Arabia. A clue as to how a false picture of the foundation of Arabia's oil industry could become entrenched in the literature may be found in American magazine's "Is John Bull's Face Red?" The writer of this article complains bitterly of the information blockade imposed by the Political Officers of the Government of India on Bahrain and the Arab shaikhdoms and states that "employees of the oil company are forbidden to write or talk for publication". He adds "Major Holmes, who now lives in Kuwait, like others concerned in the deal, won't talk for publication."¹

As discussed below, a surviving letter in Rihani's personal papers, preserved in Beirut, is evidence that Frank Holmes did attempt to set the story straight by strongly objecting to Ameen Rihani's portrayal of him and of his role in the identifying, mapping, and obtaining of the concession for the oil of Al Hasa in modern Saudi Arabia.

But, Frank Holmes never had a chance to correct the record or to defend himself against the way in which he, and his achievements, were depicted in the publications touching on the history of Arabia's oil. With the above two exceptions, all were published after his death. A spate of publications, beginning with Stephen Longrigg's 1954 Oil in the Middle East, followed the revelation in 1952 that the five major American oil companies, and British Petroleum with the Royal Dutch Shell group, combined to set prices. A further spur was Iran's demand for a fairer deal from the Anglo Persian Oil

¹ Yergin page 283 "figure of"; Beatty, Jerome, "Is John Bull's Face Red!", American Magazine (January 1939) page 32 "forbidden to write or talk"

The liberties taken by some writers with the evidence are salutary. Most have simply relied on previous published works and many have depicted Frank Holmes as a cartoon character best summed up by Wallace Stegner in his 1971 *Discovery!* Holmes was, says Stegner, “one of those who awake alertly in the night, hear history’s clock strike at a critical time — but count the strokes wrong”. In reviewing the literature it is necessary to reappraise the various streams of misinformation that have attached to Holmes personally, to his group the Eastern & General Syndicate Ltd, and to the discovery and development of the oilfields of Arabia.

**The Clown**

As noted, the earliest mention of Frank Holmes is by Ameen Rihani in 1928. He is an engaging writer who did not see himself as producing a scholarly work but rather one that would attract and amuse the general reader. After first meeting in 1922 on the steamer from Basra to Bahrain, and again soon after at the Ujair Conference, Holmes and Rihani became friends. Rihani’s younger brother, Albert, was employed as translator for the Swiss geological expedition that Holmes arranged to give a second opinion on his own exploration and mapping of Al Hasa, Bahrain and Kuwait.

Rihani and Holmes corresponded regularly until, in 1927, Holmes took strong exception to an article written by Rihani. Among Rihani’s papers in Beirut is a handwritten draft of a letter to Holmes, dated February 14th 1927. Rihani tells Holmes “what grieves me most in your letter is the wrong you imagine I have done you in writing about you in the

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Hasa Concession in *Asia Magazine.*" Rihani defends himself saying: "I have re-read the paragraph to see where it is 'blackguarding' and wherein your character is attacked but I fail to see any justification for your resentment, much less for the bitterness in your feeling."

Rihani continued: "outside a passage of description, in which the humour is without malice at all, without even a sting, everything else in the few paragraphs is the truth and it reflects nothing but good upon you. Yes, there is that one reference to a certain 'M'jor Holmes' which I regret ... But one sometimes writes with a good intention what the reader interprets as malice." Rihani made a plea for clemency by saying, "my intentions are of the purest. I have always thought well of you and will always think well of you. Now to give you a proof of this, the book of my travels will appear in English and the story of the Hasa Concession, and Major Holmes, is set down faithfully ... but in my own particular style ..."

Rihani could hardly have known that his "own particular style", and his somewhat ham handed efforts to keep the reader amused, would be used for years to denigrate Frank Holmes. It is possible that the more worldly Holmes knew exactly how Rihani's text would be used against him. The close and friendly correspondence that the two men had maintained ceased abruptly at this point.

The picture of Holmes as a clown-like character, a buffoon even, can be traced in a direct line to Rihani's attempts at a "humorous" style. He is cruelly satirical in the personal sketches of many of the characters in this book. His description of Holmes' arrival to Ujair still persists today. Rihani wrote, "he wore over his European clothes a thin *aba* which concealed nothing; and over his cork helmet, a red kerchief and *ighal* which made his head seem colossal. But in this attempt to combine good Arab form with comfort and hygiene he certainly looked funny." Like many of the men before, and after him, Rihani was delighted by the opportunity to dress up in full Arab robes. Elizabeth Monroe comments on this proclivity in *Britain's Moment in the Middle East 1914-1971* where she remarks that "Englishmen who had long ceased to live and work in Indian

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3 Rihani Museum, Frieke, Lebanon, Rihani-papers, February 14th 1927 Rihani in Beirut to Frank Holmes "my own particular style"
clothes put on Arab robes and headdress without embarrassment." Rihani was no different, "I was an Arab of Nejd from tip to toe," he crowed.4

For men who did not feel comfortable in an ankle length gown, adapting the local dress in much the same manner as Holmes was not unusual. A photograph taken at the 1930 British handover of Ikhwan rebels to Bin Saud appears in Arabian Days, written by the first Saudi Minister to Britain, Shaikh Hafiz Wahba. Breasting a line of British military uniforms, the Kuwait Political Agent, Colonel Harold Dickson, is shown similarly wearing a cork helmet and a thin aba over his three piece suit and tie. Nevertheless, later writers seized on Rihani's description. By 1981 Robert Lacey in The Kingdom had transformed the passage to "a curious figure waded ashore, a burly and perspiring Westerner clad in suit, shirt and tie, an Arabian gold trimmed outer robe, and a pith helmet draped with a chequered headdress and black head ropes. This original apparition introduced himself as Major Frank Holmes, a New Zealand businessman and prospector."5

Colonel Dickson's own description of Holmes' sartorial taste on first meeting him in Bahrain, just days before he reached Ujair, is at variance with Rihani, and infinitely more imaginative. Perhaps it was because Dickson himself was given to wearing the outfit that Rihani found so comical that he ascribed a completely outlandish appearance to Holmes. Dickson writes of Holmes in his 1956 Kuwait and Her Neighbours, "he carried a large white umbrella, lined green, wore a white helmet as issued to French troops in Africa, and over his face and helmet a green gauze veil, like those worn by tourists visiting the Egyptian pyramids." Dickson's description appears in later works as frequently as does Rihani's. Richard Trench managed skilfully to combine both in an article that appeared in a series on the history of Middle East business in August 1981.

4 Rihani Ibn Sa'oud page 82 “colossal head”; Monroe, Elizabeth, Britain's Moment in the Middle East, London: Chatto & Windus, 1981 (first published 1963) page 116 “without embarrassment”; Rihani Ibn Sa'oud page 17 “head to toe”; Colonel T E Lawrence, “Lawrence of Arabia”, is perhaps the most famous for revelling in Arab dress but he is by no means alone, for example, Karl Twitchell startled the Americans working in Bahrain in 1932 by swishing around the drilling site dressed in full Arab robes; in a May 1943 Life Magazine the American reporter and photographer are both pictured at Aramco in Arab dress; Lacey, Robert, The Kingdom, London: Hutchinson 1981, page 274 describes Winston Churchill trying on full Arab robes, complete with sword, in 1945

5 Wahba, Shaikh Hafiz, Arabian Days, Londone: Arthur Barker, 1964, photograph between pages 112-113 and also appears in Dickson, Violet, Forty Years in Kuwait, London: George Allen & Unwin 1971, between pages 96-97; Lacey page 170 “original apparition”
Trench wrote of the "comic and ungainly character" who "waddled over the shimmering horizon" at Ujair "wearing a solar topee with an Arabian headdress thrown over it, and carrying a white umbrella".

But the prize must surely go to Ralph Hewins for this passage in *A Golden Dream* (1963): "Holmes waddled on to the sun baked island of Bahrain from London enveloped in a thick loose fitting tweed jacket, corduroys and a white French military sun helmet with a green gauze veil and carrying a large white parasol. Come any wild south wester or blinding sandstorm, he remained faithful to this garb, and looked a fantastic sight on a donkey, more like one of the Crazy Gang than a serious technician."

There is a photograph taken at the December 1922 Ujair Conference and reprinted in the March 1984 *The Arabian Sun*, the house magazine of Aramco. The Sultan Abdul Aziz Bin Saud, in Nejdi robes, is sitting on the left. The Resident, and High Commissioner of Iraq, Sir Percy Cox, in black suit, bow tie and trilby hat sits on the right. Standing between them is Major Frank Holmes. He looks very business like in a well tailored suit with neat collar and tie. His topee is standard British issue as regularly worn in the tropics. Such exotic adornments as green gauze veils, colossal heads, or white parasols are nowhere in sight.

Nevertheless, Rihani, and then Dickson, had opened the way for Holmes to be held up as a figure of ridicule. Rihani's attempts at amusing his readers had given permission for Dickson similarly to exercise an active imagination. Subsequently, few writers proved capable of withstanding the temptation of casting Frank Holmes as the comedy relief when playing out the story of discovery and development of Arabia's oil. It is an image that still obscures the real achievements of this remarkably skilled and determined man.

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7 On the evidence of the photographs, showing Colonel Dickson wearing the *aba* over his European clothing and Holmes not affecting this combination, and both men of roughly the same shape and size, it is entirely possible that in his initial excitement about the Ujair Conference, Rihani confused Dickson for Holmes
The Intruder

Other errors, and possibly deliberate misinterpretations, have been equally damaging. Rihani, for example, was quite misleading in his account of the events that took place at the December 1922 Ujair Conference. He correctly notes that, on this second visit with Bin Saud, Holmes was bringing back from Basra the legal translation of the draft concession agreed with Bin Saud after the prospecting trip in which he had identified, and mapped, the oilfield of Al Hasa. Rihani seems unaware that, before leaving Bahrain, Holmes had arranged to meet Sir Percy Cox, with Bin Saud, at Ujair, where Cox had gathered the group to settle the boundaries between Bin Saud, Iraq and Kuwait. Sir Percy Cox wrote his own detailed report for the Colonial Secretary, the Duke of Devonshire. In this report Cox states the arrangement was that Holmes should precede him "to join Bin Saud and await my coming. On arrival at Ujair, on November 27th 1922, I found that Bin Saud had had to leave Major Holmes at Hofuf as he was unwell on the day His Highness started for Ujair, but he was to follow in a day or so".

Sir Percy’s report continued: “Major Holmes turned up in due course and had an interview with me ... Major Holmes appeared to be behaving straight forwardly and Bin Saud’s attitude had been satisfactory so that, encamped together as we were on the sea shore at Ujair, with other important business to get through, I did not feel justified in humiliating His Highness or otherwise disturbing the atmosphere by objecting to further intercourse between them and had to content myself with making it clear to both of them that it was out of the question for His Highness to commit himself on any terms without the advice of His Majesty’s Government ... When not doing political business with me, Bin Saud discussed the draft concession at odd times with Major Holmes.”

Perhaps Rihani was unaware of the arrangements between Holmes, Cox and Bin Saud when he recorded colourfully: “Holmes loomed up on the horizon, unexpectedly as usual, and incorporated himself into the Ujair Conference”. Rihani’s error still echoed some 40 years later in Pulitzer Prize winning American novelist Wallace Stegner's 1971 Discovery! Creatively, Stegner metamorphosises Rihani’s passage into, "in November, Holmes intercepted Bin Saud at Hofuf, in the Al Hasa oasis. He followed him to Ujair where the King was holding a conference with Sir Percy Cox." Robert Lacey does even

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8 PRO/CO/730/26, December 20th 1922, Secret, Sir Percy Cox High Commissioner in Iraq to Duke of Devonshire Secretary of State for the Colonies, “not justified in humiliating”
better. He says Cox "was not amused" by Holmes' arrival and continues "Holmes had to pitch his tent at a distance from the British encampment, and he sat there, pointedly ignored for most of the week ..." Lacey says Holmes had framed "a clumsy letter of application" for Bin Saud asking for an oil concession and says that Cox "grudgingly agreed" to meet Holmes on the final day of the conference where "he made clear his personal distaste for the Major".  

Lacey's last point is drawn from Dickson's *Kuwait and Her Neighbours*. Recently removed from his post in Iraq, and unemployed at the time, Dickson's attention at the conference was focused on obtaining the appointment of British Adviser to Bin Saud, as he believed Cox had promised him. It will be seen that, from Dickson's personal papers held by the Middle East Centre at St Antony's College Oxford, and other contemporary documentation, Dickson's book is riddled with errors and falsehoods, particularly in relation to Holmes. Bin Saud refused to appoint Dickson and, from that time on, his view of Holmes seems to have been one of envy and irritation at the close personal relationship between Holmes and Bin Saud and Holmes and the other Arab Rulers.

Of Holmes at the Ujair Conference, Dickson writes: "It was not until the last day of the conference that Major Holmes took any part ... Sir Percy warned Bin Saud that the Eastern & General Syndicate is not an oil company and will probably sell the concession to others ... Major Holmes was then called in ... and introduced to Sir Percy." Dickson is wrong on each point. Sir Percy's report to the Duke of Devonshire shows he first met Holmes early in the conference and that Holmes was very much involved with Bin Saud in the days that followed.

Moreover, as H St John Philby also points out in the 1964 *Arabian Oil Ventures*, according to Rihani, Holmes had been taking all his meals with the British and "frequenting the tents of both the Sultan and Sir Percy" since first pitching his own tent between both camps. Cox's account of his discussions with both Bin Saud and Holmes also shows Dickson's attribution to him of the statement "E&GSynd is not an oil company and will probably sell the concession to others" to be pure fiction. Dickson was expressing his own opinion when he next stated, "Sir Percy did not like Major Holmes and obviously thought his presence inimical to His Majesty's Government's...

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9 Rihani Ibn Sa'oud page 83 "loomed up"; Stegner page 6 "intercepted Bin Saud"; Lacey page 170 "pointedly ignored" and "personal distaste"
interests. Holmes had got in, so to speak, by the back door, and there is little doubt that Sir Percy would have condemned him and his activities to Bin Saud, if he could have done so safely.\textsuperscript{10}

Nevertheless, Sir Percy did not allow Bin Saud to sign the concession with Holmes at the conference. He personally dictated a delaying letter that he insisted Bin Saud sign and deliver to Holmes. (The intrigue leading up to the subsequent grant of Bin Saud’s concession to Holmes some six months later, in May 1923, is fully explored in chapter four \textit{A Very Promising Area}.) Despite the factual evidence to the contrary, Rihani set off another enduring myth by inferring that Holmes left the Ujair conference without satisfaction and that it was Rihani himself who was the force behind the assignment of the Al Hasa concession.

The files of the Ujair Conference, available at the India Office Library, show that on receipt of the Cox dictated letter, and a personal visit from Bin Saud, Holmes advised Cox that he had no intention of backing down. Holmes’ letter to Cox began: “In regard to the interviews I have had with you dealing with the question of obtaining, on behalf of the Eastern & General Syndicate Limited, an oil concession from His Highness Sultan Bin Saud, covering the Province of Hasa in His Highness’ Territory.” In this letter of December 2nd, Holmes informed Cox: “I respectfully submit that I have continued my negotiations with His Highness the Sultan and have now arranged with him that he is to grant my Syndicate a concession subject to the approval of Your Excellency and the Home Government ...”\textsuperscript{11}

Yet, Rihani gives an account of meeting Holmes again in Baghdad on April 10th. He writes: “Here is Major Holmes again. He has been waiting all this time for a decision from somebody ... about the concession ... nothing has come, nothing favourable, and he has cold feet. He is packing up and going home.” Rihani claims he urged Holmes to change his mind and go back again to see Bin Saud at Al Hasa.

Rihani writes: “I will give you a letter to Bin Saud and I’m certain you’ll get the concession.” The fact is, as detailed in chapter four \textit{A Very Promising Area}, that, in

\textsuperscript{10} Dickson, page 277 “Holmes called in” and “not an oil company”; Philby, H St J B, \textit{Arabian Oil Ventures}, Washington: The Middle East Institute, 1964, page 61 “all his meals”; Dickson Kuwait page 278 “by the back door”

\textsuperscript{11} IOL/ R/15/1/618/F.52, December 2nd 1922, Holmes in Ujair to Sir Percy Cox “arranged with him to grant my Syndicate a concession”
May, Bin Saud sent to Bahrain for Holmes to come immediately and sign the agreement. Undeterred, Rihani implies that he was the essential factor when he concludes by saying that in August he, Rihani, received a letter from Bin Saud "in which he says he has granted the concession of Al Hasa to the syndicate of Major Holmes".  

Stegner's version of Rihani and Dickson's accounts, while glaringly inaccurate, is dramatic. This reads: "Sir Percy, with the interests of the Anglo Persian Oil Company in mind, turned an understandably cool eye upon Holmes' efforts and advised the Sultan that concessions for the exploration of Al Hasa were premature at that time. Premature or not, Holmes pursued the Sultan back to Hofuf and in the teeth of Sir Percy's plainly indicated objections obtained a concession to explore for oil over 60,000 square miles of Al Hasa, Arabia's eastern province."

Rihani's influence is again obvious in Wayne Mineau's 1958 The Go Devils. Mineau begins his version of the Ujair episode with "into the desert came the Major". He describes Holmes as looking "bizarre" and says "within a day or two" Holmes learned that Bin Saud could not resist the pressure from Cox and "sent the Major a message". Mineau writes that "the Ujair conference ended and on its last day Bin Saud himself walked into Holmes' tent to voice his regret. Then Holmes packed up and left, puzzled though still hopeful". Robert Lacey also echoes Rihani as he contends, "Holmes got the message. He packed his bags and left Ujair". Lacey then elaborates, without any basis, though perhaps inspired by Stegner: "The following spring, the Major disembarked from his steamer, without any warning, halfway down the Gulf and headed rapidly inland ... where he obtained the concession from Bin Saud." Richard Trench in NearEast Business is extraordinarily imaginative when he reports the outcome of the Ujair conference as Holmes and his Bahrain colleague, Muhammad Yateem, "... pulling a white donkey behind them, returned to Bahrain, disappointed."

All the works considered as “standard” on early discovery and development of Arabia's oil have accepted Rihani. Stephen Helmsley Longrigg in his 1954 Oil in the Middle East, says that Holmes "followed" Cox and Bin Saud to Ujair and "presented to Bin Saud his suggestions for an oil licence to cover the Al Hasa province ... the Sultan, advised by Cox, was wisely cautious ...” Benjamin Shwadran in The Middle East, Oil

12 Rihani Ibn Sa’oud page 86 “give you a letter”  
13 Stegner page 7 “pursued the Sultan”; Mineau page-182 “packed up and left”; Lacey page 171 “headed rapidly inland”; Trent “Windmills” page 15 “pulling a white donkey"
and the Great Powers (1956) cites Rihani but includes the erroneous addition that "Holmes tried for a long time to contact Bin Saud with a view to obtaining an oil concession in Al Hasa province, but Baghdad authorities denied him travelling facilities". Shwadran follows Rihani unquestioningly as he adds: “When Sir Percy Cox ... arrived for the Ujair Conference ... Holmes also appeared ... Holmes returned to Baghdad to await the decision. In August 1923 he was informed that Bin Saud had granted him the oil concession.”

Henry Longhurst in the 1959 Adventure in Oil, the Story of British Petroleum (originally the Anglo Persian Oil Company) fails to even mention the 1923 Al Hasa Concession. This book was written for the company’s 50th anniversary. At the time, Longhurst was a sports reporter, specifically the Golf Correspondent at the London Sunday Times. The omission is corrected by R W Ferrier in his scholarly 1982 work The History of the British Petroleum Company, the Developing Years 1901-1932. Unfortunately, Ferrier cites Dickson and so also gets it wrong when he writes that Holmes “attended” the Ujair Conference and “made his first moves to seek an oil concession for the Al Hasa province from Bin Saud”.

In his 1965 record of the oil negotiations Thomas E Ward relies entirely on Rihani for this episode. Archibald Chisholm does give a true and correct report of Holmes' early visits to Bin Saud and of the Ujair Conference in his 1975 record of the Kuwait negotiations. Unfortunately, Chisholm’s account is frequently ignored. Angela Clarke, for instance, skips Chisholm’s version in favour of Rihani’s colourful, 63 year old and now discredited text, from which she quotes at length.

The Carpetbagger

The assault on Holmes’ character, repeatedly reinforced in the literature, does not end there. His written profile suffers the indignity of being caricatured as a man of bizarre appearance and unorthodox taste in clothing and an interloper completely lacking all

14 Longrigg page 100 “wisely cautious”; Shwadran, page 286 "denied him travelling facilities"
16 Ward pages 12-14; Chisholm pages 5 and 93-96; Clarke pages 53-57
comprehension of “correct” behaviour. To this is now added an attack on his integrity in which he is made to appear as a carpetbagger, a soldier of fortune, nothing more than an adventurer and “a rover in oil”. The styling of Holmes as a negotiator of concessions, some sort of super salesman, rather than as a discoverer of oil fields was set early and firmly cemented in following publications. In 1958, Mineau speaks of Holmes as “this humorous man who knew little about oil or geology” and Hewins in 1963 states “he had no academic qualifications in geology, mining or engineering”. 17

While some writers, such as Daniel Yergin, concede that Holmes “was convinced the Arabian coast would be a fabulous source of petroleum”, they do not ask on what basis Holmes reached this conviction. Yergin, for example, states that the prevailing expert opinion was shared by the Anglo Persian Oil Company which was “convinced there was no oil in Arabia”. But he does not question how it came about that Frank Holmes reached the opposite conclusion, and was so spectacularly correct. Holmes is denied the respect due to his long international mining experience, and eventually proven geological skill. Even the few writers who deal with Holmes sympathetically refer to his negotiating abilities and excellent manner when dealing with the Arabs, but never to his achievement in actually discovering, identifying and mapping the Arabian oil fields for which he then negotiated the concessions.

“Major Frank Holmes”, wrote Jerome Beatty in the much quoted 1939 article in American magazine, “is a hearty New Zealander, who for years has been a man about the world, ready to promote any project, mostly gold and copper mines, that might make him a reasonable profit”. This article says that Holmes “had not thought of promoting oil anywhere” but after “poking around in books and reports, guessed that Bahrain looked promising, and went there”. A decade later, Fortune magazine described him as “a remarkable Englishman called Major Frank Holmes who had for years been prowling around the Middle East. In the process he had picked up some oil options in Saudi Arabia ... then chance led him to Bahrain ... where he was given an oil option.” 18

17 Yergin page 281 “rover”; Mineau page 177 “knew little”; Hewins page 211 “no academic qualifications”
Frederick Lee Moore Jnr prepared a thesis for his BA in History at Princeton University in 1948 by relying almost entirely on information from American businessman T E Ward. Ward acted as broker in the 1927-1929 sale of the Bahrain Concession, and further options, from E&G Synd to Gulf Oil Corporation and on to Standard Oil of California. He would privately publish in 1965 his own version of events in Bahrain, Kuwait and Saudi Arabia. In his thesis, Moore is severely critical, for “conflicting with evidence and fact”, of both the American and Fortune magazine articles and “other journals”. He is scathing about Benjamin Brooks’ 1944 book Peace, Plenty & Petroleum for containing “inaccuracies due to the author basing some of his statements on journalistic writings”. In his bibliography, Moore refers to his own use of a memorandum by T E Ward originally submitted “at the request of Fortune Magazine” but ignored in favour of “current material and a little historical colouring”. In his preface Moore states “the hidden wealth of Araby once lay in the hands of a lone adventurer and his London constituents”. His own description of Holmes is taken direct from Rihani and reads: “He cut a fantastic figure as he travelled on foot, ass, camel and steamer along the coast of the comparatively unknown Arabian subcontinent and its environs accompanied only by an interpreter and a Somali servant.”

One standard source for American writers was the 1950 Aramco and World Oil, written by Roy Lebkicher as the Handbook for American Employees. In this publication Holmes is introduced as “an energetic and amiable New Zealander who was following the trail of oil prospects in the Persian Gulf area. He went to Bahrain in the early 1920’s to assist in developing water resources, but his principal interest seemed to be in possible oil resources”. A later source was the 1971 History of Standard Oil New Jersey, which seems to have taken its information from Moore’s thesis. This publication refers to Holmes as “a New Zealand veteran of the World War One British campaign in the Middle East who had been commissioned by a London syndicate in 1920 to search for potential mining or oil lands in the region of the Persian Gulf”.

19 Moore, Frederick Lee Jnr, Origin of American Oil Concessions in Bahrain, Kuwait and Saudi Arabia, [Unpublished BA thesis, Department of History Princeton University 1948] page 26 “conflicting with evidence” and “inaccuracies” and page 19 “lone adventurer” and “fantastic figure”

NearEast Business offered this snapshot in 1981: “Holmes, a gigantic rolling stone from New Zealand, was overweight, over loud and easy going ... a mining engineer ... he was on the look out for oil concessions.” Aramco’s house magazine, Arabian Sun in 1984, said “Holmes was a self taught mining engineer ... a swaggering character ... who mounted a negotiating campaign that must have been wonderful to behold.” Aramco World Magazine, in the February 1999 issue, celebrating 100 years of Saudi Arabia, introduced its readers to “an enterprising New Zealander, Frank Holmes, who was something of an adventurer ... and had set himself up in Bahrain as agent of a brokerage house called the Eastern & General Syndicate.”

Rihani had praised Holmes’ mining experience and pointed out that he had “worked with Herbert Hoover” in mining in Australia and China. Rihani paid tribute to the technical detail and geological data found in Holmes’ map and concession documents, passed to him for a translation check by Bin Saud. In praise of Holmes’ skill and knowledge, Rihani wrote: “He knows what is in the bosom of the land, this man; he can see the invisible streams of water that flow from the Persian mountains under the Gulf, through the veins of the Hasa soil; can track the bubbling oil and the sparkling minerals to their depths and beyond; has the modern Argus eye of science and finance.” This passage of Rihani’s is ignored by later writers who selectively use his text to paint Holmes as a colourful character far removed from the serious, hard working, geologist that his achievements illustrate.

In his 1964 Arabian Oil Ventures, H St John Philby remarks that Longrigg “seems to have gone out of his way to belittle” Holmes’ achievements. Longrigg, more correctly “Brigadier Stephen Hemsley Longrigg”, was ex-Mesopotamia, one of the military men who served with the Anglo Indian Army occupation force and were then imported into the Anglo Persian Oil Company, barely transforming in the process from occupying soldiers to “oilmen”. Later in this book Philby also indulges in undermining the reputation of Frank Holmes as he attempts to build up his own role, and that of American Karl Twitchell, in the 1933 resale to Standard Oil of California of Holmes original, but lapsed, Al Hasa concession.

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22 Rihani, Ibn Sa’oud, pages 80-83 “with Herbert Hoover” and “modern eye of science”
23 Philby, Oil Ventures, page 54 “belittle”
At no point does Philby honour Holmes’ skill in identifying the Arabian oil fields. Instead he implies that Holmes’ skill was in dealing with bureaucracy, saying: “It must be admitted that Major Frank Holmes had an extraordinary flair for the possibilities of the situation, enabling him to play a major part in obtaining the necessary permits [my italics] for the opening up of the largest reservoir of oil in the world. With the concessions for the Hasa (1923), the Kuwait Neutral Zone (1924), Bahrain (1925) and Kuwait some years later ... he achieved a proud record in his lifetime. And his name will always be associated with the development of the Arabian oilfields ...”

Longrigg diminishes Holmes’ achievements through the technique of declaring, in absolute contradiction to the facts (see chapter two No Oil in Arabia), that Arabia’s oil prospects were already known and therefore Frank Holmes was not an oil discoverer, but merely an opportunist. After Holmes’ wells came in, this was the myth perpetuated by the geologists and executives of Anglo Persian who claimed they had always known there was oil on the Arab side of the Persian Gulf, but maintained there was not for the purpose of deterring competitors. Longrigg’s entry on Holmes reads “… after a sojourn in Bahrain, to which he was attracted by known oil seepages, Holmes formed the ambition of entering the mainland of Arabia as oil concessionaire.”

Dickson grabs this technique and runs with it. He claims that, well before Holmes, he was the one who knew there was oil in Arabia and had even made several, unsuccessful, expeditions in search of it. He offers an extraordinary tale in which he says Holmes claimed to be a butterfly hunter, but he, Dickson, “knew” immediately that Holmes’ interest must be in “the rumoured oil seepage behind Qatif oasis”. Philby takes strong exception to both Dickson’s unsourced claim and to his entire narrative in relation to Holmes and the Ujair Conference. Dickson first introduces Holmes as “a mining engineer”. He says when he became aware that Bin Saud had sent for Holmes, he knew it must be “to investigate” the “known” oil seepages and that if Holmes’ geological investigations were promising, “he might try to get a mining or oil concession from Bin Saud”. As evidenced by Dickson’s own papers and other contemporary documentation, Dickson at this point had no inkling either of the possibility of oil in Al Hasa or that Frank Holmes had any connection with oil. In reality, Dickson was convinced Holmes was a Civil Engineer interested in the possibility of developing roads, irrigation, ports and harbours for Bin Saud. (See “A Promising Area.”)

24 Longrigg pages 98-100 “known oil seepages”
Philby, who follows Rihani for his version of Holmes at Ujair, severely criticises Dickson saying, “it is difficult to take seriously Colonel Dickson’s much later references to oil in connection with the Ujair Conference, which may well have been occasioned by actual subsequent developments”. Dickson creates a conversation in which Sir Percy questions a supposed Saudi insistence on maintaining control of a certain area. Dickson has the Saudi declare they want it because “quite candidly, we think oil exists there”. Philby scoffs at Dickson’s profession of “all this foreknowledge of the possibilities of the area”.25

Archibald Chisholm, who was a major participant in the events and had competently researched for his own book, was also very critical of Dickson. After receiving a copy of T E Ward’s privately published work, Chisholm wrote to tell him the stories Ward had included, as told to him by Dickson, were not true. “These stories are all inventions,” Chisholm wrote, “Dickson is not a reliable writer on the subject.”

Curiously, Ward had already been warned of this by none other than Dickson himself. In a letter dated ten years before Ward’s book was published, Dickson wrote to tell him “I am afraid some of the stories I told you ... will not appear in such detail in my new book Kuwait & Her Neighbours, as in all such things one has to be extra careful what one puts in print, especially as several of (the participants) are still alive.” Dickson’s book appeared in 1956. Frank Holmes died in 1947. Perhaps this explains why Dickson felt free to malign him.

Dickson, like Rihani before him, obviously thought the art of the story was in its telling, not necessarily in its facts, and that artistic licence was always permissible. Seemingly oblivious to the damage inflicted on Holmes’ reputation, Dickson told Ward in this letter: “Major Frank Holmes was a very remarkable man and was very greatly thought of by the late Ruler of Kuwait. This was entirely due to the fact that he had a gift of making Shaikh Ahmad believe in him and that he had Shaikh Ahmad’s entire interests at heart. Frank Holmes was also a friend of mine and his memory will always remain “green” with me.” Without checking, Ward ran Dickson’s stories anyway.26

25 Dickson, Kuwait, pages 268-269 “try to get a mining oil concession” and “quite candidly”; Philby, Oil Ventures, page 60, “difficult to take seriously”
26 American Heritage Centre, University of Wyoming; T E Ward papers, March 15th 1965, Chisholm to Ward “all inventions” and May 5th 1955, Dickson to Ward “are still alive”
Wallace Pratt, former Executive and Chief geologist of the Standard Oil Company New Jersey, spoke to a conference in 1960 at the Harvard School of Business Administration. He told the conference that Holmes “was an impressive figure — burly, loquacious, picturesque — with a gift for showmanship. His manner of approach to the local rulers was spectacular and persuasive and within a short time all his negotiations succeeded.”

Stegner in 1971 told his readers of “a ruddy, genial, hearty, energetic, undiscourageable New Zealander adventurer named Major Frank Holmes ... at the beginning of the 1920s he showed up in Bahrain to work on the water system ... When a group of London financiers formed the Eastern & General Syndicate to promote profitable enterprises in the Arabian Gulf area, Holmes was their natural choice.”

Anthony Sampson in the 1975 The Seven Sisters says Holmes was “a rough hewn New Zealander, acting for a London syndicate speculating in concessions.” Ferrier in 1982 says that “Frank Holmes burst upon the stage with a splendid performance of concessional wizardry.” As mentioned, Clarke refers to Holmes as “an opportunist businessman” with “an eccentric personality.” Although she does acknowledge that he was “trained as a mining and metallurgical engineer” she dismisses his achievements with the breezy “he was instrumental in securing several oil concessions for Eastern & General Syndicate ...”

The Claims

When the Third Volume of The History of Standard Oil New Jersey appeared in 1971, T E Ward’s son was moved to write to the editor, Dr Henrietta Larson. “In several places you have referred to my father as ‘an associate in New York’ of Major Holmes. My father, Thomas E Ward, initiated and completed the negotiations in New York which finally led to the first American Oil Companies’ participation in the Middle East,” he wrote. Ward’s son then admonished the editor with, “you refer to Frederick Lee Moore Jnr’s Princeton thesis. Mr Moore relied a great deal upon the information which was supplied by my father.” Moore does, in fact, credit in his Preface “the indispensable aid”

27 Pratt, Wallace E, (of Standard Oil Company New Jersey) The Value of Business History in the Search for Oil originally presented to the Harvard School of Business Administration and (np) published in Oil’s First Century 1960, page 66 “gift for showmanship”; Stegner page 6 “to promote profitable enterprises”; Sampson page 103 “acting for a London syndicate”; Ferrier page 561 “concessional wizardry”; Clarke page 53 “trained as a mining”
afforded him by T E Ward who, he says, "paved the way for USA participation in, and early development, of a major part of the world’s richest known petroleum area". Moore gives his primary sources, with two minor exceptions, as interviews, memoranda and letters of T E Ward.

For reasons possibly associated with his friendship with Madgwick, and possibly to legitimise himself as a principal in the negotiations between E&GSynd and the American oil companies, T E Ward did not credit Frank Holmes with discovering Arabian oil. Ward claimed it was his own associate, George T Madgwick, who identified the oil riches of Bahrain. Madgwick was in Bahrain assisting Holmes with a program, successful, of drilling for artesian water while the initial 1923 grant of the Bahrain concession to Holmes was being held up by British officials responding to Anglo Persian complaints. Ward states that Madgwick was inspired by the findings of Dr Guy E Pilgrim and the first geological expedition mounted in the area by the Geological Survey of India in 1904. Unfortunately for Ward, and Madgwick, while Pilgrim had noted the possibly favourable anticline feature of Bahrain, he had concluded that, because of atmospheric forces "any petroleum that ever existed must long ago have drained away".

Moore admits that "Holmes had had many opportunities for examining the geological structure of the Bahrain Islands, as well as the vague oil seepages that occurred there". He then relies on American Magazine, of which he had been so critical, to state quite erroneously that Holmes had "obtained opinions on the oil prospects of Bahrain from as many as five competent geologists, but only one, Madgwick," working from Pilgrim, gave a favourable report. Oddly, Moore does state that "the opinion of Professor Madgwick on Bahrain was guarded" and goes on to explain that Madgwick had not done any survey work, had not made a map, and had recommended only the truly obvious "that a deep test should be conducted".

Yet Moore determines, probably prompted by Ward, that Madgwick’s vague report “was virtually the sole geological basis on which an historic decision was made” by the Americans to invest in Bahrain. When T E Ward wrote his own book seventeen years

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28 Ward papers, December 12th 1971, T E Ward Junior to Dr Henrietta Larson “my father” and “relied a great deal”; Moore, Preface and Bibliography
later, he played up the claim that it was Madgwick, not Holmes, who identified Bahrain's oil. To legitimate this claim, Ward employs the extraordinary technique of citing Moore's Princeton thesis. As Ward was the source for Moore, he was, in effect, citing himself.30

The correspondence held in the American Heritage Centre of the University of Wyoming relating to Ward's book is illuminating. "What a great thing you have done in assembling all this material for publication and then getting the Gulf Oil Corporation’s permission for its release. You must have had some very convincing arguments ... before clearance was forthcoming," reads one. "I can't help wondering how you got permission from the various oil companies to publish as many of the letters a la negotiations as you have," says another. Christopher Tugendhat, author of *Oil the Biggest Business*, wrote "some information for my book was in fact drawn from your own great work, lent to me by Archie Chisholm of BP and I found it an invaluable source of information." Ward not only initiated the claim that it was Madgwick who discovered Bahrain's oil, but also accepted Karl Twitchell's claim, that he, not Holmes spotted the oil fields of Al Hasa. Ward repeated Twitchell's claim almost word for word as written in Twitchell's own book. Nevertheless, Twitchell's reaction to Ward's book was less than enthusiastic. Obviously without recognizing its significance, Ward had reprinted Holmes' original 1923 map, showing Holmes' identification of the oilfield of Al Hasa some five years before Twitchell ever set foot in the area. Twitchell's comment on receipt of Ward's book was brief. "The photographs are interesting ... and the maps ..." he responded.31

In 1975, the American Association of Petroleum Geologists published the SemiCentennial Commemorative Volume, *Trek of the Oil Finders: A History of Exploration for Petroleum*, edited by Edgar Wesley Owen. Correspondence and related documents are held by the American Heritage Centre. To one correspondent, Owen comments: "Several of the published histories of major oil companies are useful, having been written by professional historians with access to company records and freedom from censorship. Some are excellent; others are abominable. But, with only two

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30 Moore page 26 "had many opportunities" and "five geologists but only one"; Moore page 46 "guarded" and page 40 "sole geological basis"
exceptions which I have seen, they give the impression that all of the oil was discovered in the executive offices of New York, London and The Hague.”

Unfortunately, for the section on Holmes and the Arabian oil fields, Owen relied on “contemporary publications and documents” and a script submitted by two Anglo Persian geologists one of whom, P T Cox, had twice inspected Kuwait, including drilling, and failed to recognise its oil potential. The other was F E Wellings who wrote to Owen in 1964, “... I can’t keep my own name out because any man who has been No.2 in the Middle East for 20 years and Chief Geologist in London for a further 10 years is bound to have served directly for important operational decisions”. All three men were critical of previous publications.

Owen remarked on “the ignorance of the geological role of the Longrigg book.” P T Cox advised Owen “... in reading Longhurst’s *Adventure in Oil* it might be well to remember that it was written for public relations purposes rather than as serious historical literature and its accuracy is no greater than that of good journalistic work.” Cox saw no anomaly in his own position as he continued “in acknowledging such information as I have given you, I hope you will be able to say that it is published with the permission of the Chairman and Directors of the British Petroleum Company Limited”. And Wellings warned Owen “our text has been passed by the company (BP). If you rewrite I shall have to resubmit your text to the company”.

Owen was intent on redressing the wrong he believed history had done to geologists by not acknowledging their individual achievements in the oil industry. Sadly, Owen cites T E Ward and repeats the claim that Madgwick discovered Bahrain oil and Twitchell the oil of Al Hasa. Relying on the script supplied by Cox and Wellings, Owen denies Holmes’ his abilities as a geologist mentioning only his negotiating skill and interest in acquiring concessions: “Negotiations which led eventually to successful drilling on Bahrain Island and indirectly to the development of the Arabian mainland were initiated by Major Frank Holmes as agent for Eastern & General Syndicate Ltd of London ... his interest in the Middle East originated during the war, when he was a purchasing officer.

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32 American Heritage Centre, University of Wyoming, Owen papers, Box 1a, September 28th 1964, Owen to Wellings “in the executive offices”
33 Owen papers Box 1a December 28th 1964, F E Wellings to Owen “important operational decisions”, August 15th 1966, P T Cox to Owen “with the permission of” (Interestingly, Cox was also a New Zealander); December 28th 1964, F E Wellings to Owen, “resubmit your text”
for British troops in Mesopotamia and Eritrea. At his instigation, Eastern & General Syndicate was organised in 1920 to acquire concessions in the region.”

In 1991, Daniel Yergin locked in this picture of Holmes as not a geologist, but a concession hunter. Yergin explains that Holmes was “a promoter par excellence, with a gift for making people believe in him, he travelled up and down the Arabian side of the Gulf, from one impoverished ruler to the next, spinning his vision, promising them wealth where they saw only poverty, seeking always to put another concession into his kit.” 34

The Speculators

Holmes personally suffered from what can only be called a bad press and his group, Eastern & General Syndicate Limited, was also the target of concerted, and organised, castigation. Holmes was not the only one to be treated in this way. In her 1976 work Oil & Empire, British Policy and Mesopotamian Oil, Marian Kent discusses the depiction of William Knox D’Arcy, founder of what became the Anglo Persian Oil Company, as a mere concession hunter. She points out that “... an associate of both Royal Dutch Shell and Rothschild Paris oil interests and of Gulbenkian, indicated to the Foreign Office his reluctance to combine with D’Arcy saying that D’Arcy wished to obtain the Mesopotamian concession merely to resell it but that his own associates intended to work it themselves.” She adds that D’Arcy vehemently denied this charge.

Kent accurately points out “in succeeding years the various rivals (for Mesopotamian oil) were continually making this accusation against each other”. Charging ones’ business rivals with being purely profit-motivated, for example, concession hunters and not genuine oil developers, was a technique well practised among those jockeying for position in the fledging industries of developing countries. It was particularly successful in the British Empire where the grant of monopolies depended on, at least giving the appearance of, an intention to better the conditions of the local subject peoples. 35

34 Owens Trek, page 1319 “negotiations which led”; Yergin page 281 “into his kit”
35 Kent, Marian, Oil and Empire: British Policy and Mesopotamian Oil 1900-1920, UK: Macmillan, The London School of Economics and Political Science, 1976 pages 24-25
D’Arcy was a target of the charge of being merely a concession hunter, although in his case there may be some truth as he had no background in the sweat, toil, or practical aspects of mining and never set foot in Persia. Similar criticisms were proclaimed against Calouste Gulbenkian of the original Turkish Petroleum Company. Ralph Hewins, for example, assaulted Gulbenkian’s reputation in a book entitled *Mr Five Per Cent*. Yet, Gulbenkian was second generation in an oil business family. He studied mining engineering at King’s College London where he presented a thesis on petroleum technology. He had hands-on practical experience in the oil fields of Baku and was author of a highly respected series on Russian oil. It was Gulbenkian’s report on the “great potential” that first aroused interest in Iraq’s oil. Nevertheless, because of the tenacity with which he held on to his interest in Turkish Petroleum against the Anglo Persian Oil Company, and later American interests, he was branded a concession hunter. The same charge was laid against American Rear Admiral Colby M Chester and his Ottoman American Development Company which obtained Mesopotamian mineral rights, including oil, from the Turkish Government in 1910 and was ousted after World War One by the Anglo Persian Oil Company, backed by the British Government.\(^{36}\)

The Anglo Persian Oil Company was masterful at applying the technique of denigrating possible competitors in the Persian Gulf which it viewed as its own “area of influence”. Using this technique it had successfully seen off several potential rivals, in Persia and Iraq, both before and after the war. When Frank Holmes entered the region, and looked like gaining a foothold, the Anglo Persian Oil Company and its supporters in the Indian Political Service posted to the Gulf, in the India Office London and in the Admiralty and the Petroleum Department, swung into action with a powerful propaganda campaign against both Holmes and his syndicate. The campaign was so successful that, even today, it is the propaganda that survives in the literature of the discovery and development of Arabia’s oil.

Holmes’ group, Eastern & General Syndicate Ltd, was described by the British Department of Overseas Trade as headed by individuals “well known to the two West African Departments of the Colonial Office as extremely acute men of business connected with serious West African mining ventures”. E&GSynd’s Chairman was Sir Edmund Davis, who was also Chairman of the respected Chartered & General Exploration and Finance Company Ltd and a director of a multitude of mining and

\(^{36}\) For background on Gulbenkian see Yergin page 186; for background on Admiral Chester and the Ottoman American Development Company see Shwadran page 197
railway companies. E&GSynd directors included Edward Janson and Percy Tarbutt, both of P C Tarbutt & Co Consulting Engineers and both holding directorships in various mining companies. Two other directors were E H Lomas, a mining engineer and director of a number of mining and rubber companies and F W Gamble representing the giant pharmaceutical and manufacturing chemists Allen & Hanbury's.

There is no question that this group's business was the development of its mining concessions — a fact fully recognised by the British Government. In 1921, for example, the British Board of Trade had unreservedly recommended the group for development of a mining venture in Abyssinia, writing to Winston Churchill “this department would welcome the granting of a concession to this syndicate”. Yet, the concerted propaganda campaign was so effective that barely a trace remains in the oil literature today of the true nature of this very serious, and respected, British mining and development group with which Frank Holmes had long been associated.37

In his 1948 thesis, Moore explains, “the Eastern & General Syndicate, in seeking oil concessions in the Near East, had hoped for a lucky strike, but it relied more fully upon its initiative in obtaining large and attractive options for resale to the organised petroleum industry or to other aggregates of venture capital which could afford to explore and develop the country.” The reporter for the 1939 American Magazine was apparently unaware that, from 1917 until 1935, Frank Holmes was working in the Red Sea and Persian Gulf, only occasionally returning to London and twice making short visits to the USA. American magazine confidently, but completely erroneously, states that from 1922 “for six years Holmes went from office to office in London” trying to sell his concession; Holmes was “the worst nuisance in London. People ran when they saw him coming”.38

And Fortune of 1947 follows this by commenting that Holmes with options on Bahrain and Al Hasa “returned to London ... in vain he tried to peddle his wares ... in the fashionable London clubs, Holmes became known as an interminable bore.” While Moore had been intensely critical of “journalistic writings”, he also echoed these two articles with “in London Major Holmes was busying himself in an attempt to market the

37 PRO/BT66/11 October 1917-December 1918, includes background and composition of the syndicate/s, and PRO/CO/727/3 (1917) Colonial Office Memo/Correspondence Department of Overseas Trade
38 Moore page 19 “lucky strike”; American magazine January-1939 page 110 “for six years” and “worst nuisance"
syndicate’s oil options to either private investors, or speculators, and to the organised oil industry.” Moore does seem a little confused. He states “the syndicate’s directors were lukewarm to undertaking the risk of oil developments on their own; they preferred to sell the concession.” Three pages later, he writes, “in August 1926, the syndicate stated that it had decided to drill in Bahrain by itself”.

Longrigg says that E&GSynd’s task was “to dispose profitably of the rights acquired” by Holmes and their “efforts to ‘place’ their licences and options were long unsuccessful.” Shwadran describes E&GSynd as being intent on obtaining “oil concession in the Persian Gulf area with the purpose of selling rather than operating them” and Dickson describes them as “not an oil company”. Philby says that E&GSynd was “a finance company of the City of London with no recognised standing among the great oil companies of the world”. Hewins tells his readers that E&GSynd “was formed with the object of acquiring oil concessions in the Middle East and selling them to producing companies for development.” Mineau says that “Holmes and other engineers who had worked together years earlier ... formed Eastern & General Syndicate; among its hopes was to buy oil concessions in the Middle East deserts for selling at a profit, in the city, to oil companies able to operate such areas, a job the syndicate could not itself tackle; and its chief traveller, negotiator and agent was Holmes ...” In his 1982 PhD thesis for the University of London, Yossef Bilovich writes that “the syndicate’s policy in the Persian Gulf was to secure oil concessions in order to sell them to the highest bidder and not to produce oil”.

Karl Twitchell’s version of events was published in 1947 as Saudi Arabia, With an Account of the Development of its Natural Resources. Twitchell extols the virtues of “American enterprise” and, although he does not mention either by name, he disposes of Frank Holmes and E&GSynd by offering an unsourced opinion, supposedly from Bin Saud. Twitchell claims Bin Saud told him “he had a former arrangement with a foreign oil company concerning Al Hasa, but as they had not lived up to their terms of agreement, he wanted nothing more to do with them.” Twitchell overlooks the

39 Fortune May 1947 page 83 “peddle his wares”; Moore page 41 “lukewarm” and page 44 “drill in Bahrain”
impossibility of operating this concession during the years of Bin Saud’s military campaign to capture Mecca and Jedda and the ensuing Ikhwan rebellion that raged through the Al Hasa area. He also ignores the thoroughly documented fact that the relationship between Holmes and Bin Saud remained so strong that Bin Saud urgently sent for Holmes to join him in Jedda when Twitchell was negotiating on behalf of Standard Oil of California.41

When the American oil companies came on the scene they were so keen to gain credit for themselves for the discovery of oil in Arabia that they took the Anglo Persian Oil Company’s original besmirching technique and doubled it. Standard Oil of California, which retained Twitchell (and Philby) during the 1933 purchase of Holmes’ lapsed concession, played along, to a point, with Twitchell’s claim to have discovered the oil of Al Hasa. Soon, however, they initiated their own folklore in which it was the men from the American oil companies who were mythologised into the “oil pioneers” of Arabia.

The 1950 Aramco Handbook tells its American employees that “the English group, E&GSynd, were not oil operators but hoped to interest English companies who were. In this they were unsuccessful ... at length the Syndicate turned to America ... and American Gulf Oil Corporation sent a geologist to examine and map Bahrain”. Stegner, in his 1971 work abridged and published by Aramco, states that E&GSynd “proposed either to act as negotiator for oil companies which wanted concessions but lacked contacts for making them, or to obtain the concessions first and then sell them to companies which could explore and develop them”. In 1976 Anthony Sampson describes E&GSynd as “a London syndicate speculating in concessions” and Robert Lacey in 1981 called it “a group of speculators who specialised in buying oil concessions and selling them on to larger companies”.

Standard Oil New Jersey’s Wallace Pratt characterised Frank Holmes to the Harvard conference as “the British Soldier of Fortune” and said “early in the 1920’s he had already opened a vigorous campaign to dispose of the concessions he hoped to obtain. He went first to London ... then to New York”. Wallace Pratt also depicts Holmes not as a geologist but as a broker of concessions. He said that “despite his failure to interest either of the three (big oil) companies who were his most likely customers, Major

41 Twitchell, K S, *Saudi Arabia, With an Account of the Development of its Natural Resources USA: Princeton University Press* 1947 (with the collaboration of Edward J Jurji) page 146 “had a former arrangement”
Holmes and an American associate, Thomas E Ward, persisted in their sales effort on both sides of the Atlantic. All through the early and middle 1920's these two haunted the offices of the big oil companies both in London and New York ... for years a diligent broker goes about the world striving vainly to sell to the leading units in the industry the greatest of all our oilfields. For years he found no buyer ... "

Conclusion

By tracing the literature, some of the inconsistencies, discrepancies and misinterpretation of the record of the discovery and development of Arabia's oil have been addressed. To be fair, some writers appear to have been aware of the discrepancies in the accepted accounts on which they were relying. Frederick Lee Moore, for example, noted in 1948 that "the impact of the discovery of the Arabian oil resources is recent, and so great, as to overshadow its origin ... further investigation of the events ... will have to wait upon the opening of (government and oil company) files." Moore also notes that Twitchell's account does not ring true and comments, "this is not to infer that Twitchell deliberately has not made a true report ... but only that the record in his book is incomplete." Benjamin Shwadran in 1956 remarks on the oddity that, in his book, Twitchell "does not mention Philby's role" in the resale of Holmes' Al Hasa concession to Standard Oil of California. He notes also that Roy Lebkicher, in Aramco and World Oil "confirms Philby's role, but minimises Twitchell's". Archibald Chisholm, who was Head of Public Relations at British Petroleum 1945-1962, in a letter to Ward, candidly admits the bias in his book as he says it "was written primarily for the archives of the British Petroleum Company Ltd".

In January 1950, Roy Lebkicher had felt it necessary to include in Aramco's Handbook for American Employees the following passage: "In mentioning the lack of interest of the English oil companies in Bahrain and Saudi Arabia ... no disparagement of their judgement is intended. They had good reasons for their views (that there was no oil in Arabia) ... The point is made primarily to correct an impression commonly held that

42 Lebkicher, page 23 "turned to America"; Stegner page 6 "either to act as"; Sampson page 103 "speculating in concessions"; Lacey page 170 "specialised in buying"; Pratt page 66 "haunted the offices"
43 Moore Introduction to Bibliography "overshadow its origins"; Shwadran page 290 "Philby's role" and "minimises Twitchell's"
Standard Oil of California ‘knew’ there was oil in Bahrain and Saudi Arabia before beginning its ventures in these countries.”

Lebkicher would have been dealing with the problem that, despite the public relations efforts of the oil companies, the Arabs of the Persian Gulf recognised the skills of Frank Holmes, so much so that they dubbed him *Abu Al Naft*, the Father of Oil. Standard Oil of California bought Holmes’ original concessions. Certainly, the Arabs “knew” there was oil there, because Holmes said there was, and after he was proved correct, they continued to praise Holmes as the discoverer of the Arabian oil fields.

Nevertheless, the American “correction”, of what was indeed common knowledge at the time, has been so effective that in 1999 *Aramco World* could unflinchingly close its article “Prelude to Discovery” by stating that four months after the May 1933 resale to Standard Oil of California of Holmes’ lapsed 1923 Al Hasa concession, two American geologists arrived and “the search for oil in Saudi Arabia had begun”. 44

In the introduction to his 1982 PhD thesis on the negotiations for the Kuwait oil concession, Yossef Bilovich points out “the history of the Persian Gulf oil concessions has never been fully outlined nor analysed in any depth”. He adds: “The accounts provided by former employees of the various oil companies ... have been inclined to treat their publications merely as an exercise in public relations.” In a 1988 article, Bilovich comments that “the Bahrain case is relatively unknown and the existing record quite erroneous”.

In 1971 Wallace Stegner, whose book on Standard Oil of California and Saudi Arabia, observed that the story of the Al Hasa concession “has been told several times”, including Philby, Longrigg and Shwadran. But, noted Stegner, “it has never been quite fully or quite accurately told, even by those who participated in it.” Stegner did not claim to redress this injustice as he comments “some day, some historian ... will relate the episode in detail”. 45

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44 Lebkicher, page 25 “to correct an impression”; Grutz “Prelude” page 34 “search had begun”
Chapter Two

**NO OIL IN ARABIA**

Introduction

The discovery and development of oil in Arabia is a story set in the context of the imperialism of the day and punctuated by the faults and drawbacks of imperial and colonial systems. The big successes, in Persia and in Iraq, were a matter of hijacking cottage industries that already existed in oil extraction — as had been done in Burma. In Arabia, where the great oil fields waited to be discovered, rather than merely appropriated, the oil companies failed completely.

For 30 years, from the first expedition mounted by the Geological Survey of India in 1904 until the seventh “investigation” of Kuwait’s oil seepages in 1932, the belief that Arabia held no prospects for oil was an article of faith. Geological survey followed geological survey and one after the other each reached the same conclusion — there was no oil in Arabia.

The conclusion owed as much to the organisational structures in which the oil seekers were employed, an environment of patronage, paternalism and proteges, as it did to the scientific standards of the day. Once Arabia had been decreed devoid of oil by the acknowledged experts, few men of ambition would disagree with the opinion of their superiors — certainly not when promotion depended on loyalty, being a “team player”, and keeping the job long enough to achieve seniority. This obedient respect for superiors was actively approved by a hierarchical management structure that drew its members from a closed network of like-minded and well-connected, Servants of Empire. Early 20th century British corporations, such as the Anglo Persian Oil Company, seemed no more inclined towards meritocracy than was the Empire’s civil Service.
British Petroleum historian R W Ferrier attempts to rationalise the failure to recognise Arabia’s oil riches. He theorises that “what has been assumed to be the political sensitivity or indifference of Anglo Persian has, in fact, been due to genuine geological differences of opinion.” It is doubtful, however, whether any difference of opinion did occur, genuine or otherwise. There may have been one or two hesitant suggestions about possible further examination of Kuwait or Bahrain, for example, but no evidence exists to show any firmly held opposing view. Before moving on to the geological surveys, all of which recorded opinions of an “oil dry” Arabia, it is necessary to examine the myth propagated after this opinion was shown to be in error.¹

The Myth

The 1932 oil strike in Bahrain, and then in, Kuwait, Saudi Arabia and the Neutral Zone, in concession areas originally delineated by Frank Holmes a decade earlier, left many highly rewarded people very embarrassed indeed. A number of myths were subsequently fostered in an effort to gloss over the fact that, in the conviction there was no oil in Arabia, the established experts were so wrong, so often, and for so long. The prime myth holds that the Anglo Persian Oil Company (in 1935 renamed Anglo Iranian Oil Company and, in 1955, British Petroleum) and its geologists did know there was oil on the Arabian side of the Persian Gulf — but either contrived a strategy of publicly stating there was not in order to deter competition from what they considered to be their turf, or employed tactics aimed at delaying competitors until they themselves were ready to develop these fields.²

¹ Ferrier page 541 “genuine geological differences”
² Knox D’Arcy (see Who’s Who) formed First Exploration Company in 1901, investment from Burma Oil (see Who’s Who) created Anglo Persian Oil Company in 1909 in which the British Government purchase a 51% interest in 1914. Anglo Persian acquired in 1917 the British Petroleum Company, the Petroleum Steamship Company and the Homelight Oil Company from the British Public Trustee (registered in Britain and Breman, the three companies had been confiscated as enemy property). Anglo Persian was renamed Anglo Iranian in 1935 along with Persia’s change of name. In May 1951, the Iranian Government nationalised the properties of the Anglo Iranian Oil Company and declared a new company called the National Iranian Oil Company. Anglo Iranian Oil Company continued as the vehicle to receive compensation payments and as the 40% shareholder in the eight-company consortium formed in 1954 as operators of the National Iranian Oil Company. The agreement officially designated the consortium as “an Exploration and Producing Company and a Refining Company known as The Operating Companies”. In 1955, Anglo Iranian Oil Company was relegated to a subsidiary and the name British Petroleum Company Ltd became the dominant title.
In his 1982 PhD thesis on the negotiations for Kuwait’s oil, and 1988 article on Bahrain’s oil in “The Great Powers in the Middle East 1919-1939”, Yossef Bilovich accepts without question the myth that Anglo Persian knew there was oil in Bahrain, Kuwait and Saudi Arabia. “Indications of oil were evident”, he alleges, and surmises that the company concentrated on trying to get backing from the British Government “in order to deter any other group from entering the field”. Bilovich says the company wanted to postpone any “costly activity” until such time as their financial situation improved. He claims that, although they were “unwilling” to take on oil exploration in the Persian Gulf for “several years to come” the company was “eager to secure government acknowledgment at least of its priority right”. Somewhat lamely, he explains Anglo Persian’s refusal to match Frank Holmes’ financial terms for the Arab concessions by stating that “they considered it a dangerous precedent to pay higher dues in the Persian Gulf than those paid in Persia”. If, as Bilovich contends, Anglo Persian was certain there were substantial oil reserves in these states, it is hardly feasible they would not lift their offers by the relatively small amount required in order to gain the concessions and thus ensure to themselves both the monopoly of the area and all expected future profits.

Shwadran also followed the myth in 1956 when he wrote: “In 1910 geologists of the British Indian Survey [sic] discovered seepages of oil in Bahrain. Coming as it did after the successful discovery of oil in Persia and the organisation of the Anglo Persian Oil Company there was apparently considerable discussion of oil possibilities in Bahrain. The British pressed the Shaikh for a definite commitment not to permit the exploitation of oil by non British concerns.” Shwadran misses the point that the first examination by the Geological Survey of India in 1904, and again in 1913 (not 1910) and the Admiralty’s “Oil Experts’ Commission” sent by Winston Churchill in the same year, reported enthusiastically on Persia but expressed little interest in either Kuwait or Bahrain (see below). Not until three year later, in mid war 1916, did Admiral Slade, head of Churchill’s 1913 commission, advocate gaining control of the oil rights of the entire Arabian Gulf (Mesopotamia, Kuwait, Bahrain, Arabia) so “no other power” could enter the area.

In this, Slade, who was appointed a director of the Anglo Persian Oil Company after the British Government bought its 51% interest, and was Vice Chairman in 1916, was

3 Bilovich thesis page 58 “deter any other group” page 67 “unwilling to take on”; Bilovich “Quest for Oil in Bahrain” page 253 “dangerous precedent”
supporting the company’s bid to be granted a regional monopoly, similar to that held throughout the Indian Empire by its influential second shareholder and operating company, Burma Oil. Coincidental with Slade’s advice, the company chairman addressed the Foreign Office stating that he expected Anglo Persian would “in the event of any change in the Middle East favourable to British interests occurring, be given the complete oil rights over any portion of the Turkish Empire which may come under British influence”. British influence was already well established in Bahrain, Kuwait and with Bin Saud, and the Shaikhs had signed agreements not to “cede, sell or lease” any concession without British permission. Yet, Anglo Persian made no real effort to move in there, either in 1916 or after the war. Indeed, the chairman’s letter opens with a specific reference to an area “100 miles inland from the Shatt al Arab River lying between Kuwait and Ur of the Chaldees ... which shows there are possibilities of finding oil in the area surveyed”. Clearly, Anglo Persian’s interest was not in the Arab shaikhdoms, but in Mesopotamia, where a thriving local industry already existed in oil extraction. 4

The myth has sometimes been endorsed by claims the Anglo Persian Oil Company was attempting to obtain concessions, particularly in Kuwait, from as early as 1911. This does not stand up to scrutiny. The incident on which the claim is based is examined later in this chapter; it involves Scottish engineer George Reynolds, credited with “setting the very foundations of the Iranian oil industry”. Reynolds was fired soon after bringing in Anglo Persian’s first successful well. Shortly after dismissing him, Sir Charles Greenway, Chairman of Anglo Persian, learned that Reynolds was interesting the still Dutch controlled Shell in exploring Kuwait. Greenway turned to the Government of India’s powerful Political Resident in the Persian Gulf, Sir Percy Cox, requesting he secure a concession in Kuwait explaining that “it would be very prejudicial to have a powerful foreign rival on our heels in the Persian Gulf”. But Greenway also clearly stated, “I do not know what reasons Reynolds has for assuming that there are any oil deposits of value in Kuwait ... the question of whether or not there are oil deposits of any value in Kuwait is, of course, entirely problematic”. 5

Anglo Persian’s conviction that the Arab shaikhdoms were oil barren was obvious in a July 1924 report for the Management Committee that said: “Although the geological

4 Shwadran page 371 “considerable discussion”; Ferrier page 580 quoting Slade Memorandum “Political Position in the Persian Gulf at the End of the War”; PRO/FO/371/2721 February 25th 1916, Confidential, Charles Greenway, APOC Chairman, to Foreign Office “between Kuwait and Ur”
5 Ferrier page 73 “very foundations”; Chisholm page 87 “entirely problematic"
information we possess at present does not indicate that there is much hope of finding oil in Bahrain or Kuwait, we are, I take it, all agreed that even if the chance be 100 to 1, we should pursue (blocking Holmes), rather than let others come into the Persian Gulf and cause difficulties of one kind or another for us.” In the event, Anglo Persian’s “pursuit” of the matter did not extend to financial commitment or development undertakings that would have secured them Bahrain, Kuwait and Bin Saud’s territories with British Government backing. As noted dryly by geologist P T Cox, it was not until Holmes’ Bahrain field struck oil in 1932, just weeks after Cox’s own negative survey of Kuwait, that “Anglo Persian set about getting a concession from the Shaikh of Kuwait as a matter of urgency”.

Holmes’ pinpointing of the oil resources of Bahrain, Kuwait and Saudi Arabia was a blow to Britain’s national prestige, one that reverberated for years. Despite the fact that throughout the 1930s outraged MPs continued to raise questions in the British Parliament about the failure to recognise the oil riches of Arabia, Winston Churchill personally propagated the myth of British discovery. In his forward to Henry Longhurst’s 1959 *Adventure in Oil, The Story of British Petroleum*, Winston Churchill referred to his own “close association” with the Anglo Persian Oil Company and praised “the pioneering of the vast oil industry of the Middle East; a story of vigour and adventure in the best traditions of the merchant venturers of Britain”.

**Poor Discovery Record**

Yet actual discovery of oil was not one of the skills of the Anglo Persian Oil Company. Prior to the arrival of the British, a cottage industry in oil extraction already existed in Persia. W K Loftus, of the Persian Turkish Frontier Commission of 1848, estimated that 12,000 pounds of liquid naphtha and prepared bitumen were collected annually in the area of the Bakhtiyari Mountains. A takeover of “certain existing seepages, worked privately at Shustar, Qasr-i-Shirin and Dalaki” was agreed in the concessionary arrangements between D’Arcy and the Persian Government. Anglo Persian’s most productive field at *Maidan-i-Naftun* had been producing oil since Biblical times. The name translates to “area of oil”; this was perhaps too obvious. Company publications

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6 Ferrier page 566 “100 to 1”; Owen pages 1336-1337 “a matter of urgency”
took to describing the area as *Masjid-i-Suleiman* instead, although this was almost as big a giveaway. It means “Temple of Suleiman” and was the site of a sacred fire temple, erected around the permanent gas escape from the nearby oilfield.

Simply muscling in on an existing operation was nothing new in the imperial experience. Anglo Persian’s partner and operating company, Burma Oil, had already done exactly this, with great success, in Burma after her 1885 annexation to India. Founded by a group of Scottish traders and investors, Burma Oil had begun by appropriating the oil gathering activities of Burmese village people, an appropriation on which it built a commercial industry and a refinery in Rangoon; the growth of Burma Oil was aided by the monopoly it obtained from the Government of India over the sale and extraction of oil products throughout the Indian Empire. 7

The Germans had already completed a considerable amount of work in Mesopotamia (Iraq) where, after World War One, the Anglo Persian Oil Company moved in through its 50% holding in the Turkish Petroleum Company. Since the late 1800s German geologists had reported favourably on Iraq and held several options, interrupted by the occasional military coup and the 1908 revolution. During World War One, the Germans ambitiously developed Baba Gurgur near Kirkuk, Tuz, Qaiyara and Hit. They shallow drilled, built walkways and galleries, conducted basic refining and transported this fuel by road tanks for military use; they were planning a pipeline to the Mediterranean. Yet, when Anglo Persian/Turkish Petroleum brought in a well at Baba Gurgur in 1927, they had no hesitation in claiming it as their own “sensational” find and were equally self congratulatory at Qaiyara in 1928. 8

Ferrier does admit Anglo Persian’s poor discovery record. He states that the company was in a situation where “no alternative sources of supply to Persia had been discovered by 1923” – some 14 years after *Maidan-i-Naftun* – and “concessionary success had certainly not been commensurate with the efforts taken or the money spent”. When he joined the company, John Cadman criticised its concessionary activities as “primarily based on examination of territory which has been brought to our notice through third parties ...” Anglo Persian did have a step by step procedure to follow in the search for new oil fields. Ferrier explains “the procedure ... was to acquire concessions, examine them, test them if geologically favourable, and then float a working company if the tests

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7 Owen page 1263 “liquid naptha and prepared bitumen” and page 1253 “certain existing seepages”
8 For early German involvement see Longrigg pages 13-15, 45, page 69 “sensational”, page 71 “Qaiyara”
were sufficiently promising”. He continues: “This was a simple procedure which kept expenditure to a minimum. It did not involve any cash liability, other than the cost of geological examination, until the company was satisfied with the geological evidence. At that point there would be the expense of testing operations ...”

Because of Britain’s power in the Persian Gulf, the company had been able to move directly to “examining” Bahrain, Kuwait, Bin Saud’s territories and the Trucial States without incurring any preliminary cost for prospecting licences. The fact that they did not then acquire concessions in these areas, or attempt to implement any of the other steps, further indicates the strength of their conviction that there was no oil in Arabia. Anglo Persian had adhered to the procedure in other areas. By 1924 they had abandoned interest in Cyprus, Russia, Sicily, Brunei, Timor, Angola, Egypt, the Gold Coast, Guinea, Colombia, Ecuador, Peru, Madagascar and New Brunswick. During this period of hectic concessionary exploration, no effort had been taken, or money spent, right next door on the Arab side of the Persian Gulf — which certainly makes suspect the later claims by Anglo Persian, mythologised after the successes of Holmes’ fields, to have known all along that oil existed there.  

**American Delight**

The Americans took some delight in the British discomfort at being shown up geologically and technically by their failure to recognise the oil riches of the Arab side of the Persian Gulf. In his 1948 thesis, Moore emphasised that “because of the British protected status of the shaikhdoms in the area, only the British were allowed to explore the territory for purposes of future exploitation”. The 1950 Aramco Handbook assured its American employees that the discovery and development of Saudi Arabia’s oil was “a story of distinctly American flavour” based on “common effort on the part of typical Americans working together in a tradition of free enterprise”. American employees were told that the British oil companies were not interested in the Arab concessions because they were “not prepared for expansion in uncertain ventures.” Somewhat patronisingly, the explanation continues, “there have been examples in the United States of newcomers

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9 Ferrier page 542 “through third parties”, page 547 “no alternative sources”, page 524 “procedures”; page 544 “had abandoned”
entering an area and finding oil in places which the companies with experience there had condemned on similar geological grounds".10

The article in American magazine of 1939 is not nearly so kind as it trumpets: “Bahrain is one of the world’s great oilfields. It was discovered and built up by the Standard Oil Company of California.” The article gloats: “For years the British Government and British oil companies, which are tied in one bundle, told each other, told the Shaikh and all parties who wanted them to gamble on a test well, that there was no oil there ... it is difficult for the British to explain why Americans could find oil where the English said there wasn’t any.”11

Despite all the subsequent American bravado, the fact is that before moving in on Frank Holmes’ identification and mapping of the oil reserves of Bahrain and Saudi Arabia, Standard Oil of California’s own record of discovery was as dismal as that of the Anglo Persian Oil Company. In 1920, Standard Oil of California (Socal) had set out to expand its sources beyond its traditional area of the Western United States. A division was set up called “Foreign Crude Oil Production” and geologists were sent to Central and South America, Mexico, the Philippines and the Dutch East Indies. From 1920 to 1928 some $50 million was spent on foreign exploration, drilling and concessions; Socal explored and relinquished one concession after the other. By 1929, when it took over Frank Holmes’ Bahrain concession, Standard Oil of California had not been able to develop a single barrel of foreign commercial production. Vice President Maurice Lombardi would later recall that during this period “a foreign legion of Socal men probed various places”. And in 1953, Lombardi would admit to being no better than Burma Oil, Anglo Persian and Iraq Petroleum in the habit of taking over other peoples’ discoveries. He revealed that: “Sumatra oil fields, from which oil is now shipped to California, were found for us by the Japanese during their occupation of that country ...”12

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10 Moore page 11-12 “only British could explore”; Lebkicher, Preface “distinctly American flavour” page 25 “examples in the USA”
11 American magazine page 111 “why Americans could find oil”
12 For detail of Socal 1920-1931 see Moore pages 60-62, 78, citing Annual Reports; also see Moore page 68 “total expenditure on Bahrain to the date of discovery was a mere $650,000” mostly spent on drilling and equipment; Chevron Oil Archives, Box 0120814, December 18th 1953, Re Socal Antitrust Case, In House interview with Maurice E Lombardi “foreign legion” and “found by the Japanese”
The Surveys

It may have been their very political power that allowed the British experts to get it so wrong, so often and for so long. Absolute British hegemony over the Arab shaikhdoms of the Persian Gulf ensured that only the narrowest of views were aired. In contrast, before becoming a British Mandate following World War One, Mesopotamia had been visited by an international array of natural scientists and travellers, as had Persia. Consequently, while only the British knew Arabia, the oil resources of Iraq and Persia were widely recognised.

An Austrian geologist, Emil Tietze, summarised the oil possibilities of the Middle East in his 1879 review of the accounts of travellers. Tietze wrote: “Claudius Rich is of the opinion that ... petroleum might be found in various areas (other than Persia) within that entire mountain range. Indeed, it seems that near Kirkuk, Tuz, and Kifri, one of the most important petroleum areas of the old world is waiting for future exploration, once those areas, at present still much too remote, will be made more accessible to European skill.”

Tietze’s opinion of the adjacent area appears so startlingly ahead of its time that it is difficult to imagine how it was almost totally ignored by the petroleum seekers of the first decades of the 20th century. Tietze wrote: “it might be of interest to mention the occurrence of bitumen on the Arabian side of the Persian Gulf ... the possibility of a geologic connection between the south Persian and the Arabian petroleum areas certainly exists in the same manner as between the bitumen seepages on the Caucasian and those on the Turkmenian side of the Caspian sea.” With notable clarity, Tietze adds: “Any petroleum industry to be established in Persia should realise the possibility of a foreign, but nearby competition, and therefore reckon with the condition on the Arabian side of the Gulf.”

Unlike Persia and Mesopotamia, few “foreigners” made it through the stifling embrace of the Government of India’s “protection” of the Arabian side of the Gulf. From the late 1800s what was known about these mysterious shaikhdoms came from British scientific expeditions. And in the hierarchical imperial environment of seniority and mentors, a

13 Owen; page 1282: Tietze's reference is to Claudius James Rich (1787-1821) His widow published in 1836 "Narrative of a residence in Koordistan, and on the site of ancient Ninevah, with journal of a voyage down the Tigris"; Owen page 1319 “possibility of a foreign”
self-protective herd instinct prevailed even in supposedly independent scientific endeavour. In organisations where promotion was awarded by Heads of Department, few men would go out on a limb by disagreeing with the opinion of a superior.

Men like D’Arcy’s first oilfinder in Persia, Scottish engineer George Reynolds, and the New Zealander Frank Holmes who had spent most of his working life in non British countries, were outsiders — and they were visibly made to pay a price for their non-conformism as the Establishment closed ranks against them. Perhaps it was this very factor of being outside the dominant corporate cultures, not socialised into company or imperialist patterns of thought and behaviour, that generated their independent mentality and risk-taking approach rather than mere acceptance of the prevailing wisdom. Certainly, when tracing through the geological surveys, from Pilgrim in 1904 to Cox in 1932, a culture of conformism clearly emerges and is, perhaps, one explanation for the repeated failure to recognise the oil riches of Arabia.

Redwood 1895-1906

At the turn of the 20th century the most respected British expert on petroleum was Sir Boverton Redwood. His 1895 Treatise on Petroleum, reissued in 1906 and again in 1913, covered all the known theory and data on geographical distribution and geological occurrence, chemical properties, refining, transport and storage of petroleum and natural gas. His London based consultancy provided geologists to every corner of the world. At one time Redwood, whose training was in chemistry, was consultant to the Burma Oil Company and to D’Arcy Exploration (forerunner of Anglo Persian Oil Company). He also directed large-scale exploration in Mexico while simultaneously servicing other clients scattered across the globe. He was Adviser on Petroleum to the Admiralty, the Home Office and the India Office and also Consulting Adviser to the Colonial Office. Redwood was either a member, or one of the important advisers, on every official petroleum related committee and was one of the earliest and most consistent advocates of liquid fuel in warships that would later culminate in Winston Churchill committing the British Government to a commercial partnership with Anglo Persian.

Redwood’s Treatise remained the standard work for two decades. His influence ran strongly through the early years of petroleum exploration in the Persian Gulf. The
recommendations of the first official British geological reconnaissance, mounted by the Government of India, were rooted in Redwood’s theories. Under the heading “Arabia” Redwood recorded, without comment, Tietze’s mention of the observations taken by Captain C G Constable while mapping the waters of the Gulf. Redwood recorded: “On the eastern side of Arabia, traces of petroleum occur at Benaid el Oar near Koweit on the Persian Gulf, on the waters of which also films of oil often appear, after earthquakes or storms between the islands of Kubbar and Garu, and again near Farsi Island. Deposits of bitumen are also reported as found on Bahrein Island, and oil is said to rise in the sea off Halal Island eastward of Bahrein peninsula.”

Pilgrim 1904-1905

Following his majestic tour of the Persian Gulf in 1903 – designed to leave the Shaikhs in no doubt as to who was in charge – Lord Curzon, Viceroy of India, commissioned the Geological Survey of India to explore and document minerals in the area that could be of economic importance to the Government of India. The task went to the Survey’s Deputy Superintendent, Guy E Pilgrim. Beginning in Oman in November 1904 Pilgrim trekked along the coast to Dubai and up to Qatar, went on to Bahrain and to the islands of the lower Gulf and, until June 1905, travelled across southern Persia; Pilgrim did not visit Kuwait. After the 1906 general publication of his report, The Geology of the Persian Gulf and the Adjoining Portions of Persia and Arabia, and with the prestige of the Geological Survey of India behind him, Pilgrim became the accepted authority on the Persian Gulf.

Pilgrim would surely have been familiar with Tietze’s 1879 review but appears to have ignored it in favour of the work of Redwood, the eminence grise of oil affairs, and British to boot. Pilgrim firmly adhered to the theory expounded in Redwood’s Treatise and “now universally accepted” that petroleum originated at the same time as the gypsum beds “in which it is stored”. Pilgrim merged Redwood’s theory with the belief, popular in Europe since the 1840s, that gypsum originated through the action of volcanic gases on limestone. Pilgrim now decreed “the formation of the petroleum is directly due to volcanic action”. Putting forward his volcanic theory, Pilgrim took a swipe at the French commenting: “I cannot share M. de Morgan’s opinion expressed in

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the Annales des Mines, 1892, and in Mission Scientifique en Perse, that there is a great subterranean source, which feeds the surface reservoir.” In this Pilgrim was echoing Redwood’s acerbic putdown of “minds of a certain calibre” which presented the “wildest assertions as to underground ‘rivers’ or ‘lakes’ of oil”.

The volcanic theory fitted neatly the manifestation in the Gulf waters that Pilgrim notes as “apparently bituminous springs exist beneath the sea, as Captain Constable records his ship having passed through a sea covered with an oily substance emitting a strong smell of naphtha.” Pilgrim reached the same conclusion as Redwood, that these were “mud volcanoes” and that “the occurrence of these volcanoes, and of hot springs generally, were merely the accompaniment of metamorphic change “not possessing any significance in regard to the occurrence of petroleum”.

Pilgrim also favoured the mistaken, but prevailing belief, that productive reservoirs were to be found in the lowest beds of the Fars series “which in their lithological character would afford as favourable a reservoir as could be desired”. As to the low range of hills in Persia, where “petroleum springs” were situated, Pilgrim surmised “since the greater part of the formation has been laid bare for ages untold, it is also evident that most of the petroleum that existed in it once has now been wasted”. And he predicted the same barrenness for Bahrain: “The strata which overlie the Jebel Durkhan beds are admirably adapted lithogically for storing petroleum ... In the present instance, however, as I have already stated, not only the whole of the ‘cover’ but also the whole of these porous beds have been removed from the anticline by the operation of atmospheric forces, so that any petroleum that ever existed must long ago have drained away.”

Redwood had written of “trivial oozings from shallow and temporary crevices”. Pilgrim agreed. He reported that conspicuous “shows” did not signify much because “the laws of hydrostatic pressure would naturally force a limited vein or pocket deposit of petroleum to find an outlet”. The only deposit of asphalt, or bitumen, that Pilgrim actually examined was that of Bahrain. He dismissed this completely as he concluded “the deposit need not be seriously considered in the light of its offering any scope for an export trade, although it would be a pity not to make some use of it locally”. For Bahrain, he recommended further consideration of sulphur and iron oxide mining and perhaps quarrying of gypsum and building stone.
Pilgrim thought the whole area he spent eight months examining was a pretty poor prospect. He concluded: "Southern Persia and the Gulf region do not present as favourable a field for prospecting operations as Northern Persia seems to. Petroleum alone seems to offer any promise of great financial success and the ultimate issue of the work which is being carried on in regard to that remains at present quite doubtful." Pilgrim's reference was to the failure of the Persian sites, recommended by Sir Boverton Redwood, and now being closed down by D'Arcy's exploration company. Drilling had begun at Redwood's recommended Persian sites in 1902. At the time Pilgrim was in the area, 1904-1905, original shows had shrunk to a trickle and the early Redwood sites were being abandoned.15

**Reynolds 1902-1911**

Pilgrim's negative report sponsored by the authoritative Geological Survey of India squashed any geological interest in the Arabian side of the Gulf. Only George Reynolds seems to have disagreed with Pilgrim's conclusions. Reynolds, a graduate of the Royal Indian Engineering College, was in charge of the D'Arcy operations from their beginning. As noted earlier, it was Reynolds, in May 1908 as Chief Engineer, who proved the rich Persian oil field at Masjid-i-Sulaiman, the site which Reynolds had spent two years unsuccessfully advocating to D'Arcy's consultant, Sir Boverton Redwood.

In December 1910, eighteen months after producing the first commercial oil in the Middle East, Reynolds was summoned to London and unceremoniously dismissed by Charles (later Sir) Greenway, Chairman and Managing Director of Anglo Persian — both chairman and company now firmly secured on the basis of Reynolds' work. Eight of Reynolds' wells had struck oil and there was no doubt about the oilfield he had proven. After ten years in Persia, Reynolds was given a severance consideration of 1,000 sterling. In his history of the company Ferrier concluded that Greenway, who spent his

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15 See IOL/R/15/5/236 November 26th 1912, Confidential, Percy Cox to Government of India "Pilgrim...did not visit Kuwait...only refers to Kuwait incidentally..."; Redwood page 111 "universally accepted"; Pilgrim page 146 "due to volcanic action"; Owen page 1261 "theory of origin of gypsum"; Pilgrim page 147 "cannot share Morgan's opinion"; Redwood page 117 "wildest assertions"; Pilgrim page 143 "apparently bitumous springs"; Redwood page 122 "not possessing significance"; Pilgrim pages 146-7 "has now been wasted" and 154 "have drained away"; Redwood page 118 "trivial oozings"; Pilgrim page 147 "find an outlet" and 154 "not seriously considered", page 32 mentions several times D'Arcy unsuccessful drillings, page 144 "quite doubtful"
career in India with an establishment firm of British managing agents, had decided the rough and ready Reynolds was not a Company Man.

After his dismissal from the company that owed so much to his skill and tenacity, Reynolds showed interest in Kuwait where, in 1903, he had had time to look around because of a delay arranging passage back to England. In London in 1911, after his dismissal, Reynolds was talking to Royal Dutch Shell about Kuwait. News of the discussions reached Anglo Persian. Greenway, although doubtful about there being oil in Kuwait—"The question of whether or not there are oil deposits of any value in Kuwait is, of course, entirely problematic"—was nevertheless wary of Reynolds’ instinct and demonstrated skill.

Greenway appealed to Percy Cox, the Government of India’s Political Resident in the Persian Gulf, to take action to block Reynolds. Although Cox replied that conditions in the area were too disturbed for an application to be put forward, no more is heard of Reynolds in the area of the Persian Gulf. Instead, after proving oil in Persia, Reynolds went on to make major discoveries in Venezuela. Had Greenway not blocked him, George Reynolds may have gone on to prove Kuwait’s oilfields, 27 years before an Anglo Persian/Gulf Oil combine finally drilled successfully in the Frank Holmes’ advocated site at Burgan ... after two unsuccessful years at other sites, as directed by the company geologists.\(^{16}\)

**Pascoe 1913**

It was Reynolds’ interest that 18 months later inspired a secret agreement between the Government of India, Percy Cox, the Kuwait Political Agent and Anglo Persian’s Greenway to arrange with the Geological Survey of India to take a closer look at the oil possibilities of Kuwait. The scheme was for the geological survey to be put to the Shaikh of Kuwait under the guise of a report on the possibilities of initiating a water

\(^{16}\) See Ferrier page 86 and Yergin page 143 for the May 1908 strike and “eight of Reynold’s wells”; Ferrier page 139 particularly citing Greenway’s comments about Reynolds and saying he wanted “a good office man”; Yergin page 142 and Ferrier page 66 refer to Reynolds meeting the Indian Viceroy, Lord Curzon, in Kuwait on November 28th 1903, Pilgrim page 32 mentions meeting Mr G B Reynolds and examining geological specimens he had collected from beds in the Bakhtiari country; Ferrier page 139 “major discoveries in Venezuela”
supply for Kuwait Town. The sensitive mission went to E H Pascoe, Assistant Superintendent of the Geological Survey of India, who arrived in March 1913. Perhaps not surprisingly, Pascoe, waiting his turn in the promotion line at the Geological Survey of India, displayed much deference to the theory and opinion published by his Deputy Superintendent, Guy E Pilgrim.

In his report, *Prospects of Obtaining Oil Near Kuwait, Persian Gulf*, Pascoe appears to have been trying to please both those conspirators who hired him and his Superintendent at the Indian Survey. He carefully hedged his bet, reporting, “the age of the beds is favourable, if it is correct to assume they belong to the Fars, since this is the oil bearing series in Persia. There is no reason to believe the nature of the beds beneath Burgan should be different from that of the Fars in Persia and they may be looked upon therefore as sufficiently porous to retain oil in workable quantities.” And yet, Pascoe warned: “This locality is not on the line of strike of the rich oil deposits now being worked (in Persia) ... it is in fact over 170 miles to the southwest of this line. This does not necessarily mean that oil in commercial quantities does not occur below Burgan, but it adds a decidedly speculative element to any operations”. 17

**The Admiralty Commission 1913**

At this time, Winston Churchill, First Lord of the Admiralty, was converting the ships of the Royal Navy from coal burning to oil burning and, in order to secure oil supplies, was prepared to commit the British Government to buy into the Anglo Persian Oil Company. Several members of Parliament objected to this expensive government venture. Churchill critic Admiral Sir Charles Beresford declared, “the Government should not contract with any company without having their own geological expert to report”. Immediately after Beresford’s criticism, Churchill appointed a “Commission of Oil Experts”, headed by Admiral Sir Edmund Slade and advised by the ever-present Sir

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17 For the secret agreement see IOL/R/15/5/236 November 26th 1912 Cox to Government of India and January 14th 1913 Cox to Captain Shakespear Political Agent Kuwait and February 11th 1913 “Secret & Confidential” instructions to Pascoe by Shakespear “on no account must such resources or possibilities be discussed with anyone in Kuwait, European or native”, British consulting engineer C F Shaw was hired for the water survey, Shakespear warned Pascoe “neither Shaw nor my Head Clerk has any inkling of the possibility of mineral or oil deposits”; for Pascoe’s report see Chisholm page 88 “decidedly speculative”
Boverton Redwood, to visit Anglo Persian’s concession and report to Parliament on the production potential of the Persian oilfields and the operation of the company refinery.

Although the Commission’s terms of reference were clearly stipulated as being to “investigate the resources of the oilfields comprised in the Concession of the Anglo Persian Oil Company”, three days after their October 23rd 1913 arrival in Persia, Percy Cox grabbed the initiative on behalf of Greenway and Anglo Persian and approached the Shaikh of Kuwait suggesting that the Commission could visit his country “to inspect Burgan ... and see if there is a hope of obtaining oil ...” In the same conversation, Cox also “suggested” that the Shaikh sign a document agreeing to give a concession only to a company, or person, recommended by the “High” Government.

As Pascoe had only six months earlier completed his secret mission to inspect Burgan, and communicated his less than glowing report, Cox’s move must be interpreted as using the Admiralty Commission as bait in order to block any other interest, such as Reynolds and Shell, from dealing with Kuwait. The Shaikh signed, stating that “we are agreeable to everything which you regard as advantageous” and “if in their (the Commission) view there seems hope of obtaining oil we shall never give a concession in this matter to anyone except a person appointed from the British Government”. By itself this document met Anglo Persian’s goal of denying access to any other party, as laid out in Greenway’s letter two years earlier to Cox after learning of Reynolds’ interest in Kuwait. While the prospect of an inspection by Churchill’s “Commission of Oil Experts” may have enthused the Shaikh to sign, it is open to interpretation how seriously the Commission considered the opportunity.

E H Pascoe was seconded by the Government of India to assist the group. He joined them in Persia and now went back into Kuwait, again to Burgan, only six months after completing his secret assignment there. Pascoe and S Lister James, “one of Redwood’s roving geologists”, spent a single day “examining the hills and rocks (of Burgan)” before returning to Kuwait, “having decided that nothing further was to be learned”. The Shaikh, who was certain his oil potential was as good as Persia’s, provided a guide and boats to reach another reported seepage the next day but “Mr Pascoe and Mr James ... were unable to reach the spot before sunset and ... returned unsuccessful”. Admiral

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18 Ferner page 183 citing Hansard, House of Commons, vol 55, col 1622, July 17th 1913 “own geological expert”; The Terms of Reference are in Final Report of the Admiralty Commission on the Persian Oilfields-Explanatory Memorandum; House of Commons Tabled Papers; 1914; vol 54 (liv) Cd 7419; Chisholm pages 3, 89 “we are agreeable”
Slade and fellow Commission member, John Cadman, at the time Petroleum Adviser to the Home Office and Colonial Office, showed not the slightest interest in Kuwait’s oil possibilities. According to the report of the Political Agent, they spent the whole visit in the relative comfort of the Kuwait Political Agency, attending to “social” matters.

The Shaikh of Bahrain may have avoided persuasion to sign a document similar to Kuwait through the simple expedient of being out of town. The Slade Commission arrived in Bahrain on November 21st, and so did Percy Cox, aboard the Indian Navy’s “Lawrence” accompanied by a Major General and a Colonel. The Bahrain 1913 Administrative Report records: “The Shaikh was away on a hawking and shooting expedition and could not get back in time to see the Resident.” As Cox and his military entourage stayed two full days, and Bahrain Island measured only 10 by 30 miles, this seems curious indeed. By December, Cox had left the Gulf, promoted to Secretary of the Foreign Department of the Government of India. But the Shaikh of Bahrain had achieved only a reprieve. A year later, he gave in to pressure from the Political Agent and signed a statement: “I do hereby repeat to you that if there is any prospect of obtaining kerosine oil in my territory, I will not embark on the exploitation of it myself and will not entertain overtures from any quarter regarding it without consulting the Political Agent in Bahrein and without the approval of the High Government.”

In its three-month tour, the Admiralty Commission included four days in Kuwait and four days in Bahrain. As the Anglo Persian Oil Company did not have a concession in either Kuwait or Bahrain, the Commission (or Cox and Slade) was acting outside its Terms of Reference to “investigate the resources of the oilfields comprised in the Concession of the Anglo-Persian Oil Company”. Tellingly, while producing “a report of such unanimous enthusiasm on the oilfields of Persia that Churchill laid before Parliament a Bill by which the British Government was to become the major and controlling shareholder in Anglo-Persian”, there is no mention at all of Kuwait or Bahrain in the Admiralty Commission’s official Report to Parliament.

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19 Ferrier page 282 “one of Redwood’s”; Administrative Report for the Political Agency, Kuwait, for the year 1913 Memorandum on visit of Sir Edmund Slade and Oil Experts' Commission to Kuwait (the Political Agent was Captain William Henry Irvine Shakespear) “returned unsuccessful” and “attended to social duties”. Both Slade and Cadman were to become members of the Anglo Persian Oil Company (APOC) Board; the latter, as Chairman 1927-1941, would become Sir John and then Lord Cadman.

20 Administrative Report Bahrain, for the Year 1913 (the Political Agent was Major Arthur Prescott Trevor) “the Shaikh was away”; Faroughy, Abbas PhD, The Bahrein Islands 1750-1951, A contribution to the study of Power Politics in the Persian Gulf, New York: Verry, Fisher & Co, 1951, Shaikh of Bahrain letter dated May 14th 1914 reproduced on page 124; The Admiralty Comission was in Kuwait Nov 11-15
Lister James 1917

A young Lister James, finding himself in the illustrious company of Admiral Slade, John Cadman and E H Pascoe, had agreed with Pascoe’s report on Kuwait and Bahrain in the same way as Pascoe had earlier agreed with the findings of his senior colleague, Guy Pilgrim. Lister James, who was a Redwood man, had selected two sites in Persia, both of which were now proving unsuccessful. Following his excursion with the Admiralty Commission he recommended to Anglo Persian a site on Qishm Island, near the Straits of Hormuz. This site was also unsuccessful. Following Pilgrim, and Pascoe, James reported that Eocene rocks, as found in Kuwait and Bahrain, were “not known to be petroliferous”. Nevertheless, he halfheartedly suggested the company might want to try shallow structure drilling near Kuwait’s bitumen seepages at Burgan and Bahra. As to Bahrain, he wrote, “in view of the definite occurrence of asphalt and the ideal nature of the structure it appears inadvisable to ignore the area before testing with a fairly deep well”.

On the heels of the 1916 request for a monopoly of “all areas that may fall under British influence” made by Anglo Persian’s Chairman and Admiral Slade, Lister James, now employed by Anglo Persian, was sent back into Kuwait yet again. In January 1917, accompanied by geologist G W Halse, Lister James undertook the fourth inspection of Kuwait. They apparently concluded the sites of Burgan and Bahra had more curiosity value than oil potential. As a matter of scientific endeavour only, they recommended digging pits or trenches “to find out more about the provenance of bitumen” and “for geological information”.

Pascoe 1918-1919

The division of the Arab world among the victors following World Ware One delivered Mesopotamia to the British, along with some of history’s most famous oil seepages. In 1918-19, immediately after the war but before the award of the League of Nations

and Bahrain Nov 21-26; Longhurst page 51 “unanimous enthusiasm”; See Final Report of the Admiralty Commission on the Persian Oilfields
21 Ferrier page 282 “also unsuccessful”; Owen page 1322 “fairly deep well”; page 1336 “G W Halse” and “geological information”
Mandates, E H Pascoe, now promoted to Director of the Geological Survey of India, arrived to spend five months surveying “as many of the important oil indications as possible”. Stimulated by favourable reports of oil potential, Mesopotamia had for ten years or more been the object of diplomatic and commercial manoeuvring for oil concessions.

Just one extract from E H Pascoe’s survey reveals the extent of the prize that was known to exist in Iraq: “Oil was collected here by the Turks, or by the Germans who were in control of the place before the war ... Seven borings were made by the Germans before the British occupation. Of these, four are producing or capable of producing oil ... one was still in process of construction and was evidently on the point of entering the oil horizon, as oil has recently commenced to appear at the casing head ... The best well has a considerable pressure and would fill an ordinary kerosene tin in five or six seconds with a black oil containing a certain amount of tar but some petrol as well. The wells are all in the same locality and about 300 yards apart. There is a small refinery of five stills, for which crude oil was used as fuel, and two condensers, all in working order though of crude construction. Some of the refined oil was found in drums.”

No great scientific skills were needed to conclude of this particular site, as Pascoe did, that “an oil field of importance exists here”. Pascoe’s report concluding that Mesopotamia “should rival the Persian fields, and outclass Burma” ensured that attention remained focused on the side of the Gulf where “the principal structural and stratigraphic features extend across the two countries (Persia and Mesopotamia)”. Pascoe grouped the oil prospects from “A” to “F” in declining order of importance. Kirkuk, which would, in October 1927 prove to be Iraq’s major oil field, he categorised as “C – scarcely promising enough to warrant deep boring”.22

**Frank Holmes 1918-1924**

The story of Frank Holmes’ identification and mapping of the oil riches of Bahrain, Saudi Arabia and Kuwait, and of his struggle to ensure these fields were developed, is

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22 Pascoe, E H, Director Geological Survey of India, Geological Notes on Mesopotamia with Special Reference to Occurrences of Petroleum in *Memoirs of the Geological Survey of India*, vol 43; 1922; Yergin page 185 “manoeuvering for oil”; Pascoe page 74 “should rival”; Owen-page 1283 “across the two countries”; Pascoe page 74 “scarcely promising”
told in later chapters. But from his first contact with the region, Holmes was convinced this was an area of great oil potential. In 1918, Frank Holmes had written to his wife in England: “I personally believe that there will be developed an immense oil field running from Kuwait right down the mainland coast.”

In 1920, he returned to the area representing Eastern & General Syndicate Ltd, a new syndicate formed with his long time mining and investment associates headquartered in London. On this trip, he went first to Aden. Though the Turks had mines here, the only known geological report was from 1912 when a British geologist, Professor Arthur Wade, had examined an area including Farasan Islands on the Red Sea coast of Yemen. Wade’s report was enthusiastic: “I think indications foreshadow success from a commercial point of view”. In response, Redwood had inserted the cryptic line, “Petroleum is said to occur at many points in the interior of Yemen” in the 1913 edition of his Treatise on Petroleum.

In 1919, the Idrissi of Yemen lodged an official request to the Resident in Aden for the services of an expert to investigate and report on the Farasans. Twelve months later he was still waiting for an answer. When Holmes approached him in 1920, the Idrissi invited him to visit the Farasan archipelago to satisfy himself “as to the possibility of finding oil in commercial quantities”. On this four week visit, Holmes stayed with the Idrissi in his guesthouse (fort) in Jaizan. As Holmes then offered very generous terms he appears to have been “satisfied” as to the oil prospects. But, as will be seen, Churchill baulked at the possibility of exposing to international scrutiny Britain’s assumption of power in this area. Holmes left Aden and moved his base to Bahrain from where he pursued his plan of examining Al Hasa, Bahrain, Kuwait and Qatar. 23

Holmes’ technical discussion of his findings, with maps, given at presentations to Standard Oil New Jersey and the Gulf Oil Corporation in New York in September 1926 was sufficiently persuasive to inspire Standard Oil New Jersey’s C Stuart Morgan to act almost immediately in a clandestine attempt to obtain the Al Hasa concession using Philby’s self declared friendship with Abdul Aziz Bin Saud. Morgan, an Englishman,

had been with Wilson’s administration in Mesopotamia where he worked with Philby. He moved on to Anglo Persian before becoming Adviser of Near Eastern work for Standard Oil New Jersey. Morgan admitted his new found “deep interest in Al Hasa and the Trucial Coast” was aroused because “Frank Holmes has been over here to talk with me”. Morgan secretly forwarded to Philby a copy of Holmes’ map obtained at the New York meetings together with a copy of Holmes’ 1923 Al Hasa concession laying out the dimensions of that field.24

After the 1932 oil strike in Bahrain proved Frank Holmes to be correct in his unwavering conviction that the shaikhdoms of the Arabian Peninsula were rich in oil resources, so severely embarrassing the experts of the day, Holmes was asked how he had known. Archibald Chisholm describes a 1945 London meeting of oil company representatives where Holmes was asked how he had been so certain, for ten years before oil was struck in Bahrain, that the world’s leading petroleum geologists were wrong in their unanimous opinion there was no oil on the Arab side of the Gulf. Tapping a finger to the side of his nose, he replied enigmatically, “this was my geologist”.25

In reality Holmes’ certainty was based on his personal observation, exploration and surveys together with study and analysis of the available record, including Admiralty maps and gazetteers. Standard Oil of California’s Francis Loomis first met Holmes in London in 1929 and came away with respect for Holmes’ knowledge and skills. He reported to fellow Vice President Maurice Lombardi: “Holmes seems to be very familiar with the country on the mainland and in fact with all this region. He says there is a line of seepages about three hundred miles long in the Kuwait territory and thinks there are plenty of good areas to be had.” After listening to Holmes, Loomis advised Lombardi, “it occurs to me that if we take over the Bahrain concession, ultimately we may want a good deal more in that general region”. In their efforts over the next few years to gain

24 St Antony’s College Oxford, Philby papers Box XXX-7, August 26th 1927 Morgan to Philby’s partner, and Morgan’s personal friend, T D Cree “Frank Holmes has been over here to talk with me” and November 10th 1927 Cree forwarding to Philby, provided by Morgan, the map and concession copies commenting on “Morgan’s keen desire to get into this territory”; correspondence about Holmes and the Al Hasa concession between Cree, Morgan and Philby is contained in Philby papers XXX-7 and XV1-2 and XXV11-Box 1 & 2; Note that when they sighted Holmes map and technical detail some time later, Standard Oil of California was also persuaded see, for example, Chevron Archives Box 120791 May 2nd 1930 Lombardi to Loomis refers to seeing “Holmes’ map of the Persian Gulf and littoral ... areas of petroleum interest beyond Bahrain and Kuwait ... the rest of Arabia and nearby territory”

25 Chisholm page 161 “my geologist”
the Al Hasa concession (and perhaps knock their colleagues, Gulf Oil, out of Kuwait) both Loomis and Lombardi would refer to Holmes' map and technical information.

The first geologist Standard Oil of California sent to Bahrain in 1930, to work with Holmes, was Fred A Davis, accompanied by the superintendent of the Producing Department Bill Taylor; Davis eventually became Chairman of the Board of Arabian American Oil Company (Aramco) in Saudi Arabia. In his Forward to Philby's 1964 *Arabian Oil Ventures* Davis unkindly dismisses Holmes as a person "with whom the company dealt in its introduction to Bahrain". Davis claims that his own recognition of the oil possibility of Saudi Arabia began "the day we first set foot on Bahrain". However, correspondence from Loomis in the Chevron Oil Archives show that Loomis, after his London meeting with Holmes, had alerted Davis to the possibilities of Al Hasa and instructed him to try to get on to the mainland. 27

As to his 1930 time in Bahrain, a letter in the Owen papers at the American Heritage Centre reveals Davis admitting that his own work in Bahrain "consisted only in checking a very fine map which had been prepared by "Dusty" Rhoades of Gulf Oil a year or so earlier". In February 1928 Gulf Oil had expected Rhoades and two assistants to take nine months – their chief geologist wanted 18 months – to "arrange, complete, and report on, a geological survey" of Bahrain. But when the Americans arrived – far

26 Chevron Archives Box 120797 May 17th 1930 Fred A Davis of Standard Oil of California in Bahrain to head office San Francisco "During the latter part of the War Holmes was attached to the Admiralty and while there had access to their confidential petroleum maps. From his study of those maps, as well as personal observations in the field, he knows many seepages along both the Persian Gulf and Red Sea coasts of Arabia, and believes there are many areas there worthy of exploration"; Note that a British Gazetteer was secretly produced during World War One, among other sources it drew on Lorimer's 1908 Gazetteer; Box 0120796 April 15th 1929, Loomis in London to Lombardi in San Francisco, "I had a long conversation with Holmes who seems to be a very straightforward, truthful person, though rather optimistic... I spent nearly three hours with him a few days ago discussing the whole Bahrain matter and obtaining...a considerable number of facts which will be of use to us in a practical way..." He also reported " the members of the syndicate (E&GSynd) make quite a good impression. I have made some enquiries about them and from what I learn their standing seems to be good, though they are not considered a group of great importance in oil circles. The two important members, Janson and Tarbutt are known rather extensively in South African affairs and seem to have standing as mining men and mining engineers"

27 Philby Oil Ventures, Forward page xi "from the day we first set foot on Bahrain we had a strong desire to examine the geology of the mainland in Saudi Arabia"; Chevron archives Box 120791, correspondence Loomis, Lombardi, Wallace, May - August 1930 and Box 120797 correspondence April - August 1930 Fred A Davis and Bill Taylor in Bahrain and Standard Oil of California San Francisco. Note particularly August 12th 1930 Davis in Baghdad to Standard Oil of California apologising for not being able to carry out Loomis' instructions saying "I am very sorry about this, for when I left the States I had very ambitious hopes of coming back from over here with a great fund of general information on oil, both geology and operations."
from being “oil pioneers” as the mythology would have it – they found all they had to do was verify the substantial work Holmes had already completed.

The 1928 Rhoades’ map that Davis said he checked in 1930 was a confirmation of Holmes' original geological work completed in 1926-1927. Rhoades reported to Gulf Oil that he had found Holmes' work so good that, taking time out for Arabian dinners and falcon hunting, he was able to complete his own survey in under six weeks instead of the nine months allotted.28

Holmes’ work on Bahrain prior to the entry of the Americans is documented in 1926-1927 correspondence found in Holmes’ personal papers and in the Ward papers at the American Heritage Centre. While boring the artesian water wells in Bahrain, Holmes reported he had “come into a very nice oil bearing shale. I was using three 2 foot drills at shallow depths. If I spot one or two more good sites for artesian wells I could progress the oil testing”. In late 1926 the Board of Eastern & General Syndicate were independently financing the development of the Bahrain concession. From Bahrain, Holmes wrote: “I am extremely glad the Board of Directors have decided to drill for oil. I hope for success ... I have had some wells sunk, and find that the area over which the bitumen can be found is greater than was ever hinted at before. I have had a good look over the area surrounding the seepages, and the dome formation is exceedingly attractive. The oil indications ... are more promising and extensive than I had any conception of ...”29

In December 1931, the Political Agent Kuwait, Colonel Harold Dickson, was determined to discover what it was that made Holmes so sure there was oil in Kuwait; so certain, that he endured the extreme opposition of the Government of India, and the slander and insults of that government’s officials in the Gulf, in order to obtain and develop the concession. Dickson was genuinely intrigued but also intent on secretly

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28 Owen papers, Box 1a; October 11th 1974, Fred A Davis to G Gish “only in checking a very fine map”; Clarke pages 71-76 Ralph Rhoades report on Bahrain to William Wallace at Gulf Oil Corporation is reprinted in full; and March to April 1928 correspondence Holmes in Bahrain to Wallace at Gulf Oil in Ward papers Box 2 and Box 3 March 29th and May 17th 1928, Ward to E&GSynd

29 Holmes papers, April 12th 1926 Holmes in Bahrain to E&GSynd in London “showing slight traces of oil”, Note that Chisholm page 14 is in error when he locates this well ‘showing slight traces of oil’ in Kuwait and then states “this closely guarded secret greatly encouraged” the Gulf oil Corporation towards the Kuwait oil concession; Ward papers, Box 2, January 16th 1927 and March 28th 1927 Holmes in Bahrain to E&GSynd enclosed with letter E&GSynd to Ward dated June-9th 1927 “greater than ever hinted at before”
forwarding whatever information he could gather to Holmes’ implacable competitor, the Anglo Persian Oil Company.

Because Dickson’s report appears to be the only surviving detailed explanation of the technical basis of Holmes belief in the existence of Arabia’s oil fields, it is quoted here at length. This “confidential” report was headed “Views of Major Frank Holmes of the Eastern & General Syndicate on the possibility of ‘oil’ being found in Kuwait, Bahrain and the Gulf generally” and included three sketch maps. He prefaced the report by warning that, during the discussion, Holmes had “emphasised that certain experts would by no means agree with everything he said”. Dickson’s report read:

“In the first place Major Holmes gave it as his considered opinion that there was a close connection between the ‘oil’ and the numerous fresh water springs (all of which were warm, some also very hot) which were to be found everywhere in the sea off the North-East coast of Arabia, on the islands of Bahrain, on the mainland of Hasa both in the vicinity of Qatif and up the whole length of the Wadi al Miyah (valley of waters), which series also obviously stretched up through Kuwait (where they weakened) and the country south of the Euphrates right up to the vicinity of Nejef (as instance the wells of Shagra Abu Ghar, Ruhba etc).

This water, Major Holmes was of the opinion, came from the Persian mountains and not from the highlands of Jejaz and Nejd as hitherto supposed, and passing under the Persian Gulf and the lower end of Iraq at a great depth (as instance the heat) was eventually forced up again on the line described in the preceding paragraph by a sort of fault in the earth’s surface which took the form, to use an easily understandable simile, of a great rocky wall or cliff, which came up from a great depth and ran in the North, West and South-easterly direction following the general line of the Persian Gulf and the valley of the Euphrates.

The same ‘cliff’ formation was in the same way trying to help the ‘oil’ to the surface, as witness the ‘bitumen’ seepages which are to be found stretching from Hit on the Euphrates, past Tel al Magaiyir (Ur), Burgan in Kuwait territory, also Qatif and Bahrain. This line which, he said, followed the same source as the water springs mentioned above, Major Holmes was
of the opinion, formed the Southern edge of the 'oil' bearing zone or line, and it was close to this line that the underground cliff so to speak ran.

There was another probable series of water and oil surface springs, said Major Holmes, which took the centre line of the Persian Gulf and passing through Halul Island, Arabi and Farsi Islands, Qarw Island, Mudaira on the north side of the bay of Kuwait and Jebel Sanem, proceeded in a north-westerly direction and parallel to the line mentioned above. At all the places mentioned except Jebel Sanam, traces of oil or bitumen springs are, he said, known to exist.

The third great oil bearing line, said Major Holmes, was of course the well known one which passed through Kirkuk Shustar region and north of the Tigris and Persian Gulf and went in a south easterly direction. This line, as far as Major Holmes could see, probably also took a parallel course to his mid-Persian Gulf and Iraq line, and his Arabian coast and Euphrates line.

With the above data to go on Major Holmes was of the opinion that chances of striking oil either in Bahrain or at Al Hasa or in the vicinity of Kuwait, were very bright. In spite of the fact that oil experts always pretended that surface oil indications never really meant anything, he, Major Holmes, said that he had yet to find an oil geologist who did not carefully follow such indications, or an oil company which did not find its eventual 'spouter' in the vicinity of such indications.

As regards the formation of Jebel Durkhan at Bahrain, where he was now boring, Major Holmes volunteered the statement that never in his long and varied experience had he found such a perfect example of an oiliferous cone — everything including general strata and formation of the under surface rocks etc etc promised success. His 'bore' had gone down 800 feet or so and already 'oily shales' were being extracted. At Kuwait, on the other hand, there was, he said, a surface ooze of oil both at Bahra (close to Mudaira) and also in the sea close to Ras al Abid (visible at low tide) near the southern boundary of Kuwait. These are apart from the extensive bitumen deposits at Jebel Burgan on the southern border of Kuwait. All of these indicated every likelihood of oil being found if bored for. The
attached sketch map, the original in the rough of which I persuaded Major Holmes to draw for me, will probably show better than I have been able to explain above, the theories and hopes held by Major Holmes."30

Dickson set out to see for himself what it was that Holmes knew. He made “a careful search for the supposed oil seepage ... which Holmes said was visible at low tide, but was unable to find any trace of oil or bitumen. I also made careful enquiries from an old Arab official who knows the coast line there very well indeed, and he could give me no information of value,” he wrote to the Political Resident. “It is possible that Major Holmes with his expert eyes was able to see what I could not ...”31

Arnold Heim April-July 1924

Despite the vigorous and ongoing opposition mounted by the Anglo Persian Oil Company and its supporters in the Government of India, in late 1923 Holmes commissioned the highly respected Swiss geologist Dr Arnold Heim of the University of Zurich to provide a second opinion on his [Holmes] own positive conclusion and findings regarding the oil possibilities of Bahrain, Al Hasa and Kuwait.

Heim, who was also a consultant to Royal Dutch Shell and others, arrived with three assistants in April 1924. The plan was for the group to spend four months in surveying but Arnold Heim and his cold clime assistants were unprepared for the oppressive summer heat of the Arabian desert. Heim, waiting in Bahrain to travel by sea to Kuwait, wrote to London that one of his assistants, “was leaving Hofuf for going to Koweit by Caravan following another route further inland. After the second day of travelling, however, he cut off the whole voyage on account of unsupportable heat, some of his people having become ill. The temperature of the sand blowing winds I measured at 118 degrees Fahrenheit. It is true that the natives are used to travel also in summer time, but at night. Thus we could not do geological surveying.”

30 IOL/R/15/5/239 Vol IV, December 5th 1931, Confidential, Political Agent Kuwait (Dickson) to Resident (Biscoe). Unfortunately, the sketch maps are not with this file. See also March 3rd 1932, Confidential, Arnold Wilson, General Manager, Anglo Persian Oil Company, to Dickson thanking him for this report “which contains much of interest”
31 IOL/R/15/5/239 Vol IV, December 12th 1931, Confidential; Political Agent Kuwait (Dickson) to the Political Resident (Biscoe) “with his expert eyes”
Undeterred by the fact that he hadn’t even seen Al Hasa, let alone surveyed, Heim reported anyway. On Al Hasa he said: “The result so far obtained is not encouraging for the coastal region in regard of drilling for oil. The reasons are ... the only seepages we have encountered are found along the shore and are formed of tar and asphalt blown in from an unknown source in the Persian Gulf. The rocks in situ did not show traces of impregnation. Almost throughout the large region of our journey as far as it is not covered by sand, is formed of tertiary or older rocks, especially limestones, of perfectly horizontal stratification. No signs of anticlines were encountered.”

In regard to the Bahrain Islands he wrote: “I am nearly through with the study of its formations and of its structure the latter being an unusually wide longitudinal dome or dome shaped anticline. The dips however are very slight, generally from 1 to 4 degrees, exceptionally 15 degrees. Bahrain thus is situated outside of the unfolded region of the Hasa table mountains. On the other hand, the formations of Bahrain are chiefly Niocene and Upper Cretaceous age. Thus, as far as I can judge already, I would not advise drilling for oil on Bahrain Island.”

Heim’s was the fifth geological inspection of Kuwait. He reported “the seepage at Al Bohara is small in comparison with those of Hit (Iraq), which produce as much as 2500 tons of oil and tar per year, or 30,000 times as much! ... oil might be found by drilling at Al Bohara but not in paying quantity ... Kuwait is a country of some possibility, but not of high promise”. He saw “no reason to recommend either the Al Hasa or the Neutral Zone concessions for oil”. Furthermore, he believed “to drill on Bahrain would be a pure gamble”. In fact, Arnold Heim concluded: “The countries of Eastern Arabia thus rapidly traversed by the writer do not present any decided promise for drilling on oil.”

There would have been a number of factors at play in Holmes’ selection of Heim, a Swiss geologist. Confidentiality was obviously important, but Holmes may also have hoped for an approach free of preconceived opinion. Heim’s final report does make several references to the conclusions of Pascoe and Pilgrim, which he had “studied”, but perhaps it was coincidence that he was no more optimistic than his esteemed colleagues. While distinctly unimpressed with Arabia, Arnold Heim was anxious to get to Iraq for which Pascoe’s work, given to him “as a present from the author”, made him wildly enthusiastic. Pascoe’s work on Iraq, Heim wrote privately to Holmes, “is the most valuable study ... I think there is no other untested oil region of the world with such phenomenal promise”. Unfortunately for Frank Holmes, the report of Dr Arnold Heim
reinforced the previous pessimistic opinions. But even more negative reports were to follow, all concluding that there was no oil on the Arabian side of the Gulf.  

**de Bockh 1923-1925**

In 1923 Anglo Persian employed University of Budapest Professor Hugo de Bockh (he had changed his name from Von Bockh after the war) as Geological Adviser. De Bockh was a former Under Secretary for Mines and would go on to become Director of the Geological Survey of Hungary. He was brought to Persia to advise on geological work because many of Anglo Persian’s wells were coming up dry. He made two extensive field trips during the winter seasons 1923-24 and 1924-25. On the second trip, de Bockh was accompanied by Lister James, now promoted to the position of Anglo Persian Chief geologist, and his assistant G M Lees along with F D S Richardson.

Oman was included in the first season where “valuable information was gathered on Arabian tectonics, but no immediate oil prospects were revealed”. Which perhaps explains why a concession Anglo Persian began negotiating with the Sultan of Muscat in 1924 was not finalised until 1937. De Bockh conceived the “lagoon theory” in which he supposed that oil would be found in large quantities “only in the Asmari limestone of the strongly folded foothills zone of Zagros mountains and only where that limestone had been deposited under lagoonal conditions ...” Without ever leaving the Persian side of the Gulf, de Bockh reviewed the work of Pilgrim, Pascoe and James, and pronounced the Arabian littoral “unpromising for oil deposits”.

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32 University of Zurich, ETH Bibliothek, Arnold Heim papers, June 10th 1924 Heim in Bahrain to E&GSynd “not do geological surveying” and “so far not encouraging” and “not advise drilling Bahrain”, Report: The Question of Petroleum in Eastern Arabia (Koweit, Hasa, Bahrein) Dr Arnold Heim; September 5th 1924, reprinted in Chisholm page 103 “not high promise” and “pure gamble”; Arnold Heim papers, September 23rd 1924 Heim in Zurich to Holmes “present from the author” and “phenomenal promise”

33 Owen Trek page 1262 “coming up dry” and “Pascoe, Lees & Richardson”; Longrigg page 101 “no immediate oil prospects”; Ward page 20 “not finalised until 1937”; For de Bockh’s Lagoon Theory see Owen page 1263; Ferrier page 541 “unpromising for oil”
George M Lees 1925-1932

When he was sent to survey, G M Lees agreed with his immediate superior, Lister James. Either side of de Bockh’s two seasonal surveys, Lees conducted an Anglo Persian sponsored six-year comprehensive study of South Eastern Arabia. His report agreed with the unfavourable opinion of the Arab lands as put forward by the company’s Chief Geologist Lister James and agreed by the company’s prestigious Geological Adviser, Professor de Bockh. The influential *Geographical Journal* published Lees’ study in 1928 and each member of the survey was invited to lecture at Royal Geographical Society meetings. During the study, Kuwait was the subject of a sixth geological survey, this time by G M Lees, B K N Wyllie and A G H Mayhew in 1925-26. In the Geographical Journal, Lees reported “it is very improbable that, in the total absence of any direct geological evidence, a convincing case could ever be made out by this means for exploring the unknown depths of Kuwait territory with the drill”.

G M Lees agreed with de Bockh, James, Pascoe and Pilgrim, that even if oil were found, it would be in such small quantities as to be economically of little value. His advice was that “in view of the agreement between the local evidence and the general regional geology and in the absence of any alternative hypothesis ... the opinion is that the company need not take any further interest in Kuwait” and was set out in a management memo dated January 6th 1931. The dismal state of Kuwait’s oil prospects was relayed to the members of the International Geology Party then combing Iraq. One American geologist reported “a Scotsman, B K N Wyllie, who was the reconnaissance man for D’Arcy Exploration, reported to the group having just finished a trek across Kuwait without finding any indications of structure ...”

When Lister James retired, George M Lees would go on to take his turn as Chief Geologist at the Anglo Persian Oil Company. He was thought to be a geologist of ‘great promise’ when he joined the company, after serving with the Anglo Indian occupation force in Mesopotamia and a spell as the Government of India’s Political Officer in Kurdistan. He followed the damming report on Kuwait with an equally negative report on the oil prospects of Bahrain. George M Lees was to forge a place in history as the man who promised he “would drink any commercial oil found in Bahrain”. His

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vehement vow came at the end of a speech in which he summed up the evidence for and against finding oil in commercial quantities in Bahrain. The respected Dr George M Lees opted for the negative. Just a few months after his speech, in June 1932, oil in commercial quantities flowed in Bahrain.\textsuperscript{35}

\textbf{Peter T Cox 1932}

The final “examination” of Kuwait – the seventh – was by P T Cox in 1931-1932. In later years Cox would claim his was a “restricted assignment” and that because of the depression he was on a “shoestring”. Cox and his team, including a driller, spent five months in Kuwait before being recalled in early April 1932. Following a now familiar pattern, Cox agreed with those who had been before him. His report concluded, “Kuwait’s prospects appear to be the possibility, even probability, of finding only very heavy oil accumulations.” In his turn, P T Cox became Anglo Persian Chief Geologist and, later, a director Of the Kuwait Oil Company. When Bahrain struck oil in June, just weeks after his report, Cox noted in an understatement, “Anglo Persian set about getting a concession from the Shaikh of Kuwait as a matter of urgency”.\textsuperscript{36}

\textbf{Conclusion}

The myth perpetuated by the oil companies that they did know there was oil on the Arabian side of the Persian Gulf is unsubstantiated. As has been shown, every geological survey, including the seven “examinations” of Kuwait, concluded that the Arab Shaikhdoms were oil-barren. To propose, as the propaganda does, that the oil companies produced misleadingly negative geological reports for the purpose of deterring possible competitors is highly improbable. Such a proposition would have required the jealously competitive geologists of the day to produce and publish survey and exploration reports that ran counter to the actual findings of their skilled expertise. It is simply not credible

\textsuperscript{35} Chisholm page 118 “need not take any further interest”; Owen Trek page 1296 “without finding any indications”; Ferrier page 428 “geologist of great promise” and page 567 “unfavourably on Bahrain”; Chisholm page 162 “drink any commercial oil”

\textsuperscript{36} Owen Trek page 1336, P T Cox claiming “restricted assignment” and “of urgency”
that the geologists would have risked their professional reputation and future career by pronouncing as barren an area they knew to be oil rich. The myth must be questioned.

All the evidence illustrates a scenario in which, far from following a clever strategy, Anglo Persian actually “did not particularly want” the Arab concessions because they were utterly convinced there was no oil on the Arab side of the Gulf. The company’s Resident Manager in Persia, Sir Arnold Wilson, for example, frequently recorded in both personal and official letters the company’s belief that “geological prospects on the Arab side are so uncertain, the prospect of finding oil is so speculative ...” Ferrier reports Wilson as saying, in 1926, “only Albania is hopeful ... Arabia appeared ‘to be devoid of all prospects’.”

Unless he believed it to be true, it is inconceivable that Sir John Cadman, ex Professor of Engineering at Birmingham University, Technical Adviser to the company from 1921, Head of Turkish Petroleum and by 1927 Chairman of Anglo Persian, would go on record while attending the 1928 American Petroleum Institute Convention in Chicago declaring oil prospects on the Arabian littoral as “not impressive”.

Although he was personally aware of Frank Holmes’ belief in the oil riches of Arabia, Sir Percy Cox, Political Resident in the Persian Gulf and then High Commissioner of Iraq, opted for the safe, generally held view, in an article he authored for the 1929 Encyclopaedia Britannica. Sir Percy, fastidious as to detail, wrote “though very careful search has been made for possible oil fields along the Arabian littoral by the Anglo Persian Oil Company, and though seepages of oil, gas and asphalt are not uncommon, no potential field has yet been located near the coast”. He then expressed the prevailing belief with the comment, “oil and asphalt shows occur at Kuwait and Bahrein, but the prospects of oil being found in those territories in adequate quantities is slender”.

In Persia, Iraq, and Burma, where oil extraction already existed, the oil companies did well. But where the signs were not so glaringly obvious, they did not venture. The Shaikh of Kuwait, who firmly believed he had oil and desperately wanted it developed, was both bewildered and disappointed at being constantly overlooked. His grandfather, Shaikh Mubarak, had been so sure the British would find his oil “shows” as interesting as Persia that, merely on the prospect of the 1913 visit of Churchill’s Admiralty Commission, he had signed away Kuwait’s present and future rights to independently grant concessions. Unknown to Shaikh Muḥarak, the die had already been cast. Since
Pilgrim in 1904 the whole of Arabia, including Kuwait, had been judged as having no commercial oil potential.

In the coming years, no ambitious geologist disagreed with that judgement. Also unknown to the Shaikh in 1913 was the fact that the Anglo Persian Oil Company and its Government of India supporters had already blocked one person who may have made an objective assessment, George Reynolds, and would in future do everything in their considerable power to block the other, Frank Holmes.

Twenty-five years were to pass between Shaikh Mubarak confidently opening up his oil potential to the Admiralty Commission and his grandson’s witnessing of the first oil flow at Burgan in October 1938. When he was Ruler of Kuwait in 1931, Mubarak’s grandson, Shaikh Ahmad, encapsulated Kuwait’s two decades of frustration and disappointment when he defended his right to deal with Frank Holmes – the only man who refused to write off Kuwait’s oil prospects – by stating, “it was a stab to my heart when I observed the oil work at Bahrain and nothing here”.  

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Chapter Three

THE GULF RAJ

Introduction

In pursuit of the claim of this thesis, that rule by the Government of India prevented the development of Arabia’s oil after Holmes’ 1922-1923 discovery, it is necessary to demonstrate that authority and control of the area lay, not with the British Government, but with the Government of India.

The British most often defined the status of the Arab shaikhdoms rather vaguely as being “in special treaty relations with the British Government”. This was a unique category, fitting neither Colony nor Protectorate. The British employed two basic models of colonialism, either direct rule or indirect rule. The first entailed administration directly by British colonial officials without the involvement of native authorities. Indirect denoted an area in which many administrative functions were in the hands of native institutions, but under the control of British colonial officials. The status of Aden, for example, moved from being part of the Bombay Presidency at its 1839 occupation and annexation to that of a separate province of India in 1932. The Government of India Act of 1935 separated Aden from India and further legislation transformed it into a British Crown Colony, under direct colonial administration.1

A British Protectorate, even if it closely resembled a colony, was distinguished in that it did not become part of the national territory of the protecting power but remained legally a foreign country. Natives of a Protectorate were not British subjects. They did not owe allegiance to the British Crown although a limited duty of “obedience” was taken for granted. The right of the Crown to exercise legislative and administrative functions in Protectorates was based on, apart from treaties with the local rulers, the Foreign Jurisdiction Act of 1890.

1 The East India Company assumed “Presidencies” in Bombay, Madras and Calcutta, where its main commercial activities were located. See also Hawley, Donald, The Trucial States, London: George Allen & Unwin, 1970, page 77, Aden was transferred to Bombay which “the island of Bombay was transferred to the British Crown as part of the dowry of the infanta of Portugal on her marriage to King Charles 11 (1630-1685)...the British Government sanctioned the take over of Bombay by the East India Company in 1688...the Company raised troops and maintained a civil administration”, for the status of Aden see Liebesny, Aden Colony and Protectorate, pages 335-396. For the status of India and its gradual transfer to the British Crown see “East India Company” in Appendix-3 Who’s Who
The Arab shaikhdoms were not colonies. Nor were they ever declared Protectorates. An example of how a Protectorate was created is that of the hinterland of Aden. This area was legally declared the Western Protectorate and the Eastern Protectorate by enactment of the Aden Protectorate Order of 1937. Under this, the Governor of the Crown Colony of Aden also became Governor of the two Protectorates. The post-World War One Mandates introduced another form of administration to the Middle East. But, as will be seen, this was not extended to the Arab shaikhdoms either. As late as 1947, Liebesny could still remark that “the exact status of the states along the coast of the Arabian Peninsula is not clarified.”

As the last official appointed by the Government of India did not retire until 1958, the Arabian Peninsula was actually the last bastion of the Raj, lasting a decade beyond India’s own Independence of 1947. What the Indians called the *angrezi raj* (English rule) extended into the Arabian Peninsula and can be dubbed the *Gulf Raj*. This chapter will examine the Government of India dimension — what it was, how it came about, and what its effects were on the Arabs of the Gulf, and on the development of their oil.

It will be argued that, unlike Britain’s post-World War One administration in Egypt, Palestine, TransJordan and Iraq, neither the Colonial Office nor the Foreign Office exercised direct authority in the Arabian Peninsula. Under the system set up at Churchill’s 1921 Cairo Conference, responsibility for the Arabian Peninsula was given over to the Government of India. Indeed, the system arrived at in Cairo would prove to be so unsatisfactory that in 1933 the Colonial Office would opt out entirely, passing over any interest it had in the area to the India Office.

This chapter will also highlight the significance of the India orientation of the Anglo Persian Oil Company – staffed by former members of the Indian military and Indian Civil Service – with a strong investment in maintaining the dominance of the Government of India. These two institutions will be shown as complementing and reinforcing each other in blocking Holmes and his proposals for developing the oil of Arabia.

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2 Liebesny, *International Relations of Arabia*, pages 148-168 “two types of colonial administration” and “Protectorate...right of the Crown” and “not clarified”
3 The Residency was moved from Bushire to Bahrain in 1946. From 1947-1951, the Resident was Cornelius James Pelly and then, until his retirement in 1958, (Sir) Rupert Hay of the Indian Political Service, ex Indian Army, one of World War One Acting Civil Commissioner Arnold Wilson’s handpicked and personally groomed “Wilson’s Young Men” in Mesopotamia, their careers favoured on the basis of how finely their ideas attuned to Wilson’s own policies; see Hay, Sir Rupert, *The Persian Gulf States*, USA: Lord Baltimore Press, 1959, page 26 “the last member of the old Indian Political Service..in the Gulf...retired in 1958”, this was, of course, Hay himself; James, Lawrence, *The Rise and Fall of the British Empire*, UK: Abacus, 1998, page 219 “angrezi raj”
The Persian Gulf: India’s Frontier

The British presence in the Persian Gulf dated from 1600. In 1763 the East India Company established a Residency at Bushire on the Persian side of the Gulf coast. The Company was at first entirely commercial, with a monopoly on silk exports from, and woollen imports into Persia. Further, it was granted freedom from all taxes with a promise that no other European power would be permitted to open a trading station in the area and eventually, and perhaps inevitably given its economic status, assumed a political character. By 1862 the head of the Residency had become “Her Britannic Majesty’s Political Resident in the Persian Gulf”; with the Persians and the Arabs calling him Balyoz, the term used by the Turks centuries earlier for the representative of the Venetian Republic at the Sultan’s Court. The purpose of the Residency and its work was given as protection of the route to India and development of influence, prestige and commerce. The British presence was given additional importance in 1903 with the declaration, aimed primarily but not solely at an expansionist Russia, that the British Government "would resist with all the means at our disposal" any attempt "by any other power" to establish a naval base or a fortified port in the Persian Gulf.

Lord Curzon, Viceroy of India 1898-1905, decreed this to be "our Monroe doctrine in the Middle East" and immediately set about strengthening the Government of India's grip on the area. He mounted a majestic tour of the Persian Gulf that same year. Lord Curzon, and the Government of India, had regard for Persia and for Mesopotamia, but scant respect for the people and prospects on the Arab side. Curzon described the Sultan of Muscat as "pathetic" and the Shaikh of Kuwait as "sinister". He was personally offended by the Shaikh of Bahrain's "chilly antagonism" to his proposal that customs dues (the Shaikh’s main source of income) be given over in order to help defray the Government of India's administration costs in the area.4

At the start of the First World War there were three high powered representatives of the Government of India in the region. At Bushire, the Government of India’s appointee now carried the ponderous title of “His Britannic Majesty’s Political Resident in the Persian Gulf and Consul General for Fars, Khuzistan and Luristan”. He received his orders from the Bombay Government until 1873 and after that from the Government of India. Subordinate to this office were the Political Agents in the individual Arab shaikhdoms, also staffed and administered by the Government of India. An entirely

4 Hay page 11 "commercial at first", page 13 "Balyoz"; Yergin page 140 "resist with all our means" and "Monroe Doctrine", Curzon's reference is to the doctrine promulgated by US President James Monroe (1758-1831) that no part of the American continent should be colonised by any other power; Busch, Britain/Persian Gulf, page 179 "pathetic", page 225 "sinister" page 146 "chilly antagonism"
separate establishment existed in Teheran. This was the office of the British Minister in Teheran, dating back to the 1617 appointment of the first British Ambassador to the Persian Court. The Political Resident at Bushire reported to the Government of India while the British Minister in Teheran reported to the Foreign Office in London; these two officials had no direct contact.

A second Government of India appointee was the Political Resident in Baghdad, with a Consul subordinate to him stationed in Basra. The Baghdad Resident, although drawn from the Indian Government’s Political Service, reported to London through the British Ambassador in Constantinople. The Political Resident officiating at Aden was a third Government of India appointee. After occupation by a British force in 1839, Aden had been annexed to India where it became part of the Bombay Presidency. The conquest and absorption of Aden – an Arab land – to India created a precedent. Aden provided a model to follow in the Government of India’s later goal of similarly absorbing Iraq, and the Persian Gulf, into the Indian Empire.5

The Government of India met the financial cost of all Persian Gulf officers and half the cost of the British Minister's establishment in Teheran, half the charge for subsidies for mail boats to Baghdad and paid an annual contribution to London for an Admiralty provision of navy patrols and "special" assignments as requested. This was jurisdictional confusion writ large. One British Official later commented, “the nature of our political association” in the Persian Gulf was “an association so unusual and so obscure as to be virtually incomprehensible to the layman ... and baffling even to the official mind.” In the Gulf, the Government of India’s Political Officers referred to the actual British Government as the “High” Government. To the people of the Arabian Peninsula the “High” Government was a remote and threatening concept.6

The dominance of the British position had been achieved through the Government of India’s officers. To underline their negotiations over the years they had frequently called in the troops of the Indian military and gunboats of the Indian Marines – a favourite tactic of the Indian Political Service’s Major Percy Zachariah Cox while he was Persian Gulf Resident 1904-1913. By the beginning of the 20th century, the Arab Rulers in the Gulf had signed away most of their rights through a series of treaties. They had pledged not to entertain overtures from any other power and not to sell, cede or

5 Hawley, page 74 “first British Ambassador to Persia”
6 Hawley, comment by Sir William Luce in his Introduction “virtually incomprehensible”; For the twists and turns of authority for the Persian Gulf Residency see Penelope Tuson's 1979 work for the India Office Library, London, entitled “The Records of the British Residency and Agencies in the Persian Gulf” pages 1-9. Tuson comments “the anomalous position in relation to internal Persian affairs and the affairs of the Gulf, respectively British and Indian Government spheres of interest, were never really resolved until...a hundred years later...in 1946.”
lease any part of their territory without first gaining permission from the "High" Government.

Ostensibly, the Gulf states had given away control only of their foreign relations, but by regular use of the men and ships of the Indian Marines, and their armaments, the Resident had no trouble in ensuring that his "advice" was followed in all matters. The smaller shaikhdoms were so locked into Government of India control by their agreements and treaties that they entirely lost their individual identities and were lumped together under the title "Trucial States". The Political Resident in the Persian Gulf was so powerful, his authority so absolute, that a satisfied Lord Curzon, while he was Viceroy of India, claimed "the British Resident at Bushire, who has always been an officer of the Indian Government, is really the uncrowned King of the Gulf".  

**Steps to "Indianisation"**

An agreement was signed on July 29th 1913, though never ratified, between the Ottoman Imperial Government and the Government of His Britannic Majesty. Under the terms of this convention, the British recognised the Shaikhdom of Kuwait as part of the Ottoman Empire and Turkey renounced all claims to sovereignty over Bahrain and the Qatar Peninsula. While standing by the letter of this agreement and not openly annexing Bahrain, even as the convention was being signed the last of a "Three Step Indianisation" program was being completed. The program's first stage, coincidental with Curzon's 1904 appointment of Cox as Political Resident, was the upgrading of the 1900 post of Political Assistant in Charge to the position of Political Agent, reporting to the Resident. The Political Agent in Bahrain quickly gained jurisdiction over subjects of the British Empire on the island and the right to supervise their claims. In 1909 the second stage was completed with the Political Agent obtaining jurisdiction over all foreigners along the lines of the Indian Foreign Jurisdiction Order of 1890. The third and last step in "Indianisation" was the 1913 establishment of the "Bahrain Order-in-Council" that imposed on Bahrain the civil and criminal laws of British India "as if Bahrain were a district in the Presidency of Bombay".

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7 The Arabs of the Persian Gulf still refer to these tactics as Britain's "Gunboat Diplomacy"; Busch, Britain/Persian Gulf page 258 "King of the Gulf"
8 Faroughy page 96 gives the relevant provisions including "Government of His Britannic Majesty declares they have no intention of annexing the Bahrain Island to their territories (Article 13)" and page 95 "three step Indianisation"; Rumaihi, Muhammad G, Bahrain Social and Political Change since the First World War, UK: Bowker, University of Durham, Centre for Middle Eastern & Islamic Studies, 1976, page 168 "Indian Foreign Jurisdiction Order 1890", Faroughy page 101 "Bahrain Order-in-Council", Rumaihi page 169 gives full detail of the Order-in-Council, published London Gazette August 15th 1913; Marlowe,
The effect of the Order-in-Council was to treat Bahrain as a Colony of the Government of India, "with the Political Resident Persian Gulf having much the same powers over Bahrain as a Colonial Governor". Similar Orders-in-Council would be applied to Muscat, the Trucial States, Qatar and Kuwait. Orders-in-Council were issued separately for each territory on the basis of India's Foreign Jurisdiction Act of 1890 (as amended) and of agreements made with the individual rulers. The Indian codes and other comprehensive Indian legislation were imposed and appeals from the shaikhdoms' courts, presided over by the Political Agents and the Resident, lay with the High Court in Bombay.9

Kuwait was described in the 1913 Anglo Turkish Convention as an "autonomous Qada of the Ottoman Empire" using a Turkish flag with a Kuwait logo. But in November 1914, in an attempt to gain the Shaikh of Kuwait's cooperation in the "liberation" of Basra, the British defined the status of Kuwait, in writing, as an "independent state under British protection". Sir Percy Cox later boasted to T E Lawrence that he, Cox, had personally "made an Arab flag for Kuwait". With a Government of India Political Agent, and the ceding of control of its commercial and external relations through a number of agreements and treaties, despite its "Arab flag" Kuwait was definitely in the British orbit, though lacking the final step to full "Indianisation". 10

Under the Anglo Saudi Treaty, signed by Cox and Bin Saud on December 26th 1915, the British Government recognised Nejd, Al Hasa, Katif, Jubail and their dependencies (to be determined later) and their ports on the Persian Gulf as Bin Saud's countries, with Bin Saud as their independent Ruler and his sons and descendants after him. In return for this recognition, Bin Saud agreed to the usual clauses of not entering into any correspondence, agreement or treaty with any other foreign power. Like the other Shaikhs before him, he also agreed not to cede, sell, lease, mortgage or otherwise dispose of any part of his territories to any other foreign power, or to the subjects of any such power, without the consent of the "High" Government whose advice he would follow unreservedly. By November 1916, "a combination of every sort of restrictive treaty concluded by Britain in the Gulf over the previous century", including a Government of India Political Agent at Doha, would bring Qatar firmly into the fold.11

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9 Marlowe page 40 “as a Colonial Governor”; Liebesny, Administration, pages 33-42 “appeals...High Court Bombay”
11 Graves, page 197 “follow unreservedly” (this 1915 agreement is also referred to as the Treaty of Darin); Busch Britain/Gulf page 346 “combination of”
In 1912, the Commander in Chief India, the Naval Commander in Chief India, Chief of Staff India and the Political Resident Persian Gulf drew up a plan for the occupation of Fao and Basra by the Indian military, which if successful would result in converting the “special privileges” in the area into those of rights by conquest. The plan was put into action in October 1914 when Britain’s war against Turkey was launched by the Indian Expeditionary Force, from Bahrain. India’s role in the Persian Gulf during World War One, and its aftermath, is of such importance to the political and economic situation that later prevailed, and to decisions affecting development of Arabia’s oil, that it must be closely examined here.12

Mesopotamia: India’s War

The necessity of safeguarding Persian oil supplies for Britain has frequently been given as the reason why London consented to India’s dispatch of this force to Basra. Briton Busch, for example, puts this forward in his 1970 Britain, India, and the Arabs, 1914-1921, in which he touches on India’s goals in Mesopotamia. The British Cabinet decided to send the forces, Busch says, “to occupy Abadan Island to protect the oil tanks, refinery and pipe lines located there … ostensibly, at least, the main objective was the protection of oil; there was a great deal of oil to protect”. In 1930 Arnold Wilson made this claim in Loyalties: Mesopotamia 1914-1917. Wilson, however, placed the decision making in the hands of the Government of India. “Brigadier General Delamain of the Indian Army was in command,” Wilson wrote, “… to occupy Abadan Island in order to protect the oil refineries, tanks and pipelines, cover the landing of reinforcements and assure the local Arabs of our support against Turkey”.13

The notion that Britain went to war against Turkey to ensure its oil supply from Persia is a later interpretation that is not borne out by the original documentation. This conclusion is also reached by Marian Kent in her work Oil and Empire and by Philip Ireland in Iraq a Study in Political Development. Excellent documentation on this

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12 Ireland, Philip Willard. Iraq, A Study in Political Development, New York: Russell & Russell, 1937, pages 22/28 The committee was Admiral Slade, Naval Commander in Chief, East Indies; Lt General Percy Lake, Chief of Staff, India; Lt Colonel H. McMahon, Foreign Secretary, India; and Major Percy Cox, Political Resident Persian Gulf

13 Bush, Briton Cooper. Britain, India, and the Arabs, 1914-1921, USA: University of California Press, 1971, page 4 “a great deal of oil to protect”; Wilson, Lt Col Arnold, Loyalties: Mesopotamia 1914-1917, UK, Oxford University Press, 1930 page 8 “the Indian Army was in command”; Monroe page 98 also makes the point that Royal Assent was given to the Bill ratifying the British Government’s 51% purchase of the Anglo Persian Oil Company just six days before the outbreak of World War One, “because of its date the purchase is often attributed to the fear of war then hanging over Europe…Churchill dispelled this notion saying ‘Nobody cares in wartime how much they pay for a vital commodity….'”
whole episode, including the aims of the Government of India, can be found in *Precis of Correspondence regarding the Mesopotamian Expedition, Its Genesis and Development* a very long, and secretly prepared report, by the Military Department of the India Office.\(^\text{14}\)

Protection of Persian oil was not high on the list of priorities of the Indian Government. The Military Secretary to the Government of India placed oil as the last of five objectives to be gained by the sending of an Indian Expeditionary Force to the Shatt Al Arab. He advocated sending Indian troops, and landing them in neutral Persia, "ostensibly to protect the oil installations" (my italic). Churchill stated that European and Egyptian defence had priority and, anyway, Britain could get her oil elsewhere. At this point Persian oil was not of much importance to Britain. At its best during World War One, the Anglo Persian Oil Company supplied a mere one sixth of the British Navy's fuel; 80% of all allied oil supplies came from the United States.\(^\text{15}\)

Nevertheless, consent came from London, and so in the 1914 invasion of Mesopotamia, now known as Iraq, it was India that provided the men, the means and the initial management of the campaign. Mesopotamia was India's war, India's frontier and India wanted it as India's reward. On occupation, the Indian Government confidently expected to colonise Mesopotamia and the Persian Gulf and so create an Indian Empire, on its own terms, ruled from Delhi. Indian officials saw no anomaly in the proposal to subordinate Iraq to an already subordinate government — Mesopotamia as a colony for India. Curzon's successor as Viceroy of India, Lord Hardinge, distributed statements to this effect claiming that the Government of India was the logical controller of an occupied Mesopotamia because "the interests concerned, strategic, commercial, political and religious alike are mainly Indian".\(^\text{16}\)

The Chief Political Officer with the Indian Expeditionary Force was Lord Curzon's "uncrowned King of the Gulf", the Political Resident Percy Cox. Supporting Cox's

\(^{14}\) PRO/WO/106/52 Secret, Correspondence regarding the Mesopotamian Expedition - Its Genesis and Development; The name "Mesopotamia" (see Glossary) continued to be used by the British until, following the uprising of 1920, plans were drawn up to institute a "provisional" government for what would now be called the State of Iraq. The area had been known as *Al Iraq* in antiquity and the Arabs had always used both *Al Iraq* and Mesopotamia interchangeably. In modern history others knew only Mesopotamia; the Ottomans used Mesopotamia. The revived name came into official usage in August 1921 when Faisal was proclaimed King of Iraq.

\(^{15}\) Kent page 118 “during the early part of the campaign, Mesopotamia was clearly not a major battleground, and oil, whether Persian or Mesopotamian, was not a major factor in planning military strategy”; Ireland page 24-25 “General Barrow, Military Secretary to the Secretary of State India, September 1914 ‘ostensibly to protect the oil installations but in reality to notify the Turks we mean business’ Barrow placed oil as the last of five objectives”; Kent page 118 “Churchill...noted...buy her oil elsewhere”; Sampson pages 77-81 “80%...from USA” also Yergin page 174-175 for details of Britain’s World War One oil supplies

\(^{16}\) Busch Britain/India/Arabs page 23 “mainly Indian”
January 1917 move to be made High Commissioner of Mesopotamia, Lord Curzon wrote to him approvingly: "Nobly have you carried out the mission with which I entrusted you 18 years ago — you have made yourself the King of the Gulf. When the war is over we shall consolidate that Kingdom and see that no one snatches away the crown."

Cox's own protege, his assistant and deputy, Lieutenant Colonel Arnold Wilson, reflected the thinking of many in the Indian Government when he declared: "I should like to see it announced that Mesopotamia is to be annexed to India as a colony for India and Indians, that the Government of India will administer it, and gradually bring under cultivation its vast unpopulated desert plains, peopling them with martial races from the Punjab." Wilson also believed that the British Legation in Teheran should be made subordinate to India. And in March 1915, Sir Arthur Hirtzel, Under Secretary at the India Office, enthusiastically advocated that free Indian immigration into Mesopotamia would at once reward India's war effort while achieving the laudable goal of removing any excuse for Indian immigration into "white man's colonies".17

The "Indianisation" of Ottoman territory moved quickly. Occupation allowed for a fast tracking of the previous "Three Steps to Indianisation" program. Seven days after occupying Basra the military police were replaced with an India-modelled civil police. Customs, finance, the municipality and the government press were taken over. The Basra Times was published six times a week by the occupying force, in English, Arabic and Hindi. So called lunatics and criminals were disposed of by being sent to India. An Indian judicial system was imposed and Indian currency became the legal tender, as it was already in the shaikhdoms of the Gulf.18

Non-combatants from India provided the labour force for the army in Mesopotamia and Indian immigration boomed. Immediately after the war there were 10,000 British and 65,000 Indian troops stationed in Mesopotamia. Some 50,000-70,000 Indian labourers, including 8,000 convicted habitual criminals promised sentence remission, were also in Mesopotamia. In addition, hundreds of Indian clerks and office workers were employed to administer the "government". Some 1500 private Indian citizens had taken up residence. Presiding over all this was the Indian Expeditionary Force's Chief Political

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17 Graves page 231 "no one snatches away"; Busch Britain/India/Arabs page 22 "a colony for India and Indians", Marlowe Persian Gulf page 115 "Teheran Legation should come under India" and Page 41 "white man's colonies"; See Mansfield, Peter, The Arabs, UK: Penguin 4th reprint, 1982, page 216 "imperialists in the British Cabinet argued that everything should be done to obtain 'a continuity of territory or of control both in East Africa and between Egypt and India'."

18 See Marlowe Persian Gulf pages 50/144/391/401 for "Indianisation" of Mesopotamia; IOL/R/LPS/11/193 January 31st 1921 "Report of the Interdepartmental Committee...to deal with mandated and other territories in the Middle East" note in this report "there is a Treasury of the Government of India" at the Political Residency at Bushire
Officer, now Major General Percy Cox, who was also, as he declared, "still the Political Resident of the Persian Gulf for all important matters".\(^{19}\)

In the event, the Indian Government blew it. A British Parliamentary inquiry followed the 1915 debacle at Kut where, after a five-month siege the 14,000 strong Anglo Indian force surrendered to the Turks. An epic story of sheer incompetence, political intrigue, personal envy and backstabbing was revealed. The Indian Government's management of the Mesopotamian campaign was shown to be so flawed that even Lord Curzon was moved to comment "a more shocking exposure of official blundering and incompetence has not, in my opinion, been made ... at any rate not since the Crimean War". In 1916, control of military operations in Mesopotamia was taken from the Government of India and transferred to the War Office in London. The Government of India hung on to civil control through the appointment of Percy Cox, strongly supported by Lord Curzon, as Civil Commissioner Mesopotamia. Cox was not entirely happy about this downgrading of his promised kingdom. He blamed the Foreign Office and his perceived rivals in the British administration of Egypt. He commented that "Cairo has practically forced us into agreeing not to annex these parts, but merely to administer them ..."\(^{20}\)

While India had to concede that her dream of Mesopotamia as a colony for India had slipped away, she was not about to give up everything. India stuck by her view that if she was expected to continue providing resources, such as military manpower, financial contributions and other aid, then she must have a \textit{quid pro quo} and some compensation for sacrifices already made. In the final trade off, despite the ineptitude, malingering and venality revealed by the British Parliament Inquiry into the management skills of officials of the Indian Government, India was allowed to keep her grip on the Arab side of the Persian Gulf. As before the war, power was to be exercised through the office of the Indian Government's own man, the Political Resident in the Persian Gulf.

\textbf{Settlement: India's gain}

Despite the early treaties, Britain's postwar position in the Arabian Peninsula was, in international legal terms, an "assumed" one and therefore valid only in so far as it went

\(^{19}\)See Wilson Mesopotamia, page 46, convicted Indian prisoners, originally designated 'Disciplinary Military Labour Corps' became known as the 'Jail Corps'; Graves page 209 July 1916 Cox to India Office "still Political Resident", See Tuson, page 184 "Cox was titular Political Resident until October 1920 although absent in Baghdad, on his 1918 appointment to Teheran, Lt Col Arnold Wilson took over as "absentee Resident" in Baghdad until October 1920"

\(^{20}\)Busch Britain/India/Arabs page 130 "official blundering and incompetence", page 150 Cox wanted the title of "High Commissioner" as in Egypt, Chamberlain compromised on "Civil Commissioner"; Monroe, Elizabeth, \textit{Philby of Arabia}, UK: Quartet Books, 1973, page 52 "not to annex"
unchallenged by any other power. Consequently, Britain decided as a matter of policy that "there was no question of submitting our longstanding relations with the Arabian Chiefs" to the judgement of the powers assembled at the 1919 Paris Peace Conference.

After scenes that President Wilson described as "the whole disgusting scramble" for the Middle East, the technical extension of the Paris Peace Conference was the meeting held at San Remo for the assignment of the mandates — Syria and Lebanon to France, Mesopotamia and Palestine to Britain. France inherited the 25% share, previously held by Germany, of the old Turkish Petroleum Company of Mesopotamia, reconstituted by Britain as a legal ploy through which to exploit Iraq's oil. 21

At San Remo, the policy of not seeking Allied recognition of Britain's position on the Arabian Peninsula was maintained and the Gulf shaikhdoms were again purposely kept off the agenda. When negotiating the Treaty of Sevres signed with Turkey in August 1920, Lord Curzon deliberately avoided any discussion of the Arab states of the Persian Gulf. In this way, it was only the Arab states of the Persian Gulf which were left totally unprotected after World War One.

Although they may well have been what T.E. Lawrence scathingly described as "a form of colonial administration that can benefit nobody but its administrators", the mandates were a step forward from the excesses previously possible under rampant imperialism. Under the mandates an operative document was drawn up defining the obligations to be undertaken on behalf of the League of Nations. The mandatory powers were supervised, and each year had to face a detailed review conducted by the international members of the Permanent Mandates Commission of the League of Nations. Implicit within the mandates was the understanding that they would end sometime.

The Arab shaikhdoms missed out in every way. They were not granted independence. They were not covered by a mandate that at least would have ensured international oversight through the League of Nations. They were not even declared as official British "protectorates" a legal status that would have, for example, guaranteed them defence against territorial predators among other benefits.

21 Busch Britain/India/Arabs page page 285 “no question of submitting”; see also Monroe Britain’s Moment, page 32, the now infamous October 24th 1915 Palestine/Israel related letter from McMahon to Sharif Hussain of Mecca promising to recognise and support the independence of the Arabs except in “areas lying west of the districts of Damascus, Homs, Hama and Aleppo" had a second clause that also denied the possibility of Arab independence to “regions affected by our existing treaties with Arab Chiefs” meaning the shaikhdoms of the Persian Gulf; Busch, Britain/India/Arabs, pages 304-308 this was the 25% of the pre-war Turkish Petroleum Company held by the Deutsche Bank and now under the control of Britain's Public Trustee of Enemy Property. Before the war, the Anglo Persian Oil Company had bought 50% of Turkish Petroleum with the remaining shares allocated among Royal Dutch Shell, the Deutsch Bank and 5% held by Caloiste Gulbenkian
In a superb display of diplomatic doublespeak, Britain would later explain Bahrain’s status in the following terms: “The principality is an independent Arab State ... under the protection of His Majesty’s Government ... but not a British Protectorate”. Instead of independence, a protectorate or a mandate, the Arab Peninsula was given over by Britain to the Government of India as compensation for failure to achieve its World War One goal of annexation of Iraq as a colony of India.22

When he took over as Colonial Secretary, Winston Churchill arranged the 1921 Cairo Conference at which the method by which Britain was to control the Middle East was decided. The Colonial Office was to have responsibility for both policy and administration in Iraq, Palestine, TransJordan and Aden. The Foreign Office would be responsible for the Hijaz and relations with Sharif Hussain of Mecca. A special arrangement was agreed whereby, in recognition of his long relationship with Bin Saud, and with Kuwait, built up over his years as the Government of India’s Political Resident, Sir Percy Cox would retain command of these two areas until his retirement, though strictly on a personal basis and not officially attached to either the position of High Commissioner or the Government of Iraq per se.

With the temporary exceptions of Kuwait and Bin Saud’s domain, the Arab states of the Persian Gulf were to remain under the authority of the Government of India. The formal document stated that the Colonial Office would be responsible for all Arab areas of the Middle East. However, in the case of the Arab states of the Persian Gulf, the Colonial Office was to be interested only in matters of “political significance”. Administration, and policy in general, was to be in the hands of the Government of India. Moreover, the Colonial Office would not deal with the various shaikhdoms directly, but only through the Government of India’s Political Resident.23

The extent of the Government of India’s dominance can be seen in the 1928 move by the British Air Ministry aimed at eliminating the Government of India from Arabia and

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22 Monroe Britain’s Moment page 66 “disgusting scramble”, page 72 Monroe contends “the Permanent Mandates Commission of the League of Nations was the best body of its kind ever so far constituted, particularly in its experience, impartiality and effectiveness”; see Busch Britain/India/Arabs page 388 for detail San Remo and Sevres; Monroe page 68 “form of colonial administration”; Al Tajir, Mahdi Abdalla, Bahrain 1920-1945, Britain the Shaikh and the Administration, UK: Croom Helm 1987 page 6 Britain’s submission to the League of Nations re Persia’s claim to sovereignty of Bahrain “an independent Arab state...under the protection of HMG...but not a protectorate”

23 IOL/R/L/PS/11/193 January 31st 1921 “Report of the Interdepartmental Committee...to deal with mandated and other territories in the Middle East” noted “ the Gulf is dealt with as a single administrative unit...the currency of the Persian Gulf is almost exclusively Indian...almost all trade is with India, the Gulf lives almost wholly on cereals imported from India. Indian merchants handle the bulk of the trade”. The report also noted “the large Indian interests” in the area and said that “only the Political Resident” is sufficiently “in touch with the political, strategic and commercial interests involved...to take responsibility...in times of stress in the Gulf”
the Persian Gulf. Now that air traffic routes were being developed along the Arabian littoral, the Air Ministry claimed, it would be more efficient and economical to concentrate responsibility for these areas in the hands of a single department, in England. That the Air Ministry suggested this single department should be the Colonial Office can be taken as evidence that the Colonial Office did not then hold this responsibility. The Government of India countered that its handling of affairs in Arabia needed to be viewed in the context of Muslim reaction in India. Two sub-committees were formed to examine the issue. In July 1930, the question of future control of the Middle East was referred to Cabinet for a decision, thus ensuring its effective postponement.24

Further corroboration of the power of the Government of India in the Arabian Peninsula occurs in 1933 when the Colonial Office declared its intention to relinquish any interest in Gulf affairs (see chapter seven *Meltdown*). The Foreign Office put in a bid to assume responsibility on the basis that the foreign relations of the Arab shaikhdoms were now important, citing such matters as the Persian claim to Bahrain, American involvement in oil concessions and air routes linking the Gulf with Europe rather than with India. The Government of India threatened to withdraw its financial support from the Gulf establishment. The Cabinet decision of July 26th 1933 decreed that “the position of the Government of India in relation to the Gulf was to remain unchanged” and the India Office would now be the British Government point of contact.25

The reasons why this happened are central to this thesis. Given that the delegates at the Paris Peace Conference fought over every aspect of the award of the Middle Eastern mandates – the Americans even insisted on sending their own King Crane commission of inquiry into public opinion in Palestine and Iraq – why was the Arabian Peninsula completely ignored?26

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24 Tuson, page 5, “eliminate India from Arabia” and “Muslim reaction in India”
25 Tuson page 5 “position of the Government of India…remain unchanged”
26 See Klieman, Aaron S, *Foundations of British Policy in the Arab World, the Cairo Conference of 1921*, USA: Johns Hopkins Press, 1970; see also Troeller, Gary, *The Birth of Saudi Arabia, Britain and the Rise of the House of Saud*, London: Frank Cass, 1976, pages 165-167 & 196-198; See also Busch Britain/India/Arabs pages 320-341; Dr Henry Churchill King, education activist of Oberlin College and Charles R Crane, philanthropist heir to the Crane bathroom fittings fortune, were sent by President Woodrow Wilson in 1919. Wilson suspected the share-out of the Midedle East privately agreed between Britain and France flouted Article XX11 of the League of Nations Covenant. This stipulated the wishes of the local people should be “a principal consideration” in any new arrangements. King-Crane found they could not approve the scheme devised by Britain and France for the future of the Middle East, particularly so in Palestine. Note that it was never suggested the King Crane Commission visit the Arabs of the Gulf to ascertain their wishes. The King-Crane Report simply vanished at Versailles; it was never presented for discussion.
The answer is oil — or rather continuing assumption of the absence of oil. After the war, the oil companies and their respective governments seemed so dazzled by prospects in Iraq, and so certain there was no oil in Arabia, that they had no interest in the Arab shaikhdoms. The lack of interest matched the long held opinion of the Government of India, and her officials, at least since Lord Curzon, that the entire Arabian littoral was of no value, politically, culturally or economically. In a perverse sort of way, it is possible the opinion of one generated preconceptions in the other and led into a circle of reinforced negative views.

Two issues are critical in examining the discovery and development of oil in Arabia. First is the hegemony of the Government of India that this chapter has now demonstrated did prevail. The second critical issue is the depth of Indian associations of the Anglo Persian Oil Company. There was an alignment of ideology between both groups of officials which was paralleled by their actions. If the Indian Government believed the Arabian Peninsula was worthless, the India-oriented Anglo Persian Oil Company was hardly likely ever to imagine the Peninsula as a treasure of oil reserves. Similarly, if the Anglo Persian Oil Company regarded the entire Peninsula as of no value, the Government of India was not inspired to review its opinion.

The fusion between the Government of India and the Anglo Persian Oil Company is exemplified in two men of influence at the close of the war: Percy Cox running Iraq while his Indian Army protégé and ex Deputy Arnold Wilson was in charge of the Anglo Persian Oil Company. After making a triumphant return from Persia to Mesopotamia in 1920, with a knighthood, Sir Percy Cox had unparalleled authority as High Commissioner of Iraq, and with authority over Kuwait and Bin Saud's territory.

Arch-imperialist Arnold Wilson had exercised a deadly stewardship as "Acting" Civil Commissioner 1918-1920 while Cox was Minister in Teheran. Wilson presided over the tragic 1920 Iraq Revolt, which Britain spent some 40 million sterling in suppressing, with 450 British and 10,000 Iraqi deaths and thousands of casualties on both sides. In the subsequent inquiry, Arnold Wilson listed thirteen factors as having contributed to the uprising. He ignored the wholesale hangings, bombing of defenceless villages, waves of arrest and deportations that took place under his management prior to the uprising. Instead, his list included what he called “congenital” Iraqi “anarchy and fanaticism”, the liberal ideas of US President Wilson, intrigue by Syrians, the role of Mustafa Kemal Attatuk, and conspiracies among the American Standard Oil companies.27

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27 See Wilson’s Loyalties Volumes One & Two; For detail of Wilson’s policies and actions see Busch Britain/India/Arabs pages 395-416; Fromkin, David, A Peace to End All Peace, Creating the Modern Middle East 1914-1922, UK: Andre Deutsch, 1989, page 453 “anarchy and fanaticism” and page 535
When details of Wilson's draconian policies became known, the British Government removed him from Iraq. In contrast, the Government of India rewarded him with a knighthood and the Anglo Persian Oil Company appointed him Resident Manager at Abadan with the promise, soon fulfilled, of a place on the Board of Directors.28

Both Wilson and his mentor Cox were, as Wilson's biographer observed, "raised in Victorianism and trained in Indian paternalism" and both were "the product of Indian attitudes and systems of government". Both men would continue to exert these influences on the last bastion of the Raj – the Arab shaikhdoms of the Persian Gulf – one from a powerful government position and the other from the Anglo Persian Oil Company. Before looking at the Indian connections of the Anglo Persian Oil Company, it is instructive to examine the post-World War One impact of the Government of India on the Arabian Peninsula.29

Post-World War One: India's Administration

Unchecked by any international body at the close of the First World War the shaikhdoms of the Arabian Gulf were left to struggle alone against the power of the British Empire and its proxy the Government of India. The Arabian Peninsula was written off by the great powers as of no value, either economically or politically. Leading geologists of the day were convinced that there was no oil and even the Peninsula’s geographical importance in protecting India had faded with the defeat of the Germans and Ottomans, the retirement of the Russians and the advent of aircraft. While much of the world was moving towards the end of colonialism and the achievement of political independence, the Arab shaikhdoms were subjected to a form of imperialism reminiscent of the mid-19th century. Britain handed over the Arabian Peninsula to the Government of India. The finest exponents of the imperial ideas of the Indian Raj, thwarted in the goal of annexing Iraq, were now rewarded for faithful service in the former Mesopotamia by being installed in positions of power across the water.

"British officials suspected American oil interests were behind the anti-British insurrection in Iraq and the Kemalist movement in Turkey. Allegedly an arrested insurrection leader had in his possession a letter from one of the Standard Oil companies showing American funds were dispensed by the American consul in Baghdad to the rebels..."

28 For detail of Anglo Persian's hiring of Wilson at a very generous salary, and promise of a directorship, see Ferrier page 309; Marlowe, John, Late Victorian, The Life of Sir Arnold Talbot Wilson, London: Cresset Press, 1967, page 194 for Wilson's Knighthood from the Government of India

29 Marlowe Late Victorian, page 485 “Indian paternalism” and page 421 “Indian attitudes”
Bahrain was selected for a tour de force display of administrative skills, India style. The Bahrainis soon began to grasp the full effects on their daily lives of being policed by the Government of India through the strict enforcement, from February 1919, of the Order-in-Council. The Political Officers controlled the Judiciary and the Religious Law Courts. The Political Agent, or his Indian assistant, issued judgements. They had the power to deport any person judged, by the Political Agent, "about to commit" an offence against the Order-in-Council or "endeavouring to excite enmity" between the people of Bahrain and the Government of India or the "High” Government. Who were subjects of the Shaikh by dint of being Bahrainis and who were under the jurisdiction of the Political Agent by virtue of being foreigners was not exactly defined.

A new Political Agent arrived in November 1919. This was Major H R P Dickson, 37 years old, son of a British Consul General in Jerusalem and Damascus, and an Indian Army career officer. Dickson, like his immediate predecessor, had served as a Political Officer in Mesopotamia. He had been one of Wilson's handpicked "Young Men" whom Lord Curzon had criticised as, "young officers who are necessarily lacking in experience". Dickson soon crippled the island's business activities as he set about punishing the Ruler of Bahrain by suspending the settlement of the island’s commercial disputes. Dickson was forced to impose his will, he explained, because of an offence to his personal dignity, “... owing to the Ruler abusing his privileges and dismissing a member of the Majlis al Urf (the Commercial Court) without consulting me. As the Ruler refused to admit himself wrong, I, in turn, refused to allow the Court to meet”.30

Unfettered by surveillance from any other nation, the Government of India's Political Officers in the Trucial Coast advised gunboat action against the Shaikh of Sharjah for failing to collect a debt claimed by a British subject. The Political Resident in the Persian Gulf had no qualms about recording in the 1920 Administration report: “The Shaikh’s conduct, which amounted to the flouting if not defiance of the Representative of His Majesty’s Government, has been brought to the notice of the Government of India with the recommendation that the Shaikh should be fined three times the instalment he had failed to produce, and if necessary payment to be enforced by one of His Majesty's Ships.” Some shaikhdoms were not even worth comment as the Political Resident’ Report noted: “The year 1923 was a fortunate one in Trucial Oman in having no history, there is practically nothing to record.” And for 1924: "Ras al Khaimah: Nothing to report. Umm al Quwain: Nothing to report. Ajman: Nothing to report."

30 Marlowe Persian Gulf page 66 “Wilson's Young Men” and page 158 November 1919 Curzon to Cox “lacking in experience”; Administrative Report for Bahrain for the Year 1919 (Dickson) “refused to allow the court to meet”
31 Administrative Report for the Persian Gulf Residency 1920 (Trevor) “payment to be enforced” and 1923 and 1924 “nothing to report”
Dickson in Bahrain faithfully copied the methods of his mentor, Arnold Wilson, and devised a scheme to “tax the town of Manama on the principles in force in the various towns of Mesopotamia”; the tax raised was to be mainly allocated to meeting the costs of Dickson’s Political Agency. The Ruler of Bahrain, Dickson declared, would be “persuaded” to sanction the enforcement of the tax and an Indian would be put in charge to collect. Opposition to Dickson from almost every level of Bahrain society grew steadily during his 12 months in Bahrain. His refusal to allow any authority outside that of his own office generated unrest among Bahrainis and ill feeling towards those designated non Bahraini and so “protected” by the Political Agent.32

Dickson's replacement in January 1920 was Major Clive Daly, another of Wilson’s “Young Men” of already formidable reputation for keeping “native” populations in check. Daly had been Political Governor of Diwaniya in Mesopotamia. It was in Daly’s region that the Iraqi Revolt began. He was a “tough single-minded soldier” who, like Dickson, vigorously pursued Arnold Wilson-style policies. Daly isolated the Ruler and disrupted the traditional structure, and created acrimonious division in Bahrain's society, by designating more and more individuals and groups as "foreigners" under his protection. He deported anyone who opposed him, whether "foreigners" or Bahrainis. He recruited Persians to build up what had previously been a small group of market guards into a "law keeping" force, answerable only to him. He convicted, and deported to India, the Ruler's Secretary for alleged conspiracy against the Order-in-Council and followed this a few weeks later by deporting, on the same charge, the progressive headmaster of Bahrain's first modern school. Under Daly, Arab Persian and Shia-Sunni riots broke out and civil unrest became commonplace. The entire tribe of al Dawasir left their home in Bahrain and moved to Dhamman in Saudi Arabia. 33

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32 Busch, Britain/India/Arabs page 410 in Iraq “the Turks had collected only 2.5 million sterling per annum in taxes, the British were extracting 6 million”; For opposition to Dickson see Rumaihi Political Change, page 172; See St Antony's College Oxford. Dickson Papers, Dickson was posted to Hillah in Mesopotamia where his Wilson-like ideas ran foul of those advocating an Arab Government for the new state of Iraq and of the British officials supporting this, he was removed from Hillah in July 1922 (he was replaced by Stephen Helmsley Longrigg), from 1923-1928 Dickson was in India before returning as Secretary to the Resident Bushire and from May 1929 he was Political Agent Kuwait

33 Rumaihi Political Change page 186 “Daly’s region” Rumaihi cites Rihani’s Arabic edition of Kings of Arabia saying Daly was demoted from Lt Col to Major for his role in the Iraq Revolt; see also Philby, H. St. J. B., Arabian Days: An Autobiography, London: Robert Hale, 1948, page 193 “Daly was one of Wilson’s toughest men” Philby claims he “insisted” Daly be transferred out of Iraq; see also Violet Dickson page 158, citing Gertrude Bell, “the tribal rising is due mainly to hatred of individual Political Officers...the fact that they hated Daly precipitated matters; it was in Diwaniya that it began”; Philby papers Box XV11-9, July 31st 1923, Dickson to Philby, “...I was shocked greatly to see Daly's methods at close hand when my wife and I stayed in Bahrain. Never have I seen such a boor or anything so opposite to the word gentleman in his dealings with the local Arabs...Daly's methods are worse than those of a Persian Potentate...”; Rumaihi Political Change page 173 “single minded” and deportations, page 178 for decampment of Dawasir; also see IOL/R/15/2/88 “Dawasir Decamp to Nejd” (complete file August 1923-February 1924) and IOL/R/15/1/341/C25/19/166 (complete file 10/5/23-21/7/23) “Disturbance at Bahrain between Nejdis and Persians”
In 1923, in humiliating circumstances, the Government of India's Political Resident, accompanied by gunboats and escorted by a Sikh platoon, forced the abdication of the Ruler of Bahrain in favour of Hamad, his reluctant eldest son. In his Administrative Report for the year, Daly remarked that the Ruler of Bahrain did not take kindly to the Government of India's "desire" that he should hand over full powers "including control of the Revenues". He was "finally informed", Daly reported, that he had no recourse "in the interests of his country" but to transfer everything "together with control of the Revenues". The Resident also found time ignominiously to deport to the mainland Abdul Gosaibi, one of the brothers acting as Bin Saud's Representative in Bahrain (the eldest brother, Abdul Aziz, was on business in India). When Bin Saud objected, and specifically criticised Daly, the Resident replied that Daly was a trusted Officer "who discharges his duties with unflagging zeal".34

In response to the removal of their Ruler, the Bahrainis formed the "Bahrain National Congress" aimed at working towards gaining participation in their own government. One evening, the Political Resident invited them to meet with him at the Political Agency in order to discuss their demands. When they were assembled, the Resident and the Political Agent arrested the leaders and forced them at gunpoint onto an Indian Marines launch moored alongside the building. Within minutes, under cover of darkness, they were on the way to deportation in India, accused of being "agitators".

The Bahrainis sent envoys and messengers to all the Arab shaikhdoms asking for support against the removal of their Ruler and subsequent actions. The Government of India's Political Officers responded to the Bahraini campaign by intimidation, warning each of the Gulf Shaikhs they "should not receive any member of the Al Khalifa family and should ignore their overtures". The sole protest to escape the wall of intimidation came from Mecca's Sharif Hussain who pleaded the Bahrain case with Sir Herbert Samuel, High Commissioner in Palestine. The British simply ignored him. There was no international reaction to Britain's role in the forced abdication of the Ruler of Bahrain. With no international body responsible for oversight of the Arabian Peninsula,

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34 Administrative Report Bahrain for the Year 1923 (Daly) “no recourse... in view of the Ruler's advanced age and manifest inability to rule... he proved quite intractable and absolutely refused... he was finally informed the Government of India would transfer”, Daly also refers to the “necessity” of deporting Bin Saud’s representative “which Bin Saud resented”; For this incident see also Rumaihi page 177, citing letters from Political Agent to Resident and Resident to Government of India; Busch, Britain/Persian Gulf, page 139 at the end of 1897, in return for stationing a Political Officer in Bahrain the Government of India recognised Hamad, one of Isa's four sons, as his father's designated successor. It was noted that this would be an excellent move "to tighten our hold on the place" and that while Britain was in a treaty position with "independent" Bahrain "We must however mean independent of all Governments except our own"; IOL/R/15/1/341 May 11th 1923, Resident to Government of India “I propose to take following action; arrest Abdulla Gosaibi and take him to Kuwait... and have him returned to Nejd for his master to deal with... I may have to get rid of a Persian or two as well...”;

IOL/R/15/1/341 June 14th 1923 Resident to Bin Saud “unflagging zeal”
The Gulf Raj

unlike the areas under mandate, no questions were raised about Britain's assumption of control of the Arab shaikhdoms, nor of its passing this control to the Government of India.35

The Government of India was well aware of her Political Officers' actions in Bahrain. Privately they expressed the opinion that "the Political Resident and Political Agent had shown a tendency to treat the island too much like a native state of India". The "impropriety" of the Political Agent running Bahrain, to all intents and purposes as if he were the Ruler, was criticised. But, lacking the impetus of world opinion, they did nothing to correct the situation. As late as 1927, after a visit to Bahrain, the Foreign Secretary to the Government of India remarked to the Political Resident: "Our involvement in Bahrain is more than is desirable. A British Financial Adviser, British Police Superintendent and British Customs Manager, this is more British than Katal, which is an Indian Border state." On another occasion the Government of India's Foreign Secretary also noted that "Our present interference doubtless goes beyond what flows inevitably from our Treaties. But no Treaty could adequately cover it unless it were a Treaty extinguishing the Shaikh's sovereignty to a degree less than that possessed by an Indian Chief."36

Kuwait was not doing so well either. In the aftermath of the 1913 Anglo Turkish Convention, Sir Percy Cox admitted, "I think we came off worse in Kuwait. The Ruler did not welcome the recognition of Turkish sovereignty. He did not like the loss of Umm Kasr and Safwan. He was most bitterly opposed to our admission of the right of the Turks to keep an Agent at Kuwait. This was what he had fought successfully all his life. The Ruler, Shaikh Mubarak, made a great fuss. I shall always carry an almost pathetic memory of my last interview with him. Of course, on the whole, he came off rather well considering that the Convention was a friendly give and take ..."37

At the end of November 1922 Sir Percy Cox presided over another friendly "give and take" that resulted in Kuwait being stripped of two thirds of its territory. At the Conference of Ujair, Sir Percy Cox "took" this area and "gave" it, along with its resident

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35 Rumaithi Political Change page 179-183 for detail of abdication and subsequent events; In the 1923 Administrative Report Daly described the Bahrain response as a "calumnious campaign ostensibly aimed at what was termed British interference"; see also Administration Report of the Bahrain Political Agency for the Year 1922 "A campaign has been conducted in the Persian Press (by) a few malcontents in Bahrain who designate themselves the 'Nationalist Party'."

36 Rumaithi Political Change page 179-183 "native state" and "impropriety" page 182 cites a December 1923 Telegram, Government of India to Resident, querying whether they had "gone too far"; Al Tajir, page 5 "extinguishing the Shaikh's sovereignty"

37 Graves page 168, September 1913 Cox to a British journalist "worse in Kuwait" and "pathetic memory"
tribes, to Bin Saud resulting in the border of the previously recognised territory of Kuwait being pushed back by 150 miles.

The carve-up of Kuwait did not go before any international body for approval. Kuwait, like the rest of the Arab shaikhdoms, was neither a mandated territory nor independent and therefore had no recourse to the League of Nations, nor to any other international body. Cox also created two "neutral" areas, one between Kuwait and Nejd and another between Iraq and Nejd to allow for the tribal tradition, indeed necessity, of free movement for seasonal watering and grazing. Along with the two thirds of Kuwait, the areas of Jauf and Kaf were "taken" from TransJordan and also "given" to Bin Saud. But the Muntafiq and Shamiya Deserts, together with the inhabiting tribes, were given to Iraq despite Bin Saud's claim to these.38

Written off as of no importance, internationally ignored and virtually handed over to the Government of India after World War One, there was nothing to restrain the activities of officials such as Dickson, Daly, and Cox with his single-handed redistribution of territory. Meanwhile, over the Gulf waters in Abadan there was nothing restraining Arnold Wilson from utilising the active cooperation of the Government of India's Political Officers in furthering the goals of the Anglo Persian Oil Company. Hardly coincidentally, the company's goals were the same as those of the Government of India which were to maintain the status quo by keeping the Arab shaikhdoms free of any influence, other than their own.

Anglo Persian Oil Company: India's Pride

The notion of the Anglo Persian Oil Company as an icon of India was firmly fixed. In 1909, when the D'Arcy Exploration Company needed an injection of funds it was the Burma Oil Company of India that came to the rescue. The Burma Oil Company had thrived through the Government of India's blanket concession, given in 1889, that protected the Company from all foreign competition. In 1914 when the British Government purchased 51% of the Anglo Persian Oil Company, Burma Oil retained a

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38 Dickson Kuwait, page 276 "back 150 miles", it should be noted that Dickson, given to flights of fantasy, is not a reliable source, better is Kostiner, Joseph, "Britain and the Northern Frontier of the Saudi State 1922-1925" in The Great Powers in the Middle East 1919-1939 ed. Uriel Dann, New York: Holmes & Meier 1988, pages 29-48; Perhaps even the British thought Cox had been too imperial see Troeller pages 198-211 two years later when presiding over the Kuwait Conference again deals with borders, Colonel S G Knox, former Political Resident in the Persian Gulf, was advised by the Colonial Office only "to guide" the delegates and not to participate actively; see also Abdul Aziz, Moudi Mansour, King Abdul-Aziz and the Kuwait Conference 1923-1924, London: Echoes, 1993
third of the voting stock. The Chairman of Anglo Persian came from a career in India with Shaw Wallace, agents for the Burma Oil Company. Anglo Persian’s managing operators were Strick, Scott & Co, long associated with shipping and trade to and from India.

The Indian Army had been associated with the Anglo Persian Oil Company and its forerunner since the beginning. In 1907, a young Arnold Wilson of the Indian Army was posted to Ahwaz. His job involved being the British Officer in charge of Indian Army troops protecting the oil company site — against the native Persians. The connection with India was so strong that when oil was struck in 1908 in Persia, Arnold Wilson wired enthusiastically, "I hope it will turn out well as it will establish British influence, or rather Indian influence, more strongly in these parts than anything else could do." Immediately in the job of Resident Manager at Abadan, Wilson appointed a staff consisting almost entirely of British ex Indian Army Officers, mostly from the Mesopotamia campaign; they were military occupation officers now presented as “oil men”.

Wilson’s empire-building would soon become so obvious that an internal Colonial Office memo would record the Arab Shaikhs’ deep mistrust of Anglo Persian and note that "many officers formerly known to them as officials of Government are now met in the shape of officials of Anglo Persian". Another memo commented on "Sir Arnold Wilson and the many Indian Army ex-officers and ex Mesopotamia Political Officers who served with him and under him in Iraq ... and are now serving with him and under him in the Anglo Persian Oil Company". Wilson’s attempt to recreate with Anglo Persian the fiefdom he had had in Baghdad, complete with absolute authority, was attractive to fellow Britons in the Indian Political Department and Indian Military now serving in the shaikhdoms of the Persian Gulf. Some were cracking their necks to join him. All were seeking to preserve the strength of the Anglo Persian Oil Company as a kind of parallel power and sinecure for prestige employment after retirement from service with the Government of India, or bolt hole should they ever need a job. Wilson could call on these officials anytime. 39

39 Marlowe Life of Cox, page 48 "from the native Persians" and page 52 "rather Indian influence"; IOL/PS/10 Vol 989 July 16th 1924 Secret, Political Department "in the shape of officials of APOC" and March 28th 1924 Resident to Colonial Secretary "the many Indian Army ex-officers"; Marlowe Life of Cox, page-242, The Times of London, April 20th 1921, letter from G.T. Garratt, Personal Assistant to Wilson when he was Deputy Chief Political Officer in Basra: “In Mesopotamia Sir Arnold, supported by a few Anglo-Indians, organised an autocratic form of government which ...cost England some 50 million sterling a year and led inevitably to rebellion...For some years he deposed and sometimes exiled or imprisoned paramount Shaikhs who opposed his rule while his agents supplied him with an immense amount of secret information which he has no right to use in the service of a private trading company (APOC). There is something incongruous and undignified in a man appearing one day as the Chief representative of Government and the next as a private trader"
Anglo Persian had expected to be given monopoly rights “over any portion of the Turkish Empire that may come under British influence”, in the same way as Burma Oil had its Indian monopoly. Whitehall had blocked this blanket concession, mostly because of Britain’s need to placate France in the matter of Iraq’s oil. But the Government of India’s Political Officers in the Gulf had proven most amenable in assisting Anglo Persian to obtain the next best thing to a monopoly. In response to a request from Arnold Wilson, the Political Agents and the Political Resident, using the Indian Marine’s HMS *Lawrence*, pressured the various Shaikhs to sign new conventions transforming the old “exclusion agreements” to open ended prospecting licences with the Anglo Persian Oil Company.

The new agreements did not contain any undertaking actually to prospect, or to initiate activity of any kind. The fact that “no payment would become due to the Chiefs” in return for these new agreements was stressed. By early 1923, only the Shaikhs of Bahrain, Kuwait, Qatar, and Bin Saud, had failed to accept the Political Officers’ invitation to update to the new convention. 40

Curiously, the Political Officers seemed more interested in getting the Shaikhs to sign with Anglo Persian than was the Anglo Persian in getting such agreements. The company was firmly convinced there was no oil. The events leading up to the final grant of the individual concessions for Al Hasa, Bahrain and Kuwait are fully described in later chapters. Some points, however, are relevant here to illustrate the level of enthusiasm displayed by the Government of India’s Political Officers on behalf of the Anglo Persian Oil Company. For example, even though he was alerted well ahead by the Political Officers to the fact that Frank Holmes and Bin Saud would be discussing a concession at the Ujaire Conference, Arnold Wilson did not bother to attend. Afterwards, when Cox and the Government of India’s Political Officers provided him with a window of opportunity in which to conclude his own concession, Arnold Wilson abruptly halted negotiations. Wilson would continue to insist “there is no trace of oil in Al Hasa, nor is there any indication of a favourable geological formation”. 41

40 IOL/R/15/1/618/F52 May 12th 1921 APOC London to Under Secretary of State Foreign Affairs India “no payment”; and December 22nd 1921 Wilson to Cox “…the Resident…accompany me (Wilson) to Kuwait in HMS Lawrence to assist me…” and same date Wilson to Resident " I solicit your personal assistance..." and January 10th 1922 Resident (Lt Col Trevor) to Denis Bray Foreign Secretary to the Government of India “…best for the Political Agents (Kuwait and Bahrain) to do the preliminary negotiations...” and IOL/R/15/1/618 Vol:F.2 pages 39-51 Resident jubilantly reporting “March 3rd 1922 two undertakings…which I obtained during my recent tour on the Trucial Coast. These were given to me PERSONALLY by the two Shaikhs (Ras Al Khaimah and Sharjah)... I hope to obtain similar undertakings from the other Shaikhs on my next visit...” In May “I fancy the Shaikh of Umm el Quwain is in a CONTRITE frame of mind at present …and will sign an undertaking.” By May, Trevor had netted signatures from the Rulers of Dubai, Abu Dhabi, Ajman and Umm Al Quwain also see page 99 dated 10/1/23 “the Sultan of Muscat has signed”

41 Philby Papers, Box XVII-2, June 5th 1923, Wilson to Philby “no trace of oil”
While his sons and officials were negotiating with Frank Holmes a concession for the oil possibilities he had brought to their attention, in an effort to please the Political Agent just days before his forced abdication, the Ruler of Bahrain made an overture to Wilson. In his usual fashion, Wilson issued orders to the Political Resident and to the Political Agent, and said he would come in a couple of weeks. To the horror of the Political Officers, the Bahrainis signed the Frank Holmes’ concession, which the Political Officers promptly set about cancelling. Ten years later, in 1932, Wilson was still convinced that Holmes’ well in Bahrain “is by no means favourable and I have little doubt that it will shortly be abandoned”. The Bahrain well came in before this letter of Wilson’s was delivered to its destination.42

The Political Officers’ opposition to Holmes came down to a blind support for their own India-associated Anglo Persian Oil Company together with a paranoid drive to preserve their own positions by keeping the Arab shaikhdoms free of any influence other than their own. Holmes was an outsider, not one of them. As will be seen, after it became known that Holmes had financial backing from the Americans, the fear of strangers entering their realm and shaking their power base drove them to desperate measures. The Political Agents routinely intercepted Holmes’ mail and reported his every move, also passing this information on to Anglo Persian (see Section Two, The Struggle).

To Whitehall, and to the Shaikhs, they branded Holmes an adventurer, a carpet bagger, a soldier of fortune and an unethical concession hunter. As will be seen, they colluded with Anglo Persian to employ an ex British spy to bribe the advisers to the Shaikhs to provoke anti Holmes sentiment among the various Ruling families. And most of all, they applied political pressure on the Shaikhs themselves in attempts to have Holmes’ concessions cancelled and given over to Anglo Persian. The alleged displeasure and anger of the “High” Government was a threat frequently invoked.

From 1929 Dickson was Political Agent in Kuwait. His advocacy of the Anglo Persian Oil Company was so ardent that some suspected he was moonlighting as the company’s agent. Both he and the Political Resident constantly entreated Anglo Persian to raise their financial terms above those offered by Holmes in order to keep the concession in friendly hands and thus protect the Government of India’s prestige and power in the area from any outside influence.

These men were so intent on maintaining the status quo that they were incapable of

42 IOL/R/15/1/618/F52 April 30th 1923 Confidential Wilson to Resident “sometime in mid-May”; IOL/R/15/5/239 Vol IV, May 30th 1932 Wilson to Dickson “shortly be abandoned”
compassion for the people supposedly under their “protecting” care. For example, in 1931 and 1932 Dickson officially reported that “Kuwait is in such a state of poverty and economic distress” that “suffering and acute want among the lower classes of the town is a new and pathetic feature ... gangs of beggars are beginning to roam the town" and "some 2000 Kuwaitis died from smallpox in the town alone, in the four months between July and October”. 43

Such crocodile tears for the "poor and hungry" people of Kuwait are hard to accept when Dickson, and most other Political Officers, were expending every effort to deny these same people the means of relief through allowing the Holmes-associated American oil concession. This was a particularly cruel denial when the economic boost that development of an oil concession could generate, even in the early stages, was already obvious from American oil activity in Bahrain.

The Americans would later claim, indeed still do, that it was diplomatic efforts from their State Department that broke through and forced the British to allow them to participate in the oil development, first of Bahrain, and later of Kuwait and Saudi Arabia. In chapter seven, Meltdown, it is shown that the evidence does not support this claim. Rather, in each case it was political events that prompted Whitehall to put pressure on the Government of India to stand aside.

It will be shown that Persia's claim to sovereignty over Bahrain, put to the League of Nations, led to insistence from that objection be withdrawn to American investment in Bahrain. The need to build the oil pipeline from Iraq to the Red Sea in order to ensure the Turkish Petroleum Company’s monopoly of Iraqi oil would lead to the opening up of the Saudi Arabian concession area. For this purpose, the Government of India would actively assist Bin Saud to put down the Ikhwan rebellion before arranging a Treaty of Friendship between Bin Saud, Iraq and Kuwait. Construction of the Iraqi pipeline began almost immediately. By early 1933 Standard Oil of California would obtain a new lease on Holmes’ original Al Hasa concession. It will be seen that Persia’s demand for a fair deal from its oil, followed by the 1931 unilateral cancellation of the Anglo Persian concession, impelled a change of attitude towards Kuwait.

43 Administrative Report for Kuwait for the Year 1931, and 1932 (Dickson) “such a state of poverty”
Conclusion

To compensate for failure to achieve its World War One goal of annexing Iraq into an Indian Empire, the Government of India was given control of the Arabian Peninsula which was believed to contain nothing of value. Survey after survey concluded that, unlike Persia and Iraq, there was no oil in Arabia. Having been thwarted in Mesopotamia, the Government of India was determined to "Indianise" the Arab shaikhdoms.

Personnel who had served with the repressive regime of Arnold Wilson in Mesopotamia were transferred to the Arab shaikhdoms where they again pursued policies of oppression and intimidation. The Anglo Persian Oil Company, with Arnold Wilson as Resident Manager at Abadan, was viewed as an extension of the power of the Government of India. Anglo Persian's goals and methods were frequently in concert with those of the Government of India's Political Officers, so much so that these officers considered it their duty to exert political pressure on the various Ruling Shaikhs on behalf of the Anglo Persian Oil Company.

Relief from endemic poverty, disease and backwardness would only come to the Arab shaikhdoms through Frank Holmes' determination to develop the oil fields he had discovered. His linking up with American financial backing would focus attention on the shaikhdoms of the Arabian Peninsula and force Whitehall to review the Government of India's objection to "foreign" investment in the area. Development of their oil resources would eventually provide the means through which the people of the Arabian Peninsula could loosen the shackles of the Gulf Raj.
Chapter Four

A VERY PROMISING AREA
1920 – 1923

Introduction

Between October 1922 and May 1923, Frank Holmes consolidated the early work he put into identifying the Arabian oil fields. He agreed the terms by which he would prove and develop the oil of Al Hasa, Bahrain and Kuwait. Contracts were signed with Bin Saud and the Shaikhs of Bahrain, and terms and conditions agreed with the Shaikh of Kuwait. As the parties pursued the commercial and implementation aspects of their respective agreements, neither Holmes, nor the Shaikhs, had any concept that they were arousing the wrath of officials in the area that would trigger a vehement reaction from the Government of India and its Political Officers.

In their determination to squash any perceived tendencies towards independent action, the Political Officers had no compunction in subjecting the Shaikhs to indignity. As retribution for dealing independently with the Shaikhs, character assassination was dealt out to Frank Holmes and his London syndicate.

The fact that it was oil concessions with which the Shaikhs were dealing was almost irrelevant. It was any leanings towards independence that would not be tolerated. Evidence of this is the immediate dismissal forced on Bin Saud of his “Personal Commercial Representative” after the Political Officers learned he was scouting for investors interested in developing Bin Saud’s territories. In the case of the oil concessions, the Government of India and the Political Officers had the cooperation of Anglo Persian Oil Company, making an ideal tool through which to impose their rule.

As will be seen, while Anglo Persian certainly did want the security of monopolising the region, the unwavering conviction that there was no oil meant there was no real interest in laying out either money or expertise on actual exploration or genuine concessions. This can be seen in the fact that the company baulked each time it found
itself in a situation where it could have purchased the concessions. Moreover, in pursuing their own goals the Political Officers made promises in the name of the Anglo Persian that the company had no desire to fulfil.

It appears the matter of whether or not Frank Holmes had proven the Arab shaikhdoms did have oil did not enter into the thinking of the Government of India. The clearly defined goal was one of keeping out all influence other than her own. If the problem was that exploration was going to tempt “outsiders”, as it had Frank Holmes, then the solution seems to have been to shut off this avenue by bringing all possibilities for current and future oil exploration under the Anglo Persian Oil Company. The Anglo Persian Oil Company was in full agreement with this target, as long as it did not have to undertake the exploration.

It is necessary to examine how the policy of the Government of India developed, how it worked in practice, and how it influenced decision-makers in Whitehall. The following section examines the initial activities of Frank Holmes through Saudi Arabia, Bahrain and Kuwait in 1922-1923 and looks at the reactions of the Government of India and her Political Officers. Holmes signed the first concession, for Al Hasa (Saudi Arabia) with Abdul Aziz bin Saud, on May 6th 1923, and this chapter deals with the machinations surrounding that agreement.

**Aden 1920 - 1921**

After relocating from Abyssinia to Aden in 1920, Frank Holmes made excellent progress with his technical examinations of Assir and Yemen. He struck up a friendship with Muhammad Al Idrissi, the Ruler of Assir, during four weeks as his guest at Jizan. Holmes satisfied himself that oil prospects, particularly in the Farasan Islands, were worth pursuing and he was following through on the Salif salt concession. Holmes applied through E&GSynd to the Middle East Department of the Colonial Office for permission to negotiate for the Oil Exploration Rights for "the whole of the territory over which the Idrissi rules". Assuring London they were “not in any way out to exploit the Arab or his country” the application stated that the intention of the syndicate and its associates was to "carefully explore and prospect all areas likely to be oil bearing" and later to locate definite areas for exploitation on terms agreeable to both sides.¹

¹ PRO/CO/727/3 September 3rd 1921 E&GSynd to Under Secretary Colonial Office “not out to exploit” and October 26th 1921 to Under Secretary Middle East Department Colonial Office “explore and prospect"
At the Colonial Office, however, Churchill was having second thoughts about the very validity of the British position in the Assir and Yemen. Soon after receiving Holmes' November 1921 application, Churchill wrote to Lord Curzon, the Foreign Secretary. The implications of His Majesty's Government recommending the E&GSynd application to the Idrissi, "over whom we exercise a somewhat imperfect centre" was worrying Churchill. He reminded the Foreign Secretary that "the exact status of the Idrissi and of His Majesty's Government position vis a vis that ruler remains undefined". In reality, Winston Churchill pointed out to Lord Curzon, "the extension of His Majesty's Government's influence to this portion of the Red Sea littoral has never been officially recognised by the Powers ..."

While he fully appreciated the "considerable benefits", both to the British Empire and to the Idrissi, likely to result from the exploitation of the oil and mineral resources of that territory by an all British firm "of substance and good standing" such as E&GSynd, Churchill said, he considered the political risk too high. It was Britain's policy to avoid any action that could result in scrutiny of the "special position" it had awarded itself in the Arabian Peninsula and across large parts of the former Turkish Empire in southwest Arabia. Winston Churchill had decided, as he informed Lord Curzon, to tell reluctantly E&GSynd that His Majesty's Government "does not, at present, see their way to accord to them the desired permission." Curzon and the Foreign Office agreed, adding that the Idrissi was not in a position to grant valid concessions and that, even if he did, the British would not undertake to recognise them.2

Dr Alexander Mann

Realising that little could be achieved for the time being, at least until Britain could feel secure that there would be no challenge to its "assumption" of power in the region, Holmes returned to London in early 1922 for discussions with his syndicate colleagues and to plan the focus for the coming year. Holmes and his associates in E&GSynd were still committed to the Arab lands on the Red Sea and along the Persian Gulf and their interest in this region was known in the small circle of venture capitalists operating in the City of London. Mid-year, a Dr Alexander Mann came to speak with the syndicate's Chairman, Sir Edmund Davis. 3

2 PRO/CO 727/3, November 6th 1921, Colonial Office to Under Secretary of State Foreign Office; "vis a vis that Ruler remains undefined" and British firm "of substance and good standing", Churchill expressed concern that "the Italian Government also has aspirations in this region"; Baldry pages 76-107 "British would not recognise them"

3 Arriving at the exact genesis of Mann's association with E&GSynd is a riddle. Holmes has added to the confusion by giving several versions. PRO/CO/730/26, December 20th 1922, Cox to Duke of Devonshire
Indirectly, Mann owed his new position of “Personal Commercial Representative in London of the Sultan of Nejd and its Dependencies” to Sir Percy Cox. The political motivations of medical personnel at the American Mission in Bahrain were the subject of intense suspicion by the Government of India’s men in the Gulf. In 1921, when the Sultan Abdul Aziz Bin Saud called again for medical assistance, Cox thought he could stall the American Missionaries by sending Dr Mann, then nearing retirement from his job on Cox’s own staff in Iraq. As the Political Officers had observed, it was true that Bin Saud, tending towards hypochondria as he did, had a particular weakness for medical doctors. In a very short time, Dr Mann was hired, on a four year contract, as Bin Saud’s personal representative and "Agent". He was also expected to carry on in his profession of Physician and Surgeon.4

Dr Mann knew of Edmund Davis through the London Jewish community, to which both men belonged and, in his new capacity as "Agent", wanted to discuss with Davis and his partners the possibility of financing development projects in Nejd. Mann was correct in assuming Nejd was of interest to E&GSynd. Eastern Arabia was one of the areas that Holmes had been researching since his arrival back in London. As already noted, he had been convinced of the existence of great oil reserves on the Arabian Peninsula since his first contact with the area during the war and had written his wife in 1918 of his belief in an “immense oilfield running from Kuwait right down the mainland coast”.

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4 Dickson papers Box 2a/Files 4a-4b, January 30th 1920 Arnold Wilson Acting Civil Commissioner in Baghdad to Government of India enclosing May 27th 1919 report of Captain Norman Bray Political Agent Bahrain December 1918-June 1919 "...considerable hostility to ourselves in Bahrain due to religious, economic, personal and war reasons assisted in a negative way by the American missionaries... I am not at all satisfied that the American government is not behind their activities...I view with suspicion their activities in Hasa they have entirely ceased to convert, are entertaining largely, are giving presents in great numbers, are holding majlis and are particularly friendly to all those whom I know to be hostile to ourselves..." The only Political Officer not drawn from the Indian Army, G H Bill Esq (Deputy Political Resident December 1917-Sep 1919) commented to Wilson on Bray’s report, June 17th 1919 "...if devout Americans like to spend their dollars enlightening the Bahrainis, it is no concern of ours...I do not consider the case against the American missionaries as proved...maybe idiosyncrasies rather than deliberate policy of their headquarters. The State Department is not paying attention to this region..."; PRO/CO/730/26, December 20th 1922 Cox to Duke of Devonshire, Secretary of State for India, enclosing agreement between Mann & Bin Saud, February 23rd 1922 (effective April 8th for four years), interestingly, this appointment was approved by Cox.
After the war, exploration of the Arabian Peninsula was the task he set himself, a task that would result, eventually, in the development of Arabia’s great oilfields. Holmes had drawn up a map detailing a string of possibilities he wanted to look into, running from Kuwait at the head of the Persian Gulf, to Qatar at its foot. Holmes told his London colleagues that he certainly wanted to undertake a geological examination of as much of Eastern Arabia as possible. He said that, as Dr Mann appeared to already have the confidence of Abdul Aziz Bin Saud, a visit in the company of Dr Mann should be worthwhile. Apart from Holmes’ drive to search for oil, the Davis groups identified a number of possibilities including harbours and inlets for the feasibility of port development along with an electricity supply for Riyadh and Hasa and the erection of a wireless station at Hofuf.5

Chairman Edmund Davis made an error of judgement that almost cost Holmes and E&GSynd all future prospects in the Arabian Peninsula. Davis decided it was not necessary to run the Eastern Arabia visit through the Colonial Office before setting out. The various Davis’ groups, and Holmes, had long dealt with the Colonial Office and the Foreign Office. As far as Abyssinia, Aden and Yemen were concerned, Frank Holmes was virtually a Colonial Office pet. But he had not come up against the Government of India before. His success with Bin Saud, Bahrain and Kuwait would plunge him, the Davis groups – and the Colonial Office – into a conflict of Gothic dimension with the Government of India and its Political Officers in the Persian Gulf; it would be a massive power play that would continue unabated until Kuwait, the last of Holmes’ concessions, was signed in December 1934.

**Mapping Al Hasa October 1922**

At first there did not seem to be a problem as the arrangements made by Bin Saud to receive Mann and Holmes in Eastern Arabia did not arouse the attention of the Political Officers. They travelled via Bombay and arrived at Bahrain on September 28th 1922. The Sultan's guests were always welcomed by his Bahrain representative, Abdul Aziz al Gosaibi and his brothers, and accommodated in the rambling Gosaibi house on the seafront at Manama. Gosaibi was already hosting Major Harold Richard Patrick Dickson and his wife. Dickson occupies a major role in the story of the discovery and

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5 At Ujair Holmes updated this map to delineate the Neutral Zones-just created by Sir Percy Cox; Rihani Ibn Sa’oud page 85 reprints this map with acknowledgment to Holmes. Moore, page 21, mentions sighting the original map, with Holmes’ signature, attached to the Neutral Zone/Hasa Option documents in the Chevron Archives. I did not find it in my May 1999 search of the Chevron Archives; Dickson papers Box 2a/File 4a September 30th 1922, Dickson to Cox “identified a number of possibilities”
development of Arabia’s oil. As noted earlier, many errors can be traced to Dickson’s own published version of events. When Dickson returned to the Gulf in 1929 as Political Agent in Kuwait, the obstructive role he then played should not be underestimated.

After his less than illustrious performances as Political Agent in Bahrain and Political Adviser at Hilla, Dickson was out of a job at the time Holmes arrived to Bahrain. With a remarkable talent for self delusion and aggrandisement, Dickson had convinced himself that Sir Percy Cox was personally going to "fix me up" with a permanent, “and important job”, with the Sultan of Nejd. Denied the official residence, the Dicksons had been in Bahrain since July.6

From his own days in Palestine in the 1880s, Dr Alex Mann remembered Dickson "in sailor suits" when Dickson's father was British Consul General in Jerusalem. They met again in Mesopotamia. Dr Mann was stationed in Diwaniyah and Dickson in Nasriyah where, as Political Officer, he had distinguished himself by "providing" thousands of Arabs as labour for Britain's wartime railway construction. After one night in Bahrain, Holmes and Mann carefully stowed their gifts for Bin Saud on board two large motor driven dhows provided by Abdul Aziz Gosaibi. They had shopped in London and Bombay. The baggage now going across to Bin Saud included forty large boxes of medicines, fifty suitcases, an array of leather bags filled with gadgets and canned food delicacies, and a battery of small arms.7

Dickson and his wife whiled away the month that Holmes was in Eastern Arabia; they went horse riding and played cards. As his exile in Bahrain became months, Dickson took to barraging Cox in Baghdad with letters and voluminous "reports". One of these

6 Dickson papers Box 2/File 5 March 28th 1923 Dickson to his brother “I had hoped to get a permanent job in Hasa or Nejd with Saud”, October 1st 1922 Violet Dickson to her sister in law “we arrived here 17/7/22...we stayed with Mespers’ agents for the first week but now have two rooms in a most palacial [sic] house on the shore lent to us by Gosaibi, Bin Saud’s agent...Harold has received no instructions whatsoever from Cox...we hope every day that he may come down to visit Bin Saud and also fix Harold up as special agent for Bin Saud...we unpack nothing as we may move any day...Dr Mann was here. He had with him a Major Holmes an engineering expert out from London to examine the possibility of making Qatif a harbour for Saud”; Although they only had the use of two rooms in Gosaibi’s huge house, Dickson Kuwait page 269 in his brazenly self promoting fashion claims “Gosaibi came to me...said he would be obliged...if I could put up (Holmes and Mann) while they were in Bahrain”, Philby papers XVI1/9 May 1st 1923, Dickson in London to Philby in Amman “I went to Bahrain and kicked my heels for three and a half months...no honour, no reward, after all I’ve done!”

7 Dickson’s father was British Consul Beirut 1879-82, Consul General Damascus, Homs and Jerusalem 1882-1889; Dickson papers Box 2/File 2, October 16th 1918, Dickson to his Mother, “as Political Officer I provide the labour for the railway construction. I have 2,000 working now and hope to have 4,000 in a few days”; Dickson Kuwait page 269 “fifty suitcases”; Sadly, Rihani Ibn Sa’oud page 158 (after the British had had Dr Mann relieved of his position) mentions seeing these boxes of medicines “open, half opened and all in a state of woeful neglect” and comments there was no one in Riyadh “who understood the use of these drugs”
A Very Promising Area

was a marathon 65-page handwritten effort in which Dickson enthusiastically outlined a grandiose proposal for setting up "a British Consulate General in Hofuf" to which subordinate Consuls and Political Agencies, located at Bahrain and Kuwait, would report. Dickson’s not-to-be missed assumption was that he would be appointed as this powerful Consul General. Sir Percy Cox tried to bring him back to earth. As soon as he received the 65-page slab, he immediately cabled Dickson saying, “as regards yourself please remember that I have done no more than express pious personal hope my meeting with Bin Saud may result in some congenial opening for you”.8

The return of Frank Holmes from the territory of the Sultan of Nejd at last gave Dickson some fresh material for his “reports”. He wrote to Cox that Holmes emphasised the need to locate fresh water supplies in Nejd. "Holmes says he will bet anything that there is an enormous volume of sweet water existing over the whole Qatif hinterland", Dickson told Cox. On the subject of oil, Holmes told Dickson nothing at all, merely remarking that the possibilities of the Al Hasa area from a geological point of view were "full of interest". Distracted by his own dreams of fame and glory in Arabia, Dickson failed to notice that Holmes had spent more time on geological matters than on potential engineering prospects.9

Yet, on that four week expedition, Frank Holmes had identified precisely where the first oil would be found in what was to become the fabulous oil riches of Saudi Arabia. As it came out later, he had gone directly into the hinterland beyond the palm belt of the Qatif Oasis. Single handedly he had prospected in the dust and sand until he was absolutely certain he had indeed located a rich oil field. Holmes was so sure that, on the spot, he made a generous offer to Abdul Aziz Bin Saud for a concession for the area defined on his map. When he emerged from his weeks alone in the desert to join Bin Saud in Hofuf, Holmes had samples of "earth strangely impregnated with oil" that he had collected. 10

The geological samples didn’t mean much to Bin Saud. Until the first oil flowed in Al Hasa in 1938, in the area first identified and mapped by Holmes, Bin Saud never really

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8 Dickson papers Box 2a/File 4a, 65-page handwritten “Report” dated September 30th-November 12th 1922 the only snag, according to Dickson, was that the Government of India would have to give up its hold over Bahrain, Kuwait and Nejd, in favour of the Colonial Office. Bin Saud, Dickson confided, “would not dream of coming under the Indian Government’s influence again” when Cox retired; And October 12th 1922 “Private” telegram Cox to Dickson “pious personal hope”

9 Dickson papers, Box 2a/File 4a, November 1st 1922, Dickson to Cox “returned on October 30th” and “Holmes hopes, from data already obtained by him, to lead a paper before the Society of Engineers when he gets home”

10 Dickson papers, Box 2a/File 4a, November 12th 1922 Dickson reporting to Cox detail of Holmes’ visit to Bin Saud in Hofuf as revealed by Sa’ad Al Gosaibi and Shaikh Jassim Bin Abdul Wahab of Qatif “directly into the hinterland” and “strangely impregnated”
believed he had oil. But Frank Holmes’ enthusiasm was contagious. Like the Arabs themselves, Holmes was not fazed by the desert. He had lived and worked in the great desert barrenness of Western Australia, opening up the goldfields there with American President-to-be Herbert Hoover.

From his time in other countries particularly among the indigenous workers in the mines of Mexico, he had developed empathy for other cultures and peoples. He understood their pride and sympathised with their aspirations. He did not talk down to them. Abdul Aziz Bin Saud did not refuse him. If Frank Holmes wanted to dig in his desert, and pay generously for the privilege, that would be okay by Bin Saud.

Bin Saud sent his personal secretary to accompany Holmes on the journey to Basra where Holmes wanted a legal firm to translate the tentative agreement that he and Bin Saud had drawn up at Hofuf. Bin Saud’s Secretary and Scribe of the Diwan, Hashem Bin Ahmad, was a prominent Kuwaiti who had moved to Nejd after the death of his much loved wife to work in Bin Saud’s Amiri Diwan. Hashem and Frank Holmes became firm friends as they covered the distance from Hofuf to Basra by camel, foot and boat. In Basra, Holmes dropped his Al Hasa geological samples into a laboratory for analysis. Within hours, Basra was abuzz with the news that Frank Holmes had been with the Sultan of Nejd and was now visiting a Basra legal office in the company of the Secretary to Abdul Aziz Bin Saud.11

Dickson heard this in Bahrain and, on November 4th 1922, cabled Sir Percy in Baghdad saying; "Major Holmes who apparently represents large provincial interests in London is believed to have attempted to get Bin Saud to sign an agreement permitting exploitation of oil etc in his dominions." Lieutenant Colonel Arthur Prescott Trevor, the Political Resident, had also been alerted, as had Sir Arnold Wilson at Anglo Persian’s office in Abadan. A barrage of cables began to fly up and down the Persian Gulf.

Three Intruders

Arnold Wilson cabled his London office. They wrote the Colonial Office saying Wilson had just informed them that a Dr Mann "accompanied by a Major Holmes" has submitted to Bin Saud, "on behalf of the Eastern & General Syndicate Ltd", a draft concession covering mines and oil wells in Nejd.

11 Hashem Bin Ahmad was well connected in Kuwait, he was a close friend of Mulla Saleh, the private secretary to Shaikh Ahmad, the Ruler of Kuwait, and would in future be a consistent supporter of Holmes’ bid for the Kuwait oil concession
Moreover, Anglo Persian had “heard” that Bin Saud was being visited "at frequent intervals" by an American citizen "who may be connected with American oil interests". There was no need for Anglo Persian to tell the Colonial Office, the letter warned in reference to the mysterious American citizen, the "embarrassment" which might result from the grant of a concession to "such interests". The American citizen, whom Anglo Persian was warning Whitehall against as representing a danger to the British Empire, was the Lebanese American writer Ameen Rihani.

“We remind you of the application made by us on July 11th 1914, with the approval of the Foreign Office, to the Turkish authorities at Basra, for a *permis de recherche* for the area including Hofuf”, Anglo Persian wrote. Ignoring the fact there had been a war in between, and that Bin Saud no longer had any relations with Turkey, nor Turkey with the area in question, the Anglo Persian Oil Company claimed: “Any application made now would therefore be merely a renewal, or an expansion, of an application made before the war.” The company demanded that the Colonial Office immediately cable Cox "instructing him to support an application by the D'Arcy Exploration Company for an exclusive prospecting license over the whole of Ibn Saud's territory and to press for the prior claims of this company to be recognised.”

Fresh from his triumphs extracting signatures to the Anglo Persian favouring “conventions” from the various Rulers along the Trucial Coast, the Resident Lieutenant Colonel Trevor immediately volunteered. He cabled the Government of India saying: "In the circumstances, the time has now arrived for me to open negotiations with Bin Saud ..." The Resident was reminded of the arrangement put in place by Churchill at the Cairo Conference, to which the Government of India had strongly objected. The reply came from India saying: "As Bin Saud's affairs are managed by the High Commissioner for Iraq please communicate your suggestions to him." Arnold Wilson tried to appear interested. He cabled Cox, “can meet Bin Saud with you if considered desirable.”

Dickson, not being in the loop, seemed unaware of the turmoil. It is possible to imagine that Dickson was somewhat distracted by his vision of the glorious Oriental future that.

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12 PRO/FO/371/8944, November 15th 1922, H E Nichols, General Manager, APOC to Under Secretary of State Colonial Office “a renewal or an expansion” and “American citizen” and “instruct him to support” It must be noted that exactly this legal ruse was being used at the time to reconstitute the Turkish Petroleum Company in order to take over Iraq's oil. And November 24th 1922 Duke of Devonshire to Cox “I should be glad to learn what ground there is if any for the reports as to the alleged frequent visits of an American citizen to Bin Saud (referred to by) APOC”; IOL/R/15/1/618/F.2 page 91 Memo November 27th 1922, Petroleum Dept/Board of Trade to Under Secretary Colonial Office "if there is any danger of American competition for these rights (Bahrain, Kuwait. Muscat etc) as is stated to be the case, it may be desirable to allow APOC to secure a definite license."

13 PRO/R/15/2/109/5/17 November 10th 1922 Resident to (Denys Bray) Foreign Secretary Government of India “time has now arrived”; PRO/FO/371/7716 December 4th 1922 Bray to Resident “Saud’s affairs are managed”; IOL/R/15/1/618/F 52, November 13th 1922 cable Wilson to Cox “can meet Bin Saud"
he believed Cox would deliver him. In Dickson’s view, Holmes’ visit to Bin Saud was an excellent event inspiring him to confide to Cox that “the arrival of Major Holmes is distinctly optimistic and gives me hope that Bin Saud is seriously contemplating the question of opening up Hasa”. Dickson had heard from the local bank manager that Holmes was associated with “a trust syndicate of at least 14 companies in London interested in oil and other development schemes”.

Back from Basra, Holmes had ten days before he was due to meet Bin Saud again. Unknown to Dickson, he was examining Bahrain’s seepages and asphalt shows previously written off by Pilgrim, Pascoe and James. Dickson passed on the message that Cox wanted to speak to Holmes and reported back that the “very reasonable” Holmes would be available for a meeting in Bahrain when Cox arrived on the way to the Ujair Conference. On November 21st he cabled Cox the meeting would have to be moved to Ujair because, “Mr Holmes, the engineer mentioned in previous reports, left hurriedly for Hofuf yesterday having been summoned there by Bin Saud”.14

The Political Officers of the Government of India, and the Anglo Persian Oil Company, had three intruders in their sights, Dr Alex Mann, the suspicious American citizen Ameen Rihani, and the New Zealander Frank Holmes who, if the rumours were correct, had brazenly walked into their territory and, right under their noses, clinched an oil concession with Bin Saud.

Perhaps wisely, Dr Mann returned from Hofuf and left immediately, travelling directly to Bombay. But this did not save him. Dickson had done him no favours when he “reported” to Cox some of Mann’s proposals for improving Bin Saud’s revenues. These included issuing passports for “the thousands of Nejdi merchants who annually leave for foreign countries ... and every pilgrim proceeding to the Haj”. He also had an idea for a postal service, involving the issue of the territories’ own stamps. Dr Mann quickly became a victim of the Government of India’s Political Officers. Heated exchanges between these officers, the Government of India, and the Colonial Office, resulted in Cox dictating a dismissal letter, which Bin Saud duly signed, and the Colonial Office forwarded to Mann in January 1923.15

14 Dickson papers Box 2a / File 4a 65 page handwritten “Report” from September 30th to November 12th 1922 “gives me hope”; November 14th 1922 cable Dickson to Cox “very reasonable”; IOL/R/15/1/618/F.52 November 21st 1922 Dickson to Cox “at least 14 companies” and “summoned by Bin Saud”
15 Dickson papers Box 2a / File 4a Sept 30th-Nov 12th 1922 “report’ Dickson to Cox “I suggested as suitable stamps something in the nature of a dhow, an oryx and a camel with two palm trees”; PRO/CO/730/26, January 12th 1923 Duke of Devonshire to Dr Mann “consider your appointment to have terminated”; Philby papers Box XV/1/9 May 1st 1923 Dickson to Philby “after Mann had been got rid of...”
Ameen Rihani was cleared of the charge of being associated with American oil interests. Cox dismissed his importance telling the Duke of Devonshire: “Anglo Persian’s reference to an American citizen no doubt means Ameen Rihani ... a guest of Bin Saud while I was at Ujair ... he showed no indications of being specifically interested in oil ... Bin Saud told me he regards him as a well meaning idealist with a very great admiration for America and the American people ... he made no attempt to disguise his Christianity.” The fact that Rihani had been vouched for by Cox did not relieve the Political Officers’ suspicion of him. They continued to watch Rihani and intercept his mail as long as he remained interested in the Gulf.

Unaware that he was arousing intense animosity, Holmes arrived from Bahrain on his way to Hofuf to find Bin Saud’s people busy setting up camp at Ujair in readiness for the arrival of Sir Percy Cox and his official party, accompanied by a delegation from Iraq, that would settle borders between Bin Saud’s territory, Iraq and Kuwait. Well-versed in the requirements of British officials, the Gosaibis had shipped in, to what was no more than a windswept sand dune, Indian cooks, Perrier water and crates of crockery, cutlery and glassware to be laid out on white linen draped dining tables. The British were to be accommodated in tents fully furnished with proper European beds and mattresses, dressers and wash stands, writing tables and overstuffed armchairs. To go under the European beds, the Gosaibis thoughtfully supplied porcelain chamber pots.

The Ujair Conference: November-December 1922

What became known as The Ujair Conference lasted five days, from November 28th - December 2nd 1922. As Holmes was ill in Hofuf, Bin Saud had gone ahead. When he joined the group on November 30th, Holmes found Bin Saud had wasted no time in raising the issue of the concession with Sir Percy Cox. Despite all the earlier fuss, Sir Arnold Wilson of the Anglo Persian Oil Company "decided after consulting" with Sir Percy Cox, not to "accompany" him to the meeting with Bin Saud. With no great enthusiasm he did write to Bin Saud’s Agent in Baghdad attending the conference, whom he knew from his time in Mesopotamia, saying he would be coming "soon" to

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16 PRO/FO/371/8944 December 24th 1922 Cox to Duke of Devonshire “idealistic”; IOL/R/15/5/237 Vol.11, February 22nd 1924, Resident (Trevor) to Political Agent Kuwait (More) "extract from intercepted letter dated 20th January 1924 from Abdur Rahman al Naqib, Kuwait, to Professor Ameen Rihani Beyrouth, received from Baghdad" And February 28th 1924 Political Agent Kuwait to Resident "I was very much interested in the intercepted letter to Ameen Rihani, extract of which reached me yesterday afternoon". Even Rihani’s letters to the Shaikh of Kuwait were intercepted see Rihani papers June 3rd 1924 Holmes in Kuwait to Rihani “Your letters dated April 30th and May 4th have not reached me. The Shaikh of Kuwait says that he did not receive his and Mulla Saleh says the same"
see Bin Saud and "maybe we can strike a deal about oil". Responsibility for quashing Bin Saud’s dealings with Frank Holmes, using Anglo Persia’s demand that its somewhat dubious “prior claims be recognised”, was left to Sir Percy.17

Cox began by "explaining" to Bin Saud "his position and obligations in the matter" and reminded him of the clause in the Anglo Saudi Treaty of December 1915 by which he had agreed not to “cede, sell, lease, mortgage or otherwise dispose of any part of his territories to any other foreign power, or to the subjects of any such power, without the consent of the British Government whose advice he would follow unreservedly”. Cox told Bin Saud that, while Holmes and his investors did not appear to be “foreign”, he personally did not know the syndicate and, anyway, the important detail here was the wording “whose advice he would follow unreservedly”.

Bin Saud was shocked. He protested that he had the right to enter into "preliminary negotiations" with Holmes. He had raised himself to the status of a Ruler through his 1913 capture from the Turks of the Hasa district between Qatar and Kuwait. In November 1914, as Britain launched its war against Turkey, from Bahrain, Sir Percy Cox had personally written to Bin Saud promising guarantees against reprisals, and recognition of independence, in return for aid against the Turks. Subsequently, Bin Saud had signed the treaty with Cox. Nevertheless, agreeing that he would not "conclude or sign anything until he had obtained the advice of His Majesty's Government", Bin Saud gave Cox a copy of the document prepared in Basra adding that there were some minor alterations to be made that he "would discuss with Holmes" and proceeded to do exactly that.

Not wanting to "humiliate" Bin Saud by ordering him not to speak with Holmes, Cox tried another tack. He called Frank Holmes back for a man-to-man. He invited Holmes to consider the reality that the "Arab potentates in this region, eg Nejd, Bahrain, Kuwait", while they may be thought of as "quasi locally independent rulers", were in fact, "the creation of Great Britain" and His Majesty's Government was "bound to mother them as unsophisticated Arabs". He said it was obvious that, because Bin Saud accepted "the spirit" of this mothering, he had not actually signed the concession with Holmes before "consulting" with Sir Percy. In fact, Cox told Holmes, HMG had been approached some time back by "other parties" who had been told no "serious project" could be negotiated in Bin Saud's territory because HMG had not yet “determined” either "his frontiers, or his relations with his neighbours". The "other parties", he said,
had "contemplated" obtaining an exploring or prospecting license with a "prior right" to negotiate for a concession, should they ever want this.

As the "other parties" had only "contemplated" a no commitment low cost – or, in the case of Anglo Persian, no cost – prospecting license, Cox was curious to learn what was inspiring Holmes to make an immediate generous offer for a serious concession. Holmes knew enough not to give anything away. He said his month of geological work was “a quite superficial examination”. Carefully, he told Cox that while he had found "no specific signs of oil", he thought “on the whole his principals would be justified in risking a few thousands to get a concession and make experiments”. Disarmingly, he told Cox that in his opinion, there might even be potash of commercial value. Cox made his pitch. The best idea now, he said, was for Holmes to take all his geological findings and “the result of his discussion" with Bin Saud along to Sir Arnold Wilson. He suggested Holmes should make an effort, with Wilson, to come up with a "joint proposal" for Bin Saud's territory. Cox clinched his argument saying he would not “allow” the Sultan "to sign anything" until the whole matter had been submitted back to His Majesty's Government. 18

But Holmes had not come this far to be so easily intimidated. He had not trekked up and down during the war, carefully researched Admiralty maps in London, and spent an exhausting month alone in Bin Saud’s desert discovering and mapping his Al Hasa oil find, to pass it all on to the Anglo Persian Oil Company because Sir Percy Cox said so. Holmes was confident of his own and his syndicate’s relationship with officials at the Colonial Office and Foreign Office. He wrote it down for Cox. He was sure, he said, his principals, in London, “would be pleased to come to an arrangement” with the Anglo Persian Oil Company that “would remove Your Excellency’s and the Home Government’s objections”. In the meantime, he said, he had arranged with Bin Saud to grant him the concession subject to “the approval of Your Excellency and the Home Government. Trusting this will meet your approval”.

In fact, this did not meet with Cox’s approval at all. Just hours before the conference broke up, Cox sent the text of a letter to Bin Saud with the demand that he sign and have it delivered to Holmes. Although Bin Saud refused three times, eventually he gave in to Cox and signed. The letter, written by Cox, informed Holmes that "before final discussion of and before entry upon a project of such magnitude and importance" Bin Saud felt himself "called upon" to "profit by the friendly advice of my friends the British Government". The letter promised that as soon as "their views", together with

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18 PRO/CO/730/26, December 20th 1922, Secret Cox to Duke of Devonshire “rights and obligations”, “follow unreservedly”, “not conclude or sign”, “when not doing political business with me Bin Saud was discussing the document with Holmes”, “creation of Great Britain”, “other parties” and “joint proposal”
the "expression of their opinion in respect of the details" reached Bin Saud, he would
"be ready forthwith to enter upon a transaction on this basis". Confidently, Sir Percy
reported to London that Frank Holmes would now "take the course indicated", ie give
all his geological information and negotiated documentation to Sir Arnold Wilson at the
Anglo Persian Oil Company.19

All in all, for an imperialist, Cox had had a pretty good conference. His authority was
absolute over all the parties involved as he held the position of High Commissioner of
Iraq and, since Churchill's Cairo Conference, also had authority for Bin Saud's
territories and for Kuwait. He had not even bothered inviting the Shaikh of Kuwait
although the issue to be discussed was setting the borders between Bin Saud's realm,
Iraq and Kuwait. Sir Percy Cox could have done the whole thing by himself, which in
essence he did, merely offering a facade of consultation.

When Sir Percy Cox departed Ujair on December 3rd 1922, he had stripped Kuwait of
two thirds of its territory, redistributed swathes of the Muntafiq and Shamiya Desert,
along with the tribal inhabitants, from Nejd to Iraq, swiped a couple of areas from
TransJordan and passed these over to Bin Saud and created two "Neutral Zones", one
between Kuwait and Nejd and another between Iraq and Nejd.20

Cox had also put paid to "the apparent inclination of Bin Saud to absorb the Qatar
principality". Cox had spotted that "Bin Saud had apparently included the Qatar
Peninsula within the tract of country for which he was prepared to negotiate a
concession" with Frank Holmes. The High Commissioner "at once took Bin Saud to
task" by reminding him that under the terms of his 1915 Treaty with Britain, he had
"nothing to do with Qatar except to respect it". While Bin Saud accepted this reprimand
"without argument", Cox informed London, he was "fully prepared to return to the
attack if there should be any fresh evidence of disposition on the part of the Sultan to
encroach upon Qatar".

Of major importance to Bin Saud at this conference, beside the borders, was the
withdrawal of the annual subsidy of 60,000 sterling which Britain had been paying.
Prudently, Cox left this matter until after he had achieved the borders he wanted. The
subsidy dated from November 1917 when Cox had sent, from his own office, the Indian
Civil Service's H St John Philby to persuade Bin Saud to do more to support the British

19 IOL/R/15/1/618/F.52 December 2nd 1922 Holmes in Ujair to Cox "my principals"; Rihani Ibn Sa'oud
page 85 "will Sultan please write letter in above terms to Major Holmes and send me (Cox) a copy of it...";
PRO/CO/730/26 December 20th 1922 Cox to Duke of Devonshire "the course indicated"
20 See Dickson Kuwait page 276 "Major More (attended the conference) on behalf of the Shaikh of
Kuwait, throughout the talks More, who was supposed to be watching the interests of the Shaikh of
Kuwait, said nothing"
campaign against the Turks. Philby's mission to Bin Saud recorded no advantage for the British but he did take the opportunity to further his own personal glory by travelling, unauthorised, from Riyadh to Taif, where his appearance added to the distrust and tension between the Sharif Husain of Mecca and Bin Saud.

Though Bin Saud did nothing to help their war effort that the British could point to, it was thought expedient to continue the subsidy in order to stop him from doing what he wanted to do, which was to attack his rival, Sharif Husain of Mecca — Britain's protege in the Arab Revolt being led by Colonel T E Lawrence. Cox added insult to the injury of withdrawing Bin Saud's subsidy by preventing him from closing the concession with Holmes, for which there was an immediate cash payment, and instead pushing him towards an agreement with Anglo Persian Oil Company, which was not offering any money at all.21

At the close of 1922 the loss of Churchill as Colonial Secretary was a new factor whose effects could not be predicted. He lost his Parliamentary seat in Prime Minister Lloyd George's disastrous snap election of November 15th 1922. Middle Eastern issues had figured strongly in the election campaign (as usual, not including the Arab shaikhdoms of the Persian Gulf) and the British public had been treated to the extraordinary spectacle of a slanging match between then Colonial Secretary Churchill and Foreign Secretary Lord Curzon over matters related to the Middle Eastern Mandates. The Duke of Devonshire was appointed the new Colonial Secretary.

Al Hasa signed May 1923

Curiously, while the officers of the Government of India in the Persian Gulf were targeting Holmes, and defending territory for the Anglo Persian Oil Company, the Colonial Office, now under the Duke of Devonshire, was actively seeking his help in a sensitive undertaking. Before being interrupted by Winston Churchill's fear of

21 IOL/R/15/5/242 Vol.V11, January 19th 1923, Cox to Government of India, "Bin Saud's apparent inclination"; After Bin Saud signed with Cox the December 1915 Anglo-Saudi Treaty Britain supplied him in early 1916 with 20,000 sterling plus 1,000 rifles. The cash had gone for debts and the rifles to his own guards. The monthly 10,000 sterling subsidy, plus extras, was originally intended to cover the cost of Bin Saud mounting limited offensives around Ha'il to echo those being played out in the Hijaz under Lawrence; see Troeller pages 164-167 for detail of all subsidies to the various Shaikhs. Troeller says by March 1920, Bin Saud had received 265,000 sterling to which must be added three more years, making a grand total of 283,000 at the time of cancellation. See also Rihani Ibn Sa'oud page 78 "I'm afraid he also fears losing his annuity" and page 76 "Five months later I met in Baghdad Bin Saud's agent who had come to the Residency to urge the payment of the sum of money agreed upon in cancellation of the yearly stipend of 60,000 Stirling which the British Government was paying to Bin Saud"
attracting attention to Britain’s “assumed” powers in the region, Holmes’ negotiations with the Idrissi had covered two separate concessions, one for oil on Farasan and the other for the salt operations at Salif. As the Idrissi was now in active conflict with the Imam Yahya of Yemen, he requested a cartridge making machine as part payment for the salt concession. In January 1923, following “a confidential dispatch received from the military adviser in Aden”, the Colonial Office decided a cartridge making machine for the Idrissi was a good thing. The task should be “effected through Major Frank Holmes, personally, and not through the Eastern & General Syndicate”, the Duke of Devonshire suggested to Foreign Secretary Lord Curzon who agreed absolutely that the task should be conducted “through the intermediary of Major Holmes”. And Lord Curzon sent letters to the India Office and the War Office telling them so.22

Holmes carried out this mission for the Colonial and Foreign Offices while still working at coming to grips with the oil he was certain existed on the Arabian Peninsula. In mid February 1923, Bin Saud wrote Cox that he had received from Frank Holmes a copy of the agreement “which is to be made between me and the Eastern & General Syndicate of London.” He made his intention quite clear telling Sir Percy, “my desire in granting the concession in question has considerably increased because I have already promised the company that I shall agree to grant the concession. Therefore I request that Major Frank Holmes may be approached for starting with the work urgently.\textsuperscript{22}

Cox may have thought he had put paid to this deal. Irritably, he reminded Bin Saud that Anglo Persian had “previously contemplated entering into negotiations with you” and they were a “stronger and more expert organisation”. He advised Bin Saud to give Anglo Persian a year “in which to select a section of your territory so arranged that the whole sea board is not taken up”. After that, he said, “negotiations with E&GSynd could then be resumed by you”; presumably, for whatever might be left over. Cox then assured Bin Saud that Anglo Persian had “expressed their willingness” to give terms “at least as favourable ... in many aspects” as those offered by E&GSynd. He added that Anglo Persian’s representatives had now been “instructed” to open direct negotiations.\textsuperscript{23}

Cox’s “instructions” did not move the company along. A full month passed before Wilson dispatched “Mackie, formerly in the Civil Administration of Mesopotamia, accompanied by Sampson, formerly in the Sudan Civil Service”, by the slow mail boat, to Bahrain en route to visit Bin Saud on behalf of the Anglo Persian Oil Company. The

\textsuperscript{22} See Baldry page 85 while Baldry confuses some dates, most particularly whether certain events occurred in 1922 or 1923. “The Powers and Mineral Concessions in the Idrissi Imamate of Assir 1910-1929” is a valuable contribution on a mostly unfamiliar subject; PRO/FO/371/8945 January 8th 1923, Duke of Devonshire to Lord Curzon and January 16th 1923 Lord Curzon to Duke of Devonshire

\textsuperscript{23} PRO/CO/730/39, February 25th 1923 Bin Saud to Cox “starting the work urgently” And March 12th 1923 Cox to Bin Saud “terms at least as favourable”
company's previous interest in the area, "contemplated" or otherwise, had been so minimal that they did not even have a map. Wilson requested the Political Resident to "furnish them with one copy of Philby's recent map of Nejd".

The permanent Political Resident Lieutenant Colonel Trevor, previously so enthusiastically pro-Wilson and pro-Anglo Persian, was beginning to have second thoughts about the seriousness of the oil company's intentions. Perhaps he perceived the Officers of the Government of India in the Gulf were more keen for Anglo Persian to gain the concessions than was Anglo Persian itself. He was due for six months' leave at the end of April. Before handing over to Acting Resident Lieutenant Colonel Stuart George Knox, Trevor cabled the Political Agent in Kuwait who was still trying to fulfil the instructions issued to Bahrain and Kuwait to talk up the new agreement, replacing the 1913-1914 convention in favour of Anglo Persian. The instructions were to continue talking "until they detected signs of the Shaikhs being willing to sign", at which time a representative of Anglo Persian would appear with a draft contract "for final discussion and signature".

The Resident told the Kuwait Agent that Wilson had not replied to his cable for two weeks and advised, "you should not discuss Wilson's draft agreement with the Shaikh until you are certain that Wilson is determined to push the arrangement through, despite our doubts". When Wilson's reply did come, Trevor's suspicion that Anglo Persian did not actually want the Arab concessions seemed to be confirmed. Wilson's reply stressed "... the highly speculative nature of the undertaking. The traces of oil are meagre in the extreme. There is an almost total absence of visible geological structure: no previous exploration has been attempted and Kuwait territory is not an easy place to operate".

By now Bin Saud was becoming testy. It was some eight weeks since he had flagged his "considerably increased desire" to grant the concession to Holmes and five months since he had been prevented from doing so at the Ujair Conference. On learning that Mackie and Sampson were on their way to visit him, he fired off a letter to the Resident saying: "I have already informed the High Commissioner that it would be inconvenient for me to break my word given to the Eastern & General Syndicate, unless the syndicate is not English, in which case I should not accept on any account." Moreover, he stated, he had been "formerly approached on the matter by the Anglo Persian Oil Company".

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24 IOL/R/15/1/618/F.52, April 9th 1923 telegram Wilson to Resident, "recent map of Nejd...and also to arrange, in the circumstances, that quarantine regulations be waived"

25 IOL/R/15/1/618/F.52, April 15th 1923, telegram Resident (Knox) to Political Agent Kuwait (More)."no reply from Wilson", April 28th 1923 Wilson to Resident (Knox) as shown in chapter two No Oil in Arabia, Wilson's claim of "no previous exploration attempted" was entirely untrue
He said he had found it “difficult to come to any lasting agreement with them” and therefore “find it difficult to break my promise to Holmes”.

Sir Percy Cox again replied in person, and promptly. He enclosed a copy of the letter he had demanded Bin Saud give to Holmes at Ujair. Sir Percy reprimanded Bin Saud saying “there was no understanding that this decision of yours depended only upon whether the company proved to be English or not”. Cox would not take “No” for an answer. He informed Bin Saud he would “not take any special action upon Your Highness communication” until he received a further letter “in case your conversations with Mr Mackie should have prompted you to change your mind”. Knowing Bin Saud’s weakness for medical doctors, Cox quickly sent Dr Abdullah Damlouji, who frequently acted as physician to Bin Saud, to join Mackie and talk to Bin Saud.26

But Mackie was not doing at all well. Bin Saud was very clear indeed on the terms that he wanted in any agreement and these were not the same as those in Mackie’s instructions. After receiving Bin Saud’s demands in writing, Mackie cabled these to Arnold Wilson suggesting that perhaps Wilson should come and personally negotiate with Bin Saud on the basis of the terms put forward. Far from being willing to give terms “at least as favourable” as those offered by E&GSynd, as Cox had promised, Wilson called the whole thing off. Mackie could do little but write to Bin Saud on May 1st: “Today I received a reply from His Excellency Sir Arnold Wilson informing me that, as Your Honour does not agree to open negotiations on the basis of the terms offered by our company, he can see no use in proceeding in person to meet you, and that I should not prolong my stay here.” Prudently, Mackie added that he was leaving for Bahrain as soon as possible.27

Deeply offended, and very angry, Bin Saud called Holmes from Baghdad to Hofuf. On May 6th 1923, just five days after receiving Wilson’s rebuff, Bin Saud signed his concession to the Eastern & General Syndicate. Sir Percy Cox may have been surprised to read in Frank Holmes’ letter to Ameen Rihani describing the scene that “our good mutual friend Dr Abdullah Damlouji” was of great assistance to him. In this letter Holmes commented to Rihani, “I know Bin Saud is doubtful about there being oil in Hasa. I do not agree. I think it a very promising area.” Bin Saud made sure his wrath was obvious at the cavalier fashion in which Wilson and the Anglo Persian Oil Company had treated him. Before finalising the agreement, he insisted that Holmes sign

26 IOL/R/15/1/618/F.52, April 15th 1923, Bin Saud to Cox via Political Agent Bahrain and-repeat to Political Resident “inconvenient to break my word”, “difficult to break my promise”; PRO/CO/730/39 April 19th 1923, Cox to Bin Saud “change your mind”
27 PRO/L/PS/10/Vol 989 May 1st 1923, Mackie of Anglo Persian to Bin Saud “no use proceeding in person”
for him an undertaking that read: "The Syndicate shall not sell to the Anglo Persian Oil Company, either as to the whole or part thereof, any oil or mineral concession or concessions that may be granted by Your Highness to Eastern & General Syndicate."

The Sultan may have had his doubts about there being any oil in his territories, but he was willing to take a punt, which he would do through genuine participation in the company profits. Apart from the upfront payments, as Holmes explained in a letter to Rihani, "Bin Saud receives free 20% of the Capital of any company formed to work the Hasa Concession, and has the right to take up for cash an additional 20% of any company. Therefore if he exercised his right of purchasing 20% of the Capital, he would hold 40% of the company." The financial terms were 6,000 sterling to be paid within sixty days of the grant of the concession. Once activities had begun, there would be payment of 3,000 sterling each six months for "security protection" provided by the Sultan for the men and equipment working in the leased area.28

Anglo Persian Insulted May 1923

Holmes had also discussed the Nejd Kuwait Neutral Zone and other possible areas in Nejd. Although these had not been finalised, Bin Saud had written to Shaikh Ahmad of Kuwait recommending that they jointly award the Neutral Zone concession to Frank Holmes. From Bahrain, Holmes cabled his London office asking them not to wait the 60 days but to immediately credit 500 sterling to Bin Saud’s account at the Eastern Bank Baghdad. This would, he told his colleagues, "assist me materially to secure a very strong hold, over not only the Territory of Nejd other than the Hasa Concession Area, but also over the Kuwait territory and Bahrain".29

As Holmes was moving on to Bahrain and Kuwait, the Government of India’s people, and Anglo Persian’s officials, were up in arms about the Hasa Concession; they viewed the clause specifically excluding transfer to, or joint operation by, the Anglo Persian Oil Company as a direct insult not just to them but also to the British Government as the majority shareholder. Sir Percy Cox had officially retired at the end of April. The new High Commissioner of Iraq was Sir Henry Dobbs, formerly of the Indian Civil Service

28 Rihani papers, August 1st 1923, Holmes in London to Rihani “a very promising area” and November 22nd 1923 Holmes in London to Rihani “would hold 40% of the company”; the original concession document is among Frank Holmes papers in Peter Mort’s collection UK, it is written between “Abdul Aziz bin Abdul Rahman bin Faisal bin Saud, Sultan of Nejd and its Dependencies and Major Frank Holmes of 20 Cecil Street SW London in his capacity as the true and lawful attorney of the Eastern & General Syndicate”

29 Chisholm page 98, May 13th 1923 Holmes in Bahrain to E&GSynd “to secure a very strong hold”
and the administration of Mesopotamia. He addressed a “please explain” to Bin Saud. He also enclosed a copy of the letter written by Cox, signed by Bin Saud, and delivered to Holmes at the Ujair Conference.

Bin Saud appears to have been thoroughly sick of seeing this letter. In high dudgeon he responded to Dobbs. He referred to “the zeal we have noticed in British officials for the protection of our interests” and said: “We addressed that word to Major Holmes because Sir Percy Cox, as he confided to us verbally, said he was not acquainted with the company of E&GSynd. Nothing else was sought except this point; although the wording of our letter was not clear as regards the point, that the question depended solely upon whether the syndicate was English or not. I cannot find in the contents of that letter anything, explicit or implied, that constitutes a cause for the suspension, or giving up of, the negotiations between us and E&GSynd.”

Bin Saud emphasised that, even so, “we have acquiesced” in the request to consider Anglo Persian’s terms before taking a final decision. Scornfully, he continued to Dobbs: “Accordingly we have received the representative of that company and considered their terms, which it was impossible for us to accept owing to the inferiority of the terms offered in comparison with E&GSynd. Lastly, when we laid our own terms before that company, which terms did not differ from those accepted by the E&GSynd, Anglo Persian were unable to accept them and they gave up the matter in a letter written to us by their Agent Mr Mackie. I am able to state that we have acted and behaved in strict accordance with the spirit of our letter to Major Holmes.”

Holmes’ colleagues in London were also feeling the heat. They had been called to the Colonial Office and hauled over the coals. Holmes had not taken his findings in A1 Hasa and the "result of his discussion" with Bin Saud to Sir Arnold Wilson as confidently expected by Sir Percy. Instead, to appear to meet Cox’s demands, the London office of E&GSynd had made an approach to the London office of Anglo Persian, although it appears they had little serious intention of pursuing Cox's vision of a "joint venture". It was suggested that Frank Holmes himself had instigated the Anglo Persian exclusion clause and, furthermore, perhaps E&GSynd had a secret agenda to sell the Hasa Concession to a “foreign" company. E&GSynd vehemently rejected both allegations. They emphasised “our right as a purely English company”. They vowed that the syndicate “has no intention of selling to any foreign company” and declared they would indeed be prepared to “work jointly” with Anglo Persian Oil Company, “... if the

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30 Cox’s last official act was the signing of the Anglo-Iraq Treaty on April 20th 1923, although Sir Henry Dobbs had already been in Baghdad for several weeks and had taken on much of the work. Sir Percy Cox departed Baghdad on May 1st 1923: PRO/L/PS/10 Vol 989, May 21st 1923, Abdul Aziz bin Saud to Sir Henry Dobbs High Commissioner for Iraq “acted and behaved in strict accordance”
undertaking given to the Sultan is cancelled”.

E&GSynd would not agree, under any circumstances, with the Colonial Office request that they themselves bring about a retraction from Bin Saud. “It is probable the Sultan would regard our initiative in such a matter as a breach of faith”, theypronounced. Nevertheless, they did agree that the Eastern & General Syndicate would not object to the cancellation of Holmes’ undertaking “provided it is made clear in any instructions sent to the Political Resident that the request for such cancellation does not emanate from this syndicate”.31

The Duke of Devonshire’s subsequent instruction to the Political Resident, while it met E&GSynd’s condition, would not have pleased them either. He advised that the text of a letter to Bin Saud should read: “... it must not be hid from you that E&GSynd, though a reputable and solid organisation, have not had as much experience in working oil as the Anglo Persian. It was not unnatural that they should have sought, as soon as their representative approached Your Highness with a view to obtaining a concession in Nejd, to make an arrangement with Anglo Persian for cooperation and the joint working of the concession. These negotiations had already proceeded some way when the Anglo Persian Oil Company learned that Major Holmes had undertaken that no part of the concession should be sold to that company ...”. 32

At the retirement of Sir Percy Cox as High Commissioner of Iraq, Bin Saud requested that his dealings with the British Government be transacted directly with the Foreign Office. Strident representations from the Government of India, and the Political Resident in the Gulf, saw to it that Bin Saud’s request was denied. He then asked to be allowed to cable directly to London and for permission to station a representative there. This too was denied. He was told emphatically that his channel of communication was the Colonial Office – but never directly - contact was permitted only with the Government of India’s Political Resident who would, at his discretion, pass on messages to the Colonial Office. Machinations from the Officers of the Government of India in the Gulf, and accompanying pressure on the Colonial Office, would now intensify. They were aimed at both the repeal of the offending Anglo Persian exclusion

31 PRO/CO/730/54, May 24th 1923, E&GSynd to Under Secretary Colonial Office, “re Mr Janson's interview (your office) today...as a breach of faith...does not emanate from the Syndicate”; Curiously, Rihani Personal Papers, June 3rd 1924 Holmes to Rihani contains an intriguing reference speaking of matters in Assir, “I would much like to see Abed with you. He could be told that we have not only American money but American directors on the board of the Eastern & General” (my emphasis)
32 PRO/L/PS/10 Vol 989, October 1923, Colonial Secretary (the Duke of Devonshire) to Acting Political Resident (Knox) “have not had as much experience”
clause and total annulment of the Al Hasa Concession given to Holmes.  

Sir Arnold Wilson explained it in a letter to H St John Philby, his former colleague in Mesopotamia: “Bin Saud has given Holmes a concession for 70 years with a clause in it, inserted by Bin Saud, prohibiting transfer to Anglo Persian of whom he is suspicious owing to its governmental connections. I sent Mackie to see him but Bin Saud was in no way prepared to do any business with us at all, and after a certain amount of fencing told us that unless we were prepared to adopt Holmes system (ie payment of a percentage of profits to Bin Saud instead of the Colonial Office system of royalty on oil exported) it was no good our discussing the matter.” Arnold Wilson may have been hoping that Philby would pass to Bin Saud the pointed, and exaggerated, remarks in his letter. He continued: “Frank Holmes represents a man called Edmund Davis, a Jew with many connections in the gold mining industry, but with no experience in oil. Edmund Davis is trying to sell the concession to us. But I doubt whether we should want it at the price Davis is paying for it as there is, as far as I know, no trace of oil in Al Hasa, nor is there any indication of a favourable geological formation. It seems improbable that Davis will be able to raise the capital and all the necessary technical knowledge to work as a private venture and the whole thing is likely to peter out ...”  

Conclusion  

Despite the urging of the Government of India’s Political Officers, the Anglo Persian Oil Company failed to act to obtain the Al Hasa concession, even after Frank Holmes had delineated the area of oil probability. Arnold Wilson did not bother attending the Ujair Conference where he knew the concession was to be discussed. When Sir Percy Cox personally created an opportunity for Anglo Persian with Bin Saud, even promising the company would match Holmes’ offer, Wilson refused to consider serious negotiations and arbitrarily closed down the discussions and ordered his negotiator out.  

At the time of the Ujair Conference Sir Percy exerted power over Bin Saud, backed by the annual subsidy paid by Britain. The subsidy was withdrawn at the close of the conference, after Cox had achieved the border arrangements. Even though Bin Saud was no longer receiving a subsidy, and despite Cox having promised him in 1914, in writing, “recognition of independence”, he was unable to free himself from the Government of

33 Troeller pages 196-198 “the Colonial Office acceded to the importunities of India ... Bin Saud’s request to be dealt with through the Foreign Office was rejected”  
34 Philby papers, Box XVII-2, June 5th 1923, Wilson to Philby “unless we were prepared to adopt Holmes’ system” and August 18th 1923, Wilson to Philby “a Jew with many connections in gold mining”
India. After the retirement of Cox he was placed in precisely the same position as the other shaikhdoms, that is under the authority of the Government of India and able to communicate with the Colonial Office only through the Government of India’s Political Resident in the Persian Gulf.

When he did take an independent action, by signing the concession with Holmes, Bin Saud included a clause specifically excluding Anglo Persian from his territories. This clause was taken as a direct insult and so aroused the ire of the Government of India’s officials in the area that they increased their efforts to rid themselves of Holmes and pressured the Colonial Office in London to block the syndicate. They then set about trying to get the clause repealed and to bring about the annulment of the agreement made between Holmes and Bin Saud for the Al Hasa concession.
Introduction

The Government of India was consolidating its domination of the Arabian shaikhdoms. In pursuit of this, Political Officers would tolerate no outside influence that might dilute its hegemony. The Anglo Persian Oil Company was the tool through which the Government of India sought to prevent Frank Holmes and his Eastern & General Syndicate developing a commercial relationship with the Shaikhs that could not be directly controlled by the Government of India and her Officers.

Political pressure was brought to bear on individual Shaikhs in an effort to force them to break off all contact with Holmes. That the Government of India was more than capable of carrying through her threats is shown by the ease with which the removal of the Ruler of Bahrain was effected. The stubbornness with which the Shaikhs continued to resist such pressure illustrates the depth of resentment towards their assumed “protection” felt by the people of the Arab shaikhdoms. This resentment included the Anglo Persian Oil Company that was viewed, by all parties, as an extension of the power of the Government of India in the area.

The Colonial Office became the mediator between the Anglo Persian backed by the Government of India, and Eastern & General Syndicate backed by the Shaikhs. Nowhere in the documentation is there any indication that the Colonial Office contemplated actually asking the Shaikhs themselves what their wishes were in the matter. From the arrangements set in place at Churchill’s 1921 Cairo Conference, the Colonial Office did not question the Government of India’s authority in the area, and accepted that the Government of India’s Political Officers spoke for the Shaikhs. The post-World War One agreement between the Colonial Office and the Government of India precluded Whitehall officials directly approaching the Gulf Rulers; the Political Resident remained the gatekeeper to the Arabian Peninsula.
The Colonial Office, busy administering the mandates of Palestine and Iraq and the Crown Colony of Aden, seems to have elected not to see that the Arabian Shaikhs were voting with their feet. Their obstinate refusal to annul the concessions with Holmes, or to break off discussion, or to sign agreements with Anglo Persian, was the best example of what it was the Shaikhs wanted; their wishes were simply ignored.

By following Holmes through the first grant of the Bahrain concession, the Letter of Intent from Kuwait and the ongoing furore over Al Hasa, this chapter illustrates the depth and dimension of the resistance of the Shaikhs to blandishments, instructions, advice, and threats, issued by the Government of India’s Political Officers

**Bahrain signed May 1923**

Holmes’ absolute conviction that the Gulf states did have oil, and as he pointed out to the Shaikhs, that tapping this resource would quickly begin to alleviate the Arabian Peninsula’s severe economic disadvantage, was in sharp contrast to the negative approach of Wilson and Anglo Persian. Holmes’ enthusiasm was so contagious that it drew people to his side. His sheer optimism won over Bin Saud’s representatives in Bahrain, the Gosaibi brothers, in whose house Holmes was accommodated. The Gosaibis introduced Holmes to the Yateem family, influential Bahraini merchants with connections throughout the Gulf and in Bombay. Muhammed Yateem of Bahrain joined Holmes as his personal assistant and would stay with him through the ups and downs of the years to come.

Ameen Rihani became a Holmes’ devotee almost from the moment they shared tea on the deck while sailing from Basra to Bahrain before the Ujair Conference. Although Holmes told him he was “travelling in Arabia for his health”, Rihani was fascinated by his worldly companion. A Pan Arabist, Rihani was ideologically opposed to the stifling “protection” by the Government of India of the Arabs of the Gulf. He believed in Holmes’ vision of the potential oil wealth of the Arab shaikhdoms, so much so that he offered to apply his good offices among his excellent personal network on Holmes’ behalf. Holmes put this understanding on a businesslike, legally-documented footing and Rihani, to all intents and purposes, became an active participant.  

1 See Rihani Ibn Sa’oud pages 69-89. And Rihani Papers, August 1st 1923, Holmes to Rihani; “Your interests are safeguarded and you have done right in sending the letters (I gave you) to Brown Shapely & Co. (your London bankers) All that is in order and you will have your interests in this new company (formed to explore and exploit the Hasa Concession). I hope we do well, I feel certain we will”
Three days after signing the Al Hasa Concession, Holmes was back in Bahrain discussing a concession for the area he had examined while waiting to travel to Ujair. He followed up the letter Bin Saud had sent recommending Holmes to the Shaikh of Kuwait. He cabled to Shaikh Ahmad of Kuwait saying: “I have most important letters from Ameen Rihani, who has made enquiries concerning myself and Company, advising Your Excellency not to grant oil concessions to any other company without first seeing the terms offered by my company.”

At the same time Muhammad Yateem cabled his close friend, Mulla Saleh, who was Secretary of the Council of State and Personal Secretary to the Shaikh of Kuwait. Saying he would come immediately and Holmes would follow within the week, Yateem “strongly urged” Saleh to advise the Shaikh to see the “liberal terms offered” which “has been successful” with Bin Saud. Yateem added that he considered the question of a concession “most important and vital for your country”. 2

The political situation in Bahrain had been volatile for some twelve months past, and, as previously noted, would climax within days with the arrival of two British Gunships, carrying a Sikh platoon and the Acting Political Resident in full dress uniform, coming to carry out the instructions of the Government of India to depose the Ruler of Bahrain. In the period leading up to this humiliation, the elderly Ruler of Bahrain, Shaikh Isa, had attempted to avoid pressure from the Political Agent by retiring to his court on Muharraq Island. Behind him, in Manama town, both the exercise of authority and the peoples’ support had veered between Isa’s two sons, Abdulla and Hamad. Holmes spoke first with Abdulla and then with both brothers as Hamad joined the discussions.

Gossip concerning oil negotiations with Bin Saud had been circulating in Bahrain since Holmes’ visit to Hasa in October. Isolated in his court on Muharraq, Shaikh Isa was nevertheless aware of his people talking of possible oil wealth on his islands. Previously he had been adamant in his refusal to even discuss with Sir Arnold Wilson, or the Resident, the new, no fee, exclusive prospecting licence to Anglo Persian that was represented as updating the earlier “convention” he had signed in 1914. Just three months before, in January, the Political Agent reported to the Resident that fulfilling his instructions to persuade Shaikh Isa to sign was a tough assignment. The Political Agent was absolutely certain that Shaikh Isa of Bahrain would not under any circumstances grant a concession to the D’Arcy Exploration Company; “he will never agree ... except under pressure”.

2 Chisholm page 5, cable May 9th 1923, Holmes to Shaikh Ahmad of Kuwait. Mulla Saleh had also held this combined position to the two previous Rulers of Kuwait; Saleh and Muhammad Yateem were best friends. Bin Saud’s Kuwaiti Secretary, Hashem Bin Ahmad, who accompanied Holmes to Basra, was also close to Mulla Saleh, he too wrote to Saleh recommending Holmes
Although the Political Officers carefully spoke of the D’Arcy Exploration Company rather than the Anglo Persian Oil Company, all the Arabs of the Gulf knew they were really one and the same.³

Then Shaikh Isa made a totally unexpected move. Perhaps, closeted on Muharraq, he was confused and thought it was Anglo Persian, rather than Holmes, that was the instigating party to the talks with Bin Saud about Al Hasa. Perhaps he hoped to reaffirm his authority by personally initiating a development project. (Much of the Government of India’s declared justification for removing him from office charged that he was anti development.) Whatever may have prompted him, Shaikh Isa contacted Mackie as he passed through Bahrain on his way to what would be abruptly abandoned negotiations with Bin Saud. After meeting with Shaikh Isa, Mackie cabled Wilson reporting the Shaikh wanted Anglo Persian to "consider the question of developing the oil resources of the islands and make an arrangement with him in the way that we are now trying to make one with Bin Saud". He had given the Shaikh of Bahrain "a very non committal reply", Mackie told Wilson.⁴

Wilson failed completely to take advantage of Shaikh Isa’s overture. He sent a confidential cable to the Acting Political Resident saying he would talk to him about it, probably in a fortnight or so. In his usual fashion, Wilson issued orders as to how the Political Resident should act on behalf of Anglo Persian. He said he would tell Mackie to contact Shaikh Isa when he returned from Al Hasa, but it was best that any action should be "deferred" until "you (the Resident) and I have discussed the question together". Telling the Resident that he was "quite prepared" to negotiate with Shaikh Isa without the assistance of the Political Agent and "in some respects it is probably preferable to do so", Wilson requested the Resident to instruct his Political Agent in Bahrain "not to impede the course of negotiations". Any offer he might make to Shaikh Isa, Wilson informed the Political Resident, would be on the basis of a draft agreement recently prepared by Anglo Persian for negotiating with Kuwait except that, for

³ The task of removing the Ruler of Bahrain fell to Acting Political Resident Knox. Due to retire, Knox would go on to chair the abortive, farcical even, Kuwait Conference which the Colonial Office scheduled for the end of 1923 to settle the outstanding problems Nejd was maintaining with Transjordan, the Hijaz and Iraq. After a number of adjournments, Knox dissolved the conference altogether; Rumaihi page 177 citing January 1923 letters from Political Agent to Resident “except under pressure” and Resident to Government of India; ILO/R/15/1/618-F52 December 22nd 1921, Wilson to Cox, Resident, Political Agents, “...negotiations (with the Arab Shaikhs) should be conducted on behalf of the D’Arcy Exploration Company”

⁴ IOL/R/15/1/618-F.52, April 16th 1923 Mackie in Bahrain to Wilson “(Please tell me) by wire what attitude I should adopt in dealing with this subject. I understand that Gaskin sent samples of the bitumen and the surrounding rock some years ago and it may be you have other information which will give you an idea whether there is any likelihood of there being any oil in these islands”
Bahrain, if ever oil was found, "the guarantee of minimum royalties will be omitted".\(^5\)

While Wilson was proceeding in his stately fashion, Holmes was in and out of Al Hasa and finalising the Bahrain concession. The Bahrainis had not hesitated. They too were infected by Holmes’ conviction, backed by his technical arguments, that there was oil in their land. On May 12th, only six days after signing the Al Hasa Concession, Shaikh Isa’s misconceptions had been corrected and he, along with his two sons, Shaikh Hamad and Shaikh Abdulla, signed an agreement granting Frank Holmes an exclusive concession over oil in their territory. Just five days later on May 17th, under powerful pressure from the Government of India, Shaikh Hamad reluctantly succeeded his father. As the Political Agent reported, “Hamad took up the Rulership, in spite of the opposition of all his family and others.” No doubt this was because the Political Resident threatened him that, otherwise, “we would take the rule out of the hands of his family, the Al Khalifa”.\(^6\)

While he was in Bahrain orchestrating Shaikh Isa’s abdication, the Acting Political Resident was not aware that Frank Holmes and the Shaikhs of Bahrain had signed the concession. He did know that Holmes had been in discussion with the Bahrainis on this subject. Perhaps he did not investigate more carefully because Wilson had instructed that he, Wilson, would personally handle the matter in his own time. It was after the Acting Resident departed that the Political Agent learned the concession had indeed been signed. Immediately he informed the Acting Resident adding that Abdulla and Hamad had brought the concession along to a meeting, intending to show it, but, “they were taken aback when you said that Government strongly disapproved of Holmes’ company and were frightened and dropped the matter”.

He said the Bahrain concession contained a clause that “it should not take effect if officially disapproved by Government, in accordance to Shaikh Isa’s 1914 undertaking”. The Political Agent then said that “after much hesitation” Abdulla had told him, in the strictest confidence, that Bahrain would not deal with Anglo Persian “unless compelled” because everybody regarded it as a Government concern with Government of India officials “who brought political pressure to bear”. The Agent said he had “disabused” him but to no avail. Shaikh Abdulla vowed that Bahrain “would prefer no concession to the Anglo Persian Oil Company”.

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\(^5\) IOL/R/15/1/618/F.52 April 30th 1923, Confidential, Wilson to Resident “be omitted”

\(^6\) IOL/R/15/2/96 Vol.1, May 22nd 1923; cable, Political Agent Bahrain (Daly) to Acting Political Resident (Knox) “Shaikh Abdulla informs me that Isa, with his and Hamad’s approval gave Holmes an oil concession on May 12th.”; Rihani Papers, August 1st 1923, Holmes to Rihani “signed by Isa, Abdulla and Hamad”, Holmes said Isa had asked to see Holmes’ concession with Bin Saud; PRO/L/PS/10 Vol 989; Memorandum March 17th 1924, Political Agent Bahrain (Daly) to Political Resident (Trevor) “Hamad…best serve his family” See also Rumaihi page 178
The Agent said he had next summoned Frank Holmes and interrogated him as to “why he had concealed from Government the fact that he had got the concession”. Holmes answered that he had intended to apply to the Acting Resident for approval while he was in Bahrain, but before he could do so, the Acting Resident had told him in no uncertain terms, that he (the Resident) was personally “all out against him (Holmes)”. The Political Agent reported Holmes had said “seeing you (the Acting Resident) were not neutral, as he expected”, he preferred to report first to his directors who were approaching His Majesty’s Government in London. Holmes had assured him there was no clause in the Bahrain concession excluding Anglo Persian as in the Al Hasa concession. “He asked me whether I officially disapproved, and, if so, on what grounds and said that his directors would get satisfaction in London. I said I had no authority to reply but would report to you”, the Agent informed the Acting Resident. Adding that Holmes had “complained bitterly of our support of the Anglo Persian Oil Company”, the Political Agent confirmed Holmes’ suspicions by closing this cable to the Acting Resident saying, “Mackie has been informed”.7

Political Officers Rally to Anglo Persian

The Acting Resident was told that Holmes was “endeavouring to get an oil concession out of Shaikh Ahmad” for which purpose his “emissary”, Muhammad Yateem, was travelling to Kuwait. The Resident immediately cabled the Kuwait Agent, “if you think there is a likelihood of the Shaikh being tempted, remind him of his grandfather’s 1913 convention which we consider binds him and his successors”. He instructed that Shaikh Ahmad be told “Major Holmes is no way a person appointed from the British Government”. Major James Carmichael More, the Political Agent Kuwait, was supremely confident of the total authority of the Government of India in Kuwait and replied, “I do not think there is any fear of Shaikh Ahmad giving a concession without, or contrary to, our advice”. But perhaps he was mindful of Lieutenant Colonel Trevor’s warning before going on leave. He added: “At the same time it is known here that Bin Saud has turned down the Anglo Persian offer and is dealing with Holmes. It is presumed that Sir Percy told Bin Saud that Holmes’ syndicate was sound as it is known Bin Saud asked him to find out. If I am asked why we should favour the Anglo Persian Oil Company, over another sound British firm, what reply should I give?”8

7 IOL/R/15/2/96 Vol.1, May 22nd 1923; cable, Political Agent Bahrain (Daly) to Acting Political Resident (Knox) “frightened and dropped the matter”, “you were all out against him”, “get satisfaction in London”
8 IOL/R/15/2/96 Vol.1, May 22nd 1923; cable Political Agent Bahrain (Daly) to Acting Political Resident (Knox) “endeavouring to get”; IOL/R/15/5/237 Vol.11, May 13th 1923, cable Acting Resident (Knox) to
This time, spurred on by the agitation of the Government of India's Political Officers in the Gulf, Wilson moved a lot faster. He arrived in Kuwait on May 31st. He was joined next day by the Acting Political Resident who, "in the face of Major Holmes' active methods", saw himself on a mission for which he was determined to "interpret as literally as possible my obligation to assist the Anglo Persian Oil Company". For the persuasion of the Shaikh of Kuwait, Wilson brought with him the company's Basra-based lawyer who was in partnership with Shaikh Ahmad's own legal adviser.

He also brought along the Shaikh of Muhammerah who had been ardently pro Anglo Persian since the company's refinery was constructed in his territory at Abadan. On June 2nd, joined by the Kuwait Political Agent, the powerful group of five called on Shaikh Ahmad who had, only three months before, become the Ruler of Kuwait following the untimely death of his uncle, Shaikh Salim.9

The Acting Resident, Lieutenant Colonel Knox, seems to have been strangely insensitive to the atmosphere prevailing in the Arab shaikhdoms. He appears to have been oblivious to Kuwait's bitter reaction to the excision of two thirds of its territory. He seems to have had no concept of the depth of Bin Saud's anger at being forced back under the authority of the Government of India after Cox's retirement, and humiliation at the arbitrary deportation of his agent, Abdulla Gosaibi, from Bahrain.

Nor does he seem to have appreciated the seething resentment in Bahrain at the removal of their Ruler, in which he personally played the prominent role. While he and every other Political Officer viewed Anglo Persian as an extension of the power of the Government of India, he does not seem to have recognised that the Arabs viewed it in exactly the same way — but to them, this was a good reason for avoiding it.

This total inability to comprehend the far-reaching effects on the Arabs of actions and policies of the Government of India must be emphasised. Because they failed to understand that the Shaikhs' uncooperative spirit — disobedience as some Political Officers termed it — had its roots in their own conduct, they appear to have looked for other forces to blame.

9 PRO/FO/371/8945, July 20th 1923, Acting Resident (Knox) to Colonial Secretary the Duke of Devonshire "my obligation to assist APOC"; Chisholm page 210 the lawyer, Mirza Muhammad, was legal adviser in Basra to APOC his colleague, Gabriel, was attorney to Shaikh Ahmad of Kuwait; In fact, the Arab Shaikhs were contemptuous of the Shaikh of Muhammerah, for example, IOL/R/15/2/96 Voll, June 14th 1923 Political Agent Bahrain (Daly) to Acting Resident (Knox) quotes Shaikh Hamad saying "APOC is too much mixed up in politics and Khazaal of Muhammerah is a tool in their hands"; Shaikh Ahmad's official date of accession is March 29th 1923. Born in 1885 Shaikh Ahmad was 36 years old when he succeeded his uncle Shaikh Salim in February 1923
The Outsider, New Zealander Frank Holmes, provided a ready scapegoat. An illustration of such scapegoating is the apparent sincerity with which Acting Resident Knox could advise the Government of India: “Hostility to Anglo Persian has only manifested itself seriously since Holmes arrived on the spot and it is difficult to resist the conclusion that it is chiefly due to him and his agent.”

Shaikh Ahmad of Kuwait did not commit himself during the meeting with the powerful group of five, nor would he sign anything. Nevertheless, the Acting Resident reported that, although he personally would have preferred the Shaikh to sign immediately, Sir Arnold Wilson had declared himself satisfied. Acting Resident Knox was certain the meeting with Shaikh Ahmad would result in “the disappearance of Major Holmes from the scene”. Almost in passing, he reported, “for their part Anglo Persian are in no hurry to exploit the Shaikh’s territory; their chief anxiety was to be certain that no other party would be able to obtain a footing there”. Triumphantly, Knox declared “in this we have succeeded”. (The copy of this report circulated at the Colonial Office has a handwritten, unsigned, note in the margin stating "This may be very unfair to the Shaikh, who presumably wants revenue?")

The Government of India was well pleased. The Acting Resident was instructed to officially inform the Shaikh of Kuwait that “any oil concession granted to Holmes will not be confirmed” as his syndicate "is not a firm approved by Government”. He was told to ignore Holmes' Bahrain agreement and "now make every effort to induce Shaikh Hamad to conclude an agreement with Anglo Persian”. He was also directed to “similarly endeavour to persuade the Sultan of Nejd” to withdraw from his contract with Holmes. In the very least the Acting Resident was to ensure the immediate cancellation of the offending Anglo Persian exclusion clause.

Less than a week after Wilson revealed Anglo Persian's true intentions – or non intentions – in Kuwait, the Acting Resident was again clearly told that Anglo Persian had no interest whatsoever in sinking any effort, or money, into the Arab shaikhdoms which they considered geologically worthless. Major Daly, the Political Agent in Bahrain, sent Acting Resident Knox a personal cable saying, “Mackie yesterday told me, in confidence, that Anglo Persian have no desire to work a concession in Bahrain ...

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10 One or two officials did appear to appreciate the real situation, see for example, Ireland page 198 quoting an India Office official on the treatment of Bin Saud: “There has been recently a most unfortunate conjuncture of circumstances in our relations with Bin Saud – the withdrawal of his subsidy, the expulsion of his Agent from Bahrain, and the change in the channel of communication must have had a deplorable cumulative effect.”; IOL/L/PS/10 Vol 989, June 3rd 1923 Acting Resident (Knox) to Secretary of State India "due to Holmes and his agent"

11 IOL/L/PS/10 Vol 989, June 3rd 1923 Acting Resident (Knox) to Secretary of State India "no hurry to exploit", the margin note is on this document “very unfair to the Shaikh"
their object would be secured if they could block other companies from getting a concession here.” Daly, at least momentarily, seems to have had some sympathy for the Bahrainis as he added, “this seems to be a pity from the point of view of Bahrain development and the Shaikh's interests”.

Knox was singularly untouched and replied: “Please take action on instructions. At the same time inform Shaikh Hamad that the Anglo Persian are a firm approved by High Government and give Mackie such assistance in obtaining the concession as he may properly ask from you by using your influence with Shaikh Hamad.”

Knox followed through with a letter designed to put Hamad firmly in his place. He commanded Shaikh Hamad of Bahrain to “inform that gentleman (Holmes), in writing, that you already consider that agreement void and of no effect, since you have received an official intimation from the representative of the High Government in these waters that it is not approved.” Knox ordered Hamad to furnish him with “a copy of your written communication to Major Holmes”. Pompously, Knox warned the new Ruler of Bahrain: “I trust this letter will impose caution on yourself for the future.” But Hamad held his ground. He answered that the terms and conditions offered by Anglo Persian were not “considered satisfactory by me or by our subjects” and “we have done nothing opposed to our agreement with Government.”

The Bahrain Political Agent reported Hamad as vowing, “if Government cancelled the present concession, he preferred to give none at all, unless he were allowed to deal with some company other than Anglo Persian”. Daly was now getting anxious about his own position in Bahrain. He told Knox: “Hamad appealed to my friendship to ask Government not to force him (to sign with Anglo Persian). It is evident that they will not yield short of compulsion. Such action would be unfortunate for my relations with the Shaikhs which are now very satisfactory. I have done all I can to persuade them.” Knox wrote again to Hamad. Taking the high moral ground, he said he was “surprised to notice in yourself and others that while you are scrupulously mindful to observe your promises to a man like Major Holmes you appear to be very unmindful and neglectful of the promise made by your respected father to the High Government”. He instructed Hamad he must now “make the only reparation in your power” and inform Holmes that “owing to a previous promise made to Government, which for the moment you forgot, you must ask him to consider all these negotiations null and void.”

12 IOL/R/15/2/96 Vol.1, June 10th 1923, Telegram, Political Agent Bahrain (Daly) to Acting Resident (Knox) "this seems to be a pity"; IOL/R/15/2/96 Vol.1 June 12th 1923, telegram, Acting Resident (Knox) to Political Agent Bahrain (Daly) "using your influence with Shaikh Hamad"
13 IOL/R/15/2/96 Vol.1, June 12th 1923, Acting Resident (Knox) to Shaikh Hamad, “inform that gentleman” and June 14th 1923, Political Agent Bahrain (Daly) to Acting Resident (Knox) "will not yield
Kuwait Letter of Intent June 1923

Despite the Acting Resident's best endeavours, Holmes, while in Kuwait, had outlined for Shaikh Ahmad Bin Jabir Al Sabah his suggested terms for a concession to develop Kuwait's oil. Holmes' motivation was his absolute certainty that the area was abundant in oil. For him, the returns expected from the rich oil fields that he visualised more than justified generous investment in terms and conditions. Three weeks after the Acting Resident and his high-powered visitors had left Kuwait, Shaikh Ahmad called a meeting of his Council and put both offers before them.

For a 70-year concession, Holmes' initial upfront payment was 2,000 sterling against Anglo Persian's 750. Under the somewhat loose category of "protection" Holmes' annual minimum payment was 3,000 sterling against Anglo Persian's 2,300. Moreover, although this amount was designated as "protection", under Holmes' terms salaries of all men provided by the Shaikh were to be paid by E&GSynd, including guards, and the Shaikh would not be held responsible for raids, forays or attacks. There would be a 1% export duty paid on all oil leaving the country and customs duty paid on everything E&GSynd brought into the country, except machinery. From Holmes, the Shaikh was to receive 20% of the net profits and the right to subscribe to a further 20% of the capital, the same as in Bin Saud's agreement. Anglo Persian would not countenance paying either customs duty or tax, and certainly would not consider profit sharing of any description, payment was strictly on the basis of royalty. It did not take the Shaikh and his Council long to decide in favour of Holmes and his Eastern & General Syndicate.14

The next day Shaikh Ahmad wrote to the Kuwait Political Agent:

"I beg to inform you that Major Frank Holmes, the accredited agent of E&GSynd, has come to Kuwait and has submitted to me a draft concession for mineral oil in Kuwait territory which, on careful consideration, I find to be beneficent and profitable. What I particularly short of compulsion" and enclosing Hamad's reply "by me or by our subjects"; June 26th 1923, Acting Resident (Knox) to Shaikh Hamad Bahrain "to a man like Major Holmes", Knox charged that as Hamad and his brother Abdulla were concerned in the negotiations they were "therefore equally guilty in breaking the promise"

14 Details of Holmes' 1923 Kuwait offer are in the original documentation in Frank Holmes papers, also in Ward page 17 and Chisholm page 23; see Chisholm page 97 citing August 17th 1923 Wilson to Anglo Persian Managing Director London, even Knox later conceded that Holmes' terms were "so much more favourable" than anything ever put forward by Anglo Persian; IOL/R/15/5/237 Vol 11, June 25th 1923 Confidential Political Agent Kuwait (More) to Acting Resident (Knox) Holmes was so keen to get the concession, More reported, that "he is said to have agreed at once to any and every alteration to the draft agreement that the Shaikh suggested"
like about it is that it is a British company and that it undertakes not to sell the concession to any but British companies. In addition to this, I propose inserting a clause to the effect that this concession will only come into force if approved by His Majesty’s Government and that, if Government do not approve, it becomes null and void. I feel confident that if I grant this concession to the company in question, His Majesty’s Government will raise no objection as my friend Shaikh Abdul Aziz, Sultan of Nejd has granted them a similar concession and HE Sir Percy Cox, who was present at the time, raised no objection and as my friend the Ruler of Bahrain has given them a similar concession, and there was no objection to this either. I hope therefore from the justice of Government that this will also be approved.”

Major More, the Kuwait Political Agent, forwarded this letter to the Acting Resident with the comment, “Holmes is said to have assured the Shaikh there will be no question whatever of His Majesty’s Government not approving the proposed agreement, as this is a question which will be settled in London”. He said Holmes had told Shaikh Ahmad that “it is only the Political Officers of the Government of India who are trying to ‘boom’ Anglo Persian for reasons of personal friendship etc and they will go back on what they had said when taxed with it from London as Sir Percy Cox had done in the case of Bin Saud”. Major More felt sure that the selection of Holmes' offer was "not looked upon with favour by the majority of the leading merchants and other influential men in the town”. Furthermore, he reassured Knox, “Shaikh Ahmad is a man of no strength of character and I do not think it at all likely that he will try and take his own way in opposition to both public opinion and your advice, if, as I presume will be the case, you still advise him to deal only with the D'Arcy Exploration Co”.

Holmes was assured of Kuwait’s intention to sign the concession. He was also confident, as he had told Shaikh Ahmad, that once outside the Gulf, he would not have difficulties dealing with the officials in London. Holmes was well aware the Political Officers were supporting Anglo Persian in order to block any company entering into the Government of India’s area of influence. Holmes departed for London.

He was anxious to begin arrangements for a geological team to check his own opinion of the oil fields in Al Hasa, Bahrain and Kuwait, where he now held, or almost held,
concessions. He also needed to be in London to complete registration formalities for the new companies that would be formed to explore and develop in Al Hasa, Bahrain and, he expected, Kuwait. His Bahraini colleague, Muhammad Yateem, remained in Kuwait with the draft agreement in readiness for the Shaikh of Kuwait to sign; both parties to this agreement expected he would soon be officially permitted to do so.

The Shaikhs hold their Ground

When he received the Ruler of Kuwait's letter, with Major More's comments, Knox immediately addressed a "stiff remonstrance" to Shaikh Ahmad who noted in reply: "I of course recognise Government as the foundation of my welfare and that of my country, to whom obedience is incumbent on me, and I indeed strive to render it that I may enjoy lasting favours." Nevertheless, like Hamad in Bahrain, Shaikh Ahmad stood by his decision and declared that he regarded his intended acceptance of the Holmes' agreement "in no way contrary" to the 1913 convention signed by his grandfather. Knox reported to the Government of India that the attitude of Shaikh Hamad in Bahrain was "hostile" and that of the Shaikh of Kuwait no better. He was, he said, "awaiting a visit from Sir Arnold Wilson before taking any further definite action".17

In the meantime, Knox turned his attention to the third recalcitrant, Abdul Aziz Bin Saud of Nejd. He drafted a long paternalistic letter and forwarded this to the Colonial Office for authorisation. He began by sharply reminding Bin Saud that he was obliged to conduct all business through the Government of India's Political Resident "in accordance with the arrangement lately come to by my Government". Next he told Bin Saud, "Your Highness, of course stands on an entirely different plane from the Sheikhs of Bahrain and Kuwait over whom, for long years, in their interests, His Majesty's Government have established a protectorate." In a contorted display of bureaucratese, considering the reminder just given, he continued "naturally we do not deal in the same way with Your Highness, who is an independent sovereign, as we do with these two Shaikhs". Knox declared himself "sorry to say" that both these Shaikhs had "undoubtedly broken their promise and have entered into negotiations with Major Holmes who is not in any way a person approved by Government".

17 IOL/R/15/5/237 Vol.11, June 28th 1923, Ruler of Kuwait, Shaikh Ahmad, to Acting Resident (Knox) "obedience is incumbent on me"; IOL/R/15/2/96 Vol.1, July 2nd 1923 Acting Resident (Knox) to Under Secretary of State for India London repeat to Viceroy India "hostile" and "awaiting a visit from Wilson"
Knox was verging on the hysterical, if not the libellous, in this draft, as he continued:

“If in the future, Holmes or his company should deal treacherously, dishonestly or oppressively with either of the Shaikhs concerned, Government have no hold on either the man himself or on his company and can in no way bring pressure to bear on him to act honestly and rightly. It is therefore not in the least surprising that both Your Highness and the Sheikhs of Bahrain and Kuwait should have found Major Holmes much more amenable and complaisant and desirous to promise all that Your Highness and these two Shaikhs may require of him.

But it is not necessary to remind Your Highness, who is thoroughly well versed in the affairs of the world, that it is a very long way from promise to performance. The Eastern & General Syndicate have no experience of working oil and it is quite likely that they will find it very unprofitable to attempt to look for oil and exploit oil, if found in Your Highness' dominions ... oil exploration and exploitation in the field, even of Eastern Arabia, is a restricted one and there is no room for two British companies to work there ... The probabilities are that the weaker, the Eastern & General Syndicate, will go to the wall in a conflict between the two companies ... Their only hope of working successfully is to sell a portion of the concession to the more powerful company, Anglo Persian, and get them on their side ...”

Sending this draft to the Duke of Devonshire at the Colonial Office, Knox said he would dispatch it "after consulting Sir Arnold Wilson in one week's time". He had a plan, Knox confided to the Duke. "I think I can force Bin Saud into the open", he said and "get him, in a fit of pique, to cancel the concession. Kuwait and Bahrain will at once desert E&GSynd and come into line." The two Shaikhs were also on the receiving end of a strong line from Knox, he said, as part of this “Plan B”. Knox explained his alternative possibility entailed "if we can secure Bahrain and Kuwait, Nejd in the end may follow".

Even though he was well aware that Anglo Persian did not want the Arab concessions, and even though he admitted that Holmes' terms were “so much more favourable” than anything ever put forward by Anglo Persian, Knox had no hesitation in castigating Holmes who, he said, “has acted unscrupulously and deserves no consideration”. Sanctimoniously, Knox stated that, presumably unlike the men of the Government of India, or the personnel of Anglo Persian, Holmes was furthering “his own selfish interests” and in doing so had “done a great deal of harm here”. Nevertheless, he
reassured his superiors, “it is very unlikely that, in view of our opposition, the agreement between Nejd and Holmes will come to anything”. 18

Replying to Knox’s request for prompt instructions, the Duke of Devonshire thought it prudent not to mention the fact that the British Government was the majority shareholder in D'Arcy Exploration Co, through its holding in Anglo Persian, “unless specifically referred to by Bin Saud”, in which case it should be made clear that “HMG do not interfere in the policy of the company and that company has no political significance whatever”. The Duke considered it perfectly acceptable to imply that Bin Saud may have been coerced by Holmes into excluding Anglo Persian, but not to state, as Knox had, that in doing so Holmes had “exceeded his instructions”. Advising Knox to again stress that “unlike D'Arcy Exploration, the E&GSynd have no experience of oil development”, the Duke of Devonshire gave Knox virtual carte blanche by instructing him to take “whatever steps you consider advisable and justifiable to secure cancellation of Nejd concession, or failing that, of condition excluding Anglo Persian, and to induce Kuwait and Bahrain to come into line”. 19

But before Knox could launch his plans, Arnold Wilson succumbed to cold feet. The matter of Bin Saud now involved, not just the Government of India, but also the Colonial Office. Knowing Anglo Persian’s true lack of interest in the area, Wilson appears to have hesitated when the Duke of Devonshire himself became involved. Acting Resident Knox had to back down and again write to the Duke saying that he had “discussed the whole matter today with Sir Arnold Wilson”. Wilson had informed him, Knox said, “that he is not very anxious that we should approach Bin Saud with any haste as he is not quite certain what the attitude of his company will be in the event of Bin Saud suddenly cancelling Holmes’ lease altogether”. Knox could no longer ignore the fact that, no matter how much the Political Officers wanted it, even if Holmes’ concession was cancelled Anglo Persian did not seem ready to step in and conclude its own arrangements with Bin Saud. But Knox was not giving up altogether. “In the meantime,” he suggested to the Duke, he would send the letter anyway. 20

18 IOL/L/PS/10 Vol 989, July 9th 1923, Acting Resident (Knox) to Duke of Devonshire Under Secretary of State Colonial Office “force Bin Saud into the open” and “a great deal of harm here”; Even the committed Knox had his doubts about Anglo Persian see IOL/R/15/2/96 Vol. 1, June 18th 1923, Confidential, Acting Resident (Knox) to Political Agent Bahrain (Daly) “Wilson may, or may not, be correct when he says that it is quite impossible for the E&GSynd to work the concession they have obtained from Bin Saud without the aid of Anglo Persian”

19 IOL/L/PS/10 Vol 989, July 13th 1923, telegram from Duke of Devonshire, Under Secretary of State, Colonial Office to Political Resident (Knox) “unless specifically referred to by Bin Saud” and “to secure cancellation of Nejd concession”

20 IOL/L/PS/10 Vol 989 July 17th 1923, Acting Resident (Knox) to Duke of Devonshire “in the event of Bin Saud cancelling Holmes’ concession”
For Kuwait — "on an entirely different plane" from Nejd — Knox and Wilson simply ignored the letters written by Shaikh Ahmad. They instructed Major More, the Political Agent, to speak to the Shaikh of Kuwait. More told Shaikh Ahmad he had just received a cable from Wilson asking when the Shaikh could be expected “in Abadan to discuss the agreement further”. Shaikh Ahmad, far from being a man of “no strength of character”, as Major More had described him, was now getting very annoyed indeed. He replied firmly to the advice that he should conclude an agreement with the D’Arcy Exploration Company by saying he had already written to “my friend” Arnold Wilson telling him it was impossible to conclude an agreement on “those” lines and “definitely rejecting his draft agreement”. To the surprised embarrassment of Major More, Shaikh Ahmad produced a copy of his letter written to Wilson three weeks previously, on June 23rd 1923, the day after his Council meeting. It read: “In answer to your letter of 3rd June sent me on your departure from Kuwait, I have the honour to state that the draft oil concession which you offered me has been, after deliberations, found unsuitable to our private and public interests and I regret to inform you of our rejecting it.”

London July 1923

When Holmes arrived to London at the end of July 1923, he had a concession signed from Bin Saud and another signed by the Bahrainis together with the Kuwaiti’s firm intention to conclude an agreement for their own territory and to share with Bin Saud in the Neutral Zone. On arrival he found an encouraging letter from Rihani in Beirut saying, “the news of your success has been coming to me from all quarters – from Baghdad, Kuwait, Bahrain ... The Kuwait concession will yet be signed ... Shaikh Ahmad wrote me about it.”

Holmes set to work in London. By August he reported to Rihani, “we begin work in November of this year at the Al Hasa Concession. We will begin at the same time in Bahrain.” He explained that a new company, with a capital of 300,000 sterling, had been formed to explore the Al Hasa Concession. “This amount is ample money” for the Al Hasa exploration work, Holmes said. To “explore and bore” the Bahrain Concession, the capital of E&GSynd had been increased from 50,000 sterling to 250,000. “We have

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21 IOL/R/15/5/237 Vol.11, July 14th 1923, Confidential, Political Agent Kuwait (More) to Acting Resident (Knox) enclosing copy of Shaikh Ahmad’s June 23rd 1923 letter to Wilson, More told Knox “I pointed out the advice was yours not mine” and added, “I fancy (Shaikh Ahmad) thinks that, when Major Holmes arrives in England his syndicate will bring pressure to bear on Government and get them to reverse their decision”

22 Rihani papers; July 17th 1923, Rihani in Lebanon to Holmes in London: “...Great opposition you have overcome and you will overcome yet in Kuwait”
more than 200,000 sterling now available in E&GSynd” with which to begin work on the Bahrain Concession, Holmes told Rihani. He planned to leave London in mid September taking with him “an expert staff of geologists” to undertake the required preliminary work on the concessions, prior to beginning actual operations in November.

As Holmes expected to be in the Gulf for quite some time managing the development of the concessions, his wife, Dorothy, would set up a home for them in Bahrain. He was still planning to “see about the Neutral Zone Concession and get same signed by both Sultan Bin Saud and the Shaikh of Kuwait”. He was also attending to matters related to his negotiations in the Red Sea, including the Salif Salt Concession. Holmes was pleased with his visit to the Colonial Office where he discovered the officials “rather amused” to find that “Wilson did not have it all his own way”. He told Rihani, "here in England they did not think anyone could upset Anglo Persian as they had heard the company was much liked out there.”

Anglo Persian’s London management may have been thinking along similar lines as Wilson was forced to defend himself in a letter to his Managing Director. Referring to himself in the third person – and adopting the royal "We" – Wilson wrote: "We venture to point out that there seems little reason to think that the personality and past career of your General Manager (Wilson himself) or the Government shareholding have been factors of importance in deciding the attitude of the Shaikh of Kuwait.” Wilson claimed he had seen Shaikh Ahmad in 1922 and that the Shaikh had "expressed anxiety to come to an agreement as soon as possible". Wilson laid blame on the London management saying he had then been instructed "it was not desired that we should take active steps in the matter of the Kuwait agreement". He also criticised the Acting Political Resident saying Knox’s opinion had been to "sit tight and do nothing for some time", presumably until Holmes had been forced out of the region as Knox expected. Frank Holmes was, in Wilson's view, entirely at fault. The Shaikhs were refusing to cooperate with Anglo Persian, Wilson confidently told the London management, because "the market has been spoilt by Holmes' proposals".

Holmes did not expect to have any problems complying with the Colonial Office request that “for political reasons” the syndicate should now apply “as they wish us to do (ie through official channels)”. This was a mere formality, Holmes said, because “the Government have told us that they will support us if we make an application

23 Rihani papers: August 1st 1923 Holmes in London to Rihani in Lebanon “begin work in November at Al Hasa and the same time at Bahrain” and “did not think anyone could upset Anglo Persian”

24 Chisholm page 98-99 August 17th 1923 Wilson to Anglo Persian Managing Director London “sit tight and do nothing” and “has spoilt the market”
through them". The process of requesting approval of the Bahrain Concession was already underway. The Colonial Office had told him that, under pressure from Anglo Persian, they had recently written to Kuwait stating that the British Government “do not approve of the E&GSynd application and that they will not ratify any agreement” concluded on the basis of this application.

Holmes said the Colonial Office stressed "they had made it clear that it is the application and not E&GSynd that is not approved" [sic]. Percy Cox was also supportive of Holmes. "He talks most openly with me. I wish I could send you one or two of his letters to me so that you could gauge our relationship", he told Rihani. Since Wilson called off the negotiations with Bin Saud, Sir Percy had been suspicious of Anglo Persian's sincerity. Holmes said Cox had told him "many times" since his arrival in London that he was "extremely glad my people have got the Al Hasa Concession as it is his desire that his friend Bin Saud gets as fair a deal as possible and that his people secure in full measure the benefits of oil and mineral developments in their country". Holmes commented that “the British Government are really fed up with the Anglo Persian Oil Company and the company does not get all the support the people in the Persian Gulf might think”. 25

The message that the Government of India's Political Officers, and Anglo Persian personnel, were spreading throughout the Gulf, particularly since Holmes’ departure, was different. The Colonial Office statement had been distorted to one of Holmes himself being a person “not approved” by the British Government and E&GSynd also being condemned as a company of which “His Majesty’s Government do not approve”. Word of this soon got back to the City where it caused quite a buzz in the business and financial circles of London. The Chairman of the Eastern & General Syndicate, Edmund Davis – he would later be knighted for service to British industry – was involved in some 82 companies and syndicates. Hearing the rumours from the Persian Gulf, an affronted Edmund Davis and his directors in E&GSynd addressed an official letter to the Secretary of State at the Colonial Office protesting the harm to their investments and business that could result from such a slur on their reputations. They wrote the Duke of Devonshire that they felt sure “Your Grace did not wish such an impression to be conveyed”. Therefore, “as any such wrong impression may act in a most detrimental manner upon our Syndicate”, they “respectfully requested that you will kindly take such measures as you deem necessary” to correct the situation. Edmund Davis had to be taken seriously.

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25 Rihani papers, August 23rd 1923, Holmes in London to Rihani in Lebanon “they will support us if we make an application through them”; August 30th 1923 Holmes to Rihani “I am very friendly with Cox” Holmes also noted "As regards the oil concession from the Sultan of Sahej (Yemen) the Colonial Office are urging us to conclude with him at once as they have agreed our terms with the Sultan"
There was a very real possibility that Davis and his colleagues might turn to the national press and accuse the current Government of running a smear campaign and protecting its own investment in Anglo Persian by secretly assisting to block competition. Both Anglo Persian and E&GSynd had advocated their cases to the various government departments. Anglo Persian claimed they had followed the correct procedures which E&GSynd, by going directly to the Shaikhs, had not. In requesting official approval of their transactions with the Shaikhs, E&GSynd pointed to the superior merit of the terms and conditions they offered. The official letter of complaint from Davis and his directors brought things to a head. The Duke of Devonshire, Secretary of State at the Colonial Office, was called upon to make an adjudication.26

The Duke wrote to Lieutenant Colonel Knox, still Acting Resident in the Gulf, and clarified the earlier statement. He sought to mollify the Political Officers and the Government of India by assuring them that the mandatory requirement to obtain permission before approaching any Shaikh in the Persian Gulf still stood. He reaffirmed the Colonial Office's adherence to the protocol that any communication with, or about, the Shaikhs of the Arabian Peninsula must be solely through the Political Resident. Frank Holmes, he said, "avowedly and probably actually" had not been aware he needed government permission before he could speak to any Shaikh in the Persian Gulf. The Duke then took some pains to emphasise it was only "the irregular manner" in which E&GSynd's business offers were made that was not "approved". He stressed there was no objection to Holmes personally, nor to E&GSynd which, the Duke now declared, was "a substantial and reputable firm".

But the Duke was enough of an imperialist to "feel very strongly" that the Shaikhs should "not be allowed to disregard their solemn undertakings with impunity". Nor could a precedent be established by allowing "unapproved firms" to "secure concessions the terms of which had not previously been submitted to His Majesty's Government".

The Duke of Devonshire thought Anglo Persian's offer to the Shaikh of Kuwait left "much to be desired", so much so that he could not, in all fairness, inform the Shaikh that his rights and interests would be adequately protected. The Duke of Devonshire did not like E&GSynd's idea of introducing the Shaikhs to realbusiness through becoming shareholders in the companies formed to exploit their resources, he preferred the old

26 IOL/L/PS/10 Vol 989, March 20th 1924, Resident (Trevor) to Secretary of State for the Colonies (Thomas) "...Holmes had been associated for 28 years in the service of his company – an engineering firm with connections in the Far East...one of the 82 companies with which Mr Edmund Davis is connected", IOL/L/PS/10 Vol 989, August 24th 1923, E&GSynd to Duke of Devonshire Secretary of State Colonial Office "necessary to correct the situation", Bilovich, Quest Oil Bahrain, page 254 draws on a Colonial Office Minute expressing fear of critical news coverage
style of royalty based on output. But, he said, E&GSynd had “volunteered” to modify their contracts “in such a manner” to conform to his wishes. He told Acting Resident Knox that once he was “satisfied” the syndicate was “in a position and intend to carry out to the full” the obligations towards the Shaikhs as they proposed, he could not “feel any strong objection to their candidature”.

Nevertheless, the Duke now rewarded Anglo Persian by decreeing that, in view of their "prior application" and correct procedure, and if they were prepared to offer terms at least as favourable as those submitted by Holmes, he would withhold recognition of the E&GSynd agreements with the Shaikhs of Bahrain and Kuwait. He loaded the dice in favour of Anglo Persian by directing that refusal of the Shaikhs to sign with Anglo Persian would only be considered if they attached a detailed list of their technical objections in order to allow Anglo Persian the chance "to modify accordingly". If, after all this, Anglo Persian could not agree with the Shaikhs, then the Duke would approve E&GSynd's contracts, suitably recast to his satisfaction, provided Holmes’ terms were as favourable to the Shaikhs as those rejected from Anglo Persian.

Having dealt with Bahrain and Kuwait, the Duke of Devonshire next tackled the Sultan of Nejd. He wrote the Acting Resident that he was now “not satisfied that it is either possible or desirable to maintain so strong a line of resistance to the claims of E&GSynd” as he was “first inclined to adopt”. He was no longer convinced by the Political Officers' accusations, as he had now learned that “Major Holmes has not, in fact, overstepped the bounds of legitimate commercial competition”.

Obviously with Edmund Davis' letter in mind, the Duke of Devonshire confided that the government's majority shareholding in Anglo Persian “makes me anxious to avoid” any line of action which might be “represented” as a “championship” of that company “based on motives of direct financial interest”. "In view of all the circumstances", he said, he now agreed to Holmes being granted a joint concession over the Neutral Zone by the Sultan of Nejd and the Shaikh of Kuwait. The Duke said he had “reconsidered the whole situation” and had concluded “it is not desirable” for the Political Resident to take any action which might “have the effect of causing the Sultan to cancel the Al Hasa concession” granted by him to Holmes. He had, he said, been "informed" that the syndicate were at present “engaged in negotiation with another company for working the Nejd Concession” so cooperation with the D'Arcy Exploration Company may no longer be “a matter of immediate importance”.  

27 Chisholm, reprinted in full page 99-103. September 6th 1923, The Duke of Devonshire, Secretary of State, Colonial Office to the Acting Political Resident (Knox) in the Persian Gulf
The Duke of Devonshire’s cryptic reference to E&GSynd being “engaged in negotiation with another company” for working the Nejd Concession, did have a factual basis. Soon after Holmes’ arrival back in England, the syndicate had held talks with the only company capable of facing down Anglo Persian in the Persian Gulf – Burma Oil. As the Duke of Devonshire's letter shows, by judiciously leaking the fact that E&GSynd and Burma Oil were in discussion, Anglo Persian's power to monopolise the Persian Gulf was undermined in the eyes of many Whitehall officials.

Holmes had referred to the possibility of working with Burma during a friendly visit to one of his contacts at the Department of Overseas Trade, who had predicably forwarded this snippet to both the Foreign Office and the Colonial Office. To the Department of Overseas Trade, Holmes had floated the possibility that development of the Al Hasa Concession might be financed by "20% of the shares held by Bin Saud, who cannot dispose of them until he has offered them to the Syndicate, 41% to the Burma Oil Company and 39% to the Eastern & General Syndicate".28

Regardless of whether or not it was ever seriously intended to bring Burma Oil into the Al Hasa Concession, E&GSynd continued independently towards registering the new company and also finalising arrangements for a team of geologists to travel to the Gulf. Rather than getting away in mid September, Holmes was still in London in November waiting, as he wrote Rihani, for Bin Saud to decide whether or not he would take up the additional shares. Holmes explained to Rihani that, if Bin Saud chose to renounce his right to the additional 20% of shares, E&GSynd could then sell them on the London market, “the proceeds of which will of course be utilised as working capital no matter whether proclaimed by the Sultan or the London people”. Meanwhile, so that he could get started “at once” on the Al Hasa exploration work, the syndicate was now forming an exploration company with capital of “about sterling 100,000. But this Exploration Company will not have the right to remove ANY oil, either for sale or otherwise, from the Al Hasa territory”.29

The Duke of Devonshire, with his insistence on payment by royalty, may have been surprised by the understanding of modern business displayed by the Shaikhs of the

28 Sampson page 70-71 Burma Oil still held 23% of Anglo Persian; PRO/FO 371/8944, August 2nd 1923, Personal & Confidential, Cecil C. Farrer, Department of Overseas Trade to Mallett at the Foreign Office, in reporting E&GSynd’s discussions with Burma Oil, Farrer also refers to “the ruling fear of the Arabs, under Persian inspiration, is of economic penetration by HMG under guise of Anglo Persian in which, they well know, HMG has a controlling interest. The personality of Sir A T Wilson is also cordially detested by the Gulf Arabs.” Mallett notes Farrer “has already written to the Colonial Office in the same sense”
29 Rihani papers, October 17th 1923 Holmes in London to Rihani in Lebanon “whether or not he would take up the additional shares”, November 22nd 1923 Holmes to Rihani “so we can get started at once on Hasa”
As Holmes was departing London on December 20th 1923, en route to the Gulf, an advertisement appeared in the Arabic version of the *Times of Mesopotamia* regarding The Nejd Oil Company. It read:

"It is announced to the natives of Nejd resident in Iraq, India and the Persian Gulf that His Highness the Sultan of Nejd and its Dependencies has granted an oil concession, in the districts of Al Hasa and Katif an Ainain, to the Eastern & General Syndicate and, as the company is now issuing 300,000 shares of sterling pounds one each, it has been decided that $\frac{1}{3}$, that is 60,000 shares, shall be allotted to the Sultan personally and another $\frac{1}{3}$, that is 60,000, shall be allotted among his subjects resident in Nejd and its neighbourhood and Iraq, Syria, Hedjaz and all other countries.

And as the conditions of this concession are the most favourable conditions which up to date Governments have obtained, His Highness the Sultan is especially anxious that natives of Nejd should have full opportunity of joining in this important and useful enterprise. Notice is now given that, whoever wishes to take up the shares now offered, should forthwith register his name and pay cash to the Eastern Bank. We do not think that natives of Nejd, who are famous for their quickness to learn, and desiring to progress special advantages for their country, will abstain from subscribing. Nor do we think that they will be slow to take this opportunity. The remaining shares will be distributed shortly. God is the giver of health and property. Signed: Abdullah Sayed, Representative of His Highness the Sultan."

Arnold Wilson forwarded a translation of the advertisement to Lieutenant Colonel Trevor, the permanent Political Resident now returned from vacation. In high dudgeon Wilson commented scathingly: "I have ascertained that the Eastern Bank have only received one enquiry since the publication of this notice, and that only a casual one on the telephone. The manager has received no instructions with regard to receiving allotments. In fact, no communication whatsoever from the 'New Company' and, until he does so, no application to the Bank will be entertained. I enclose three spare copies of this letter and enclosure, in case you may wish to send copies to Kuwait and Bahrain who may be interested. The publication of a notice of this sort in England, or India, would I believe render the company liable to prosecution!"}

30 IOL/R/15/5/237 Vol.11, December 22nd 1923, Arnold Wilson to Resident (Trevor) attaching translation of *Times of Mesopotamia* advertisement
Although it was almost six months since the Duke of Devonshire had authorised the granting of a joint concession in the Neutral Zone to Holmes, Government of India Officials in the Gulf had not passed on this important Colonial Office decision. When the Political Agent Kuwait became aware Holmes was expected soon from London, he wrote the Resident enquiring "should I now tell the Shaikh there is no objection to his giving a joint concession with Bin Saud in the common territory?"

In Bahrain, Major Daly, the Political Agent had as usual, read a letter written by Shaikh Hamad to Holmes as it passed through the postal system. Hamad had stated in no uncertain terms that he would not give "any concession" to Anglo Persian because it was "common knowledge" that the government had "large share interests" in that company "which contains ex Government officials"; he wondered whether government could be "unbiased and neutral arbitrators" in protecting his interests. Daly took personal offence at this criticism of the Political Officers and Anglo Persian staff. Not at all disturbed by revealing that he knew the contents of the Shaikh's private correspondence, he tackled the Ruler of Bahrain. Grandly, he rebuked Shaikh Hamad telling him it was "unnecessary" to "give his views" to Holmes. It was "sufficient", he said, to state only that he "had received no further application from Anglo Persian".

Unexpectedly for Daly, his dressing down provoked a heated response from the usually mild mannered Hamad. He told Daly the people of Bahrain believed that the Government of India deposed his father, Shaikh Isa, because he had given a concession to a company other than Anglo Persian "which all Arabs regard as Government pure and simple". He said that if he (Hamad) now gave in to the pressure being exerted on him to agree to Anglo Persian having the concession, he would be accused "by the whole family as well as other Arab Rulers" of having "sold his country in return for being made Shaikh".

Major Daly soon discovered that Shaikh Hamad was correct in his reporting of public opinion in Bahrain. The people also believed that Bin Saud's agent and friend, Abdulla Gosaibi, "would not have been deported from Bahrain if Bin Saud had given his concession to Anglo Persian" rather than to Holmes. Shaikh Hamad very clearly understood the current position as being that opposition to Holmes' application would be withdrawn in London if Anglo Persian failed to clinch a deal in the near future. "There is no doubt that Hamad has quite made up his mind to refuse to deal at all with Anglo Persian", Daly reported to the Resident.31

31 IOL/R/15/5/237 Vol.11, February 28th 1924, Political Agent Kuwait (More) to Resident (Trevor) "should I now tell the Shaikh?"; Rihani papers April 4th 1924 Holmes in Kuwait to Rihani "enclosing
Conclusion

The Shaikhs of Bahrain and Kuwait, and the Sultan of Nejd, refused to bow to pressure from the Government of India and the Political Officers to drop Frank Holmes and E&GSynd and sign agreements with Anglo Persian. In refusing to sign with Anglo Persian the Shaikhs were, for the first time since World War One, testing their freedom to act within their own territories.

That their independence was severely curtailed in most issues was made clear to all the Arab shaikhdoms by the ease with which the Government of India had severed Kuwait’s territory, removed the Ruler of Bahrain, deported individuals and threatened to disinherit the whole Al Khalifa ruling family.

By insisting that oil concessions were purely commercial transactions, to be awarded on commercial merit only, the Shaikhs hoped to avoid invoking the retaliation of the Government of India with her gunboats and Sikh platoons. While the Government of India viewed any transaction with the Arab Shaikhs not under her direct control as political interference, the Colonial Office initially accepted that the granting and proposed development of oil concessions were business dealings. The Colonial Office, however, remained constricted by the terms of the agreement reached at Churchill’s 1921 Cairo Conference that gave authority to the Government of India for administering the Persian Gulf in everything, except matters of “political significance”.

The Duke of Devonshire at the Colonial Office came to suspect that he may have been misled about Frank Holmes’ activities and “reconsidered the whole situation”, although his adjudication can be read as favouring Anglo Persian. Nevertheless, mindful of British public opinion – and the delicate position of the British Government as the major shareholder in Anglo Persian – the Colonial Office did not use its overriding authority for policy in the Persian Gulf to support the Government of India by forcing the Shaikhs into a liaison with the Anglo Persian Oil Company. The situation became one of the Colonial Office acting as middleman between the Anglo Persian Oil Company, championed by the Government of India, on the one hand and Frank Holmes and the Eastern & General Syndicate, backed by the Shaikhs, on the other.

translation of a letter from Shaikh Hamad Bahrain. You will see that he says straight out he will not have anything to do Anglo Persian”; IOL/L/PS/10 Vol 989, March 17th 1924 Political Agent Bahrain (Daly) to Resident (Trevor) “unnecessary to give his views” and “sold his country” and “would not have been deported” and “quite made up his mind to refuse”
Chapter Six

**The Model**

1924 – 1925

Introduction

As the negotiations and development of the oil concessions in Bahrain, Kuwait and Saudi Arabia were affected by regional factors external to those areas, it is necessary to record what was happening in neighbouring Iraq, and Persia, and to a lesser extent Assir and Yemen. Other influential factors included the campaign to capture Mecca launched by Abdul Aziz Bin Saud and his Ikhwan warriors that was waged alongside the intensifying civil war between Assir and Yemen.

Iraq’s grant of its oil concession to Turkish Petroleum dashed Holmes’ hopes of obtaining a concession in Iraq. As will be seen, this, coupled with the financial reorganisation of the Eastern & General Syndicate following divestment by its chairman and chief investor, and Arnold Heims’ negative geological report, plunged the syndicate into a cash flow crisis. Holmes undertook a number of civil engineering projects, including a successful program of drilling for artesian water in Kuwait and Bahrain – thereby earning the distinction of being the first person to produce drinkable water in what was previously believed to be a totally arid area.

It will be argued that Britain’s dominance of Iraq’s oil was achieved through a series of political moves that included intimidation of Iraq’s Constitutional Assembly, pressure to sign the Anglo Iraq Treaty with all its British created clauses, a “British Nationality” clause in the regulations governing Iraqi oil concessions, and 50% of Turkish Petroleum being held by British interests. Some, if not all, of these factors became models for attempts at similar British dominance in the oil concessions of the Arab shaikhdoms.

The focus on Iraq’s oil, and Britain’s insistence on ensuring its own dominance, caused Persia to realise the true value of its oil fields. The Persians took a closer look at what benefits they were receiving from this resource, an exercise that immediately raised domestic discontent and anti-imperial movements aimed at the 51% British Government owned Anglo Persian Oil Company.
Ramifications from both Iraq and Persia were felt right throughout the Persian Gulf and served to strengthen the Shaikhs’ resolve not to enter into liaison with the Anglo Persian Oil Company. Illustrating the attitudes of the time that frequently spilled over into a contempt for the “Eastern Mind”, felt by many Europeans in the Persian Gulf, Anglo Persian, with the assistance of the Government of India’s Political Officers, ventured into espionage and attempted bribery in an effort to block Frank Holmes before the expiry of their “priority” exclusive negotiating period.

Iraq Oil: March 1924

As well as the concessions in the Arabian Peninsula, Frank Holmes was vying for the upcoming oil concessions of Iraq. He arrived in Baghdad before the Constitutional Assembly of Iraq opened on March 27th 1924 with its primary duty being consideration of the Anglo Iraq Treaty through which future relations between Britain and the new state were to be governed. The treaty contained a clause requiring Iraq to honour pledges made by Britain in all agreements and treaties she had previously signed, as the Mandatory Power, on Iraq’s behalf. Once Iraq signed this treaty it would be required to accept the validity of the Turkish Petroleum Company’s (TPC) claims – and also accept the “advice” of the High Commissioner to award Iraq’s oil rights to TPC. By 1924, Turkish Petroleum was 50% British (this was Anglo Persian 25% and the now British Royal Dutch Shell 25%) and 25% French; through efforts initiated by then US Secretary of Commerce Herbert Hoover, Britain and France had been forced to grant a 25% interest to combined American participation.¹

That Iraq had a wealth of oil reserves was never in doubt. As early as 1920, while there was still strong argument about the form the future government of Iraq would take, British officials, including Prime Minister Lloyd George, had factored in anticipated income from oil in calculating the cost of administering the mandate of Iraq. The form of government now being developed was an Arab one, eventually to replace the British mandate, and therefore the cost of administration would fall on the new Iraq

¹ Shwadran page 204 At the commencement of World War One, the Royal Dutch Shell submitted to British control in order to continue to operate on the high seas, company manager Henry Deterding became a British subject and the company’s headquarters moved from the Hague to London. Deterding was knighted in 1920 for his services to the British Empire; For in depth background to the Iraq concessions, and American participation, see Shwadran pages 193-265 and page 209 “Hoover took it upon himself to invite the big American oil companies to Washington to interest them in Mesopotamian oil and work out a plan of action”
Government and not Britain. Nevertheless, it seemed, the British were not about to let the prospect of substantial oil profit slip from their grasp.2

Holmes did have contacts in Baghdad. As usual, his relations were stronger among the Arabs themselves than with the British officials who were “advising” the Iraq Government. Rihani was doing his best to support Holmes’ endeavours and wrote telling him that “His Excellency, Ja’far Pasha, (Iraq Ministry of Finance) has written me saying you have been to see him and that he did what he could for you. The rest, he said, is for the High Commissioner and yourself to settle. I think he mentioned London also. I hope you scoop up something in Iraq too”.

In India, Dickson was also hoping Holmes would do well. He wrote to Philby, who was already looking tenuous in his position as British Adviser in Amman: “Holmes has been knocking about the Gulf for sometime ... the Al Hasa concession is through and Holmes has, I believe, every intention of starting work before long ... How would you like to offer our services to Holmes’ company as go between him and Bin Saud, a sort of resident political officer to the Nejd petroleum company with headquarters at Hofuf or Qatif ... I gather great things are expected of the concern ... Holmes is now in Baghdad ... with you as Chief Administrator political and I as your second string ...”3

From Baghdad, Holmes travelled down the Gulf to organise the survey that Swiss geologist Arnold Heim was to lead. As Holmes told Rihani, he "saw Bin Saud and stayed at Hofuf for ten days ... I arranged all my business with him and bought sixty camels for the engineers to make their inspection trip". He moved on to Bahrain where he and the permanent Resident, Lieutenant Colonel Trevor, met for the first time. Trevor reported this meeting to the Duke of Devonshire saying, in his view, Holmes "appeared to be quite frank and above board”. Trevor said Holmes “impressed me favourably by his frank demeanour and his apparent desire to have all his cards on the table. Perhaps he is a bluffer but he did not strike me as one”. Trevor now proved to be more amenable than had Knox during his six-month assignment as Acting Resident.4

Holmes raised the subject of Qatar, where he had planned to negotiate for a concession in 1922, after Al Hasa. He told Trevor he had recently received “special messengers”

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2 Shwadran page 239n March 25th 1920 The Times of London commented that Lloyd George seemed to think the oil would pay the cost of administration “we doubt it, for oil profits generally seem to find their way by some invisible pipeline into private pockets”
3 Rihani papers March 10th 1924, Rihani in Lebanon to Holmes in Baghdad “scoop up something in Iraq”; Philby papers XV11-6, February 13th 1924, Dickson in India to Philby in Amman “offer our services to Holmes”
4 IOL/L/PS/10 Vol 989, March 20th 1924, enclosed with letter of March 28th: Political Resident (Trevor) to Secretary of State Colonial Office (Duke of Devonshire) Note of an interview with Major Holmes, representative of the Eastern & General Syndicate “impressed me favourably”
and a personal letter from Shaikh Abdulla Al Thani of Qatar "imploring him" to come across and make an arrangement on the same terms Holmes had given for Al Hasa. Holmes pointed out he was unable to act on Shaikh Abdulla's request because he had been "instructed by the Colonial Office" not to make an agreement with the Shaikh of Qatar and he was "loyally obeying" this instruction. Trevor told the Duke of Devonshire he had confirmed, after "making some enquiries" in Bahrain, that "the Shaikh of that place (Qatar) was very keen, on financial grounds to give a concession, but not to Anglo Persian, for similar reasons to those actuating Shaikh Hamad".

Trevor agreed with Holmes that he would, finally, now inform the Shaikh of Kuwait he was free to grant to Holmes the Neutral Zone concession jointly with Bin Saud. There was the matter of the boundaries of the Neutral Zone. In his October directive, the Duke of Devonshire had remarked: "I observe that E&GSynd appear to consider that a large part of the actual territory of Kuwait is within the Neutral Zone." Holmes had puzzled over the Duke's remark and had compared his own map with that on file at the Baghdad Map Office. As far as he could see there was no difference. He had taken the two maps to Sir Henry Dobbs, the High Commissioner in Iraq, who also could not see any difference between Holmes' map and that on file. The Resident could not see any difference either. The Duke of Devonshire, it seems, had not caught up with the fact that, since Sir Percy Cox's virtuoso performance twelve months earlier at Ujair, a large part of the actual territory of Kuwait was indeed now within the Neutral Zone.5

Anglo Persian “priority” defined: April-May 1924

Trevor's meeting with Holmes, and his recognition of the "very determined opposition" to Anglo Persian, provided an insight into the true situation prevailing in the shaikhdoms. Trevor remarked that a year ago, before he went on leave, he had not noticed such hostility towards Anglo Persian "but it is very prominent now". Like Knox before him, Trevor did not make the connection between this opposition and the way in which the Shaikhs of the area had been treated during the preceding twelve months.

He did point out that "any ill-wishers of the British, or of Anglo Persian, never lose an opportunity of impressing upon their hearers that it is a government concern and that to grant a concession to this company is tantamount to giving it to Government". But he

5 IOL/L/PS/10 Vol 989, October 1923, Duke of Devonshire, Secretary of State Colonial Office to Political Resident (Knox) "...E&GSynd have submitted to me a draft from which I observe they appear to consider a large part of the actual territory of Kuwait is within the Neutral Zone..."
did not explore why this possibility was so odious to the Arabs, even though he thought the hostility might be related to the “considerable number of ex-military and ex-Mesopotamian political officers having been imported into Anglo Persian”.

Nevertheless, Trevor reported objectively, this was the current position. He advised that a decision was required as to whether “we should keep the matter undecided for an indefinite period in the interests of Anglo Persian” or whether “we should agree to the Shaikhs of Kuwait, Bahrain and Qatar closing with the offer of E&GSynd”. For the first time in official reports coming from the Persian Gulf, Trevor raised the injustice of the situation saying, “it hardly seems fair to prevent them from granting the concessions and consequently from receiving the revenue therefrom for an indefinite period”. He said, “the principal object of Anglo Persian ... is to prevent other companies from coming in. Their object will be achieved if they simply wait and do not press for the concessions themselves”. Trevor was concerned, he said, for the “the interests of the Shaikhs”. It would seem fairer “if Anglo Persian, as the company first in the field, were requested to send an official to negotiate with the various Shaikhs within a specified time”. If their offer is then definitely refused, “we should authorise E&GSynd to conclude its concessions with the Shaikhs concerned”, he advised.6

To witness the granting of the Neutral Zone concession on his behalf, Bin Saud sent to Kuwait his representatives, all friends of Holmes, including Hashem Bin Ahmad, Dr Abdullah Damlouji and Shaikh Hafez al Wahba. Though making little effort himself towards reaching agreement with the Shaikh of Kuwait (or any of the other Shaikhs) Arnold Wilson was still keeping track of Holmes. On the day Bin Saud’s representatives arrived, Wilson cabled the Kuwait Political Agent “let me know as soon as you can what the present position is between the Shaikh of Kuwait and Major Holmes”. Obligingly, Major More responded, “so far as I know Shaikh has not yet actually signed joint concession but I believe he has promised to do so. Holmes is leaving as soon as this is signed”.

The prospecting party, on its sixty camels and with a 25 man escort provided by Bin Saud, finally departed from Kuwait on April 28th for what the Resident described as a “preliminary survey in Nejd, Kuwait Neutral Zone and Al Hasa”. Soon after, the Colonial Office did take note of the Resident’s advice and officially informed Anglo Persian that its “claims to priority” would be recognised only until the end of March.

6 IOL/LPS/10 Vol 989, March 28th 1924 Resident (Trevor) to Secretary of State for the Colonies, re Anglo Persian’s desire to obtain concessions from the Shaikhs on the Arabian littoral of the Gulf, “hardly seems fair to prevent them from granting the concessions”
1925. If they failed to reach agreement by that date, the Shaikhs would be free to negotiate concessions with other "approved" parties, meaning E&GSynd.  

Water search begins

Holmes was already certain he knew where the oil would be found; he had identified this on the maps he drew for Al Hasa, Bahrain, the Neutral Zone and Kuwait before he began negotiating for the concessions. What was obvious to Holmes was that, to carry through his plans for developing the oil fields, he needed a constant supply of water, both for the drills and machinery and for the men working them. As he had told Dickson, Holmes thought an "enormous volume of sweet water" existed in the hinterland behind the Qatif oasis in Al Hasa. Consequently, his instructions to the Swiss prospecting party were as much concerned with confirming his identification of the sources of water as they were with verifying the oil strength of his concessions.

Like Holmes, Dr Arnold Heim also clearly understood this basic need and would later remind the directors of E&GSynd that "drilling on oil in countries off from the rivers is impossible without the right for drilling on water". Heim agreed completely with Holmes' original assessment that water prospects in Al Hasa were good. In his preliminary "report on water and oil" to the London office of E&GSynd, Heim said he thought "part of the Al Hasa Concession might become a great country for drilling on artesian water". Holmes had impressed on him that "the question of drilling for water on Bahrain is of great importance". He and Holmes were "acting in perfect understanding", he wrote, adding that Holmes' directions were that "it will be to the Syndicate's interest if I fill in the time until the next ship to Kuwait in examining and reporting on this question of water in Bahrain". This was certainly a matter of vital

7 Rihani papers April 4th 1924, Holmes in Kuwait to Rihani "Bin Saud sent his representatives"; IOL/R/15/5/237 Vol 11, April 4th 1924, Telegram Wilson to Political Agent Kuwait (More) "let me know as soon as you can"; IOL/R/15/5/237 Vol 11, April 7th 1924, Telegram Resident (Trevor) to Political Agent Kuwait "...the party may be allowed to start provided HMG have not broken off relations with Ibn Sa'ud..." Political Agent reply April 29th 1924 "The Prospecting Party left here on 28th April accompanied by a representative of Ibn Sa'ud. The Sheikh agrees that they will be quite safe."; IOL/L/PS/10 Vol 989 May 16th 1924, Telegram Resident (Trevor) to Secretary of State for the Colonies "if failed to successfully reach agreement by that date"; Note that this attitude was gaining adherents among officials in London. See IOL/L/PS/10 Vol 989, July 16th 1924, Political Department/Secret/Persian Gulf Oil attitude of the Shaikhs to Anglo Persian "(The Arab's) view is Anglo Persian and Government are in effect one and the same...reinforced by...many officers formerly known to them as officials of Government now met in the shape of officials of Anglo Persian – a transformation which curiously enough does not seem so suspicious to the Persians as to the Arabs...whether it is fair to the Shaikhs to keep them waiting for possible profits they might get from E&GSynd if they won't deal with Anglo Persian is, as Colonel Pryor points out, a question that needs decision...Holmes impressed Trevor face to face as eminently open and honest"
importance for Holmes, who had already raised with both Shaikh Hamad and the Political Agent the possibility of finding ‘sweet’ water for the people of Bahrain.\(^8\)

For some years Bahrain had suffered from interruption to the supply of fresh water. This was gathered mostly from under sea springs and could be both salt contaminated and difficult to harvest in poor weather. In 1922, the Political Agent had reported “the town is in urgent need of water supply. At present all drinking water is brought in from a long distance at high cost.” And again, in 1923, he commented, “Shaikh Hamad is desirous of introducing a water supply”. Since his first talks with Hamad, Holmes had assured him that, although he would be drilling for oil, he could indeed produce water. Now they agreed that Holmes should produce water first, oil later. This would also allow the time to pass that the Colonial Office had allotted to Anglo Persian for its exclusive negotiations. Together, Shaikh Hamad and Holmes made an arrangement with the Political Agent, Major Daly, that for his work finding fresh water, Holmes would obtain “certain reports and maps which otherwise would be unobtainable”.\(^9\)

**Anglo Iraq Treaty signed: June 1924**

Holmes returned to Baghdad to organise the equipment for water drilling and to follow up on his bid to obtain a concession. He had applied for oil rights “dealing with the whole of Iraq”. He was certain his terms were “very favourably received” by the Iraq Government and had heard that “90% of the Government” was “with me”. Despite the “full force” of the High Commissioner (Dobbs) being behind the Turkish Petroleum Company, Holmes told Rihani, the Iraq Government had not awarded the concession to TPC. For a marathon eight months the members of the Iraq Government resisted pressure from the High Commissioner and the TPC; they had then announced their intention to delineate several concession areas, rather than one monopoly.

Consequently, in the lead up to the sessions of the Constitutional Assembly that opened in March, British reaction had included a propaganda campaign warning that, if the Anglo Iraq Treaty was not signed, the British Government intended to withdraw from Iraq and, furthermore, would not support the Iraq Government in its claim for Mosul.

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\(^8\) Heim papers; November 2nd 1924, from Heim in Zurich to Holmes in London, after Heim’s trip to the Gulf, reporting on his meeting with E&GSynd directors “for drilling on artesian water” and June 10th 1924, Heim in Bahrain to E&GSynd

\(^9\) Administrative Report of Bahrain for the Year 1922, and for 1923 (Daly) “urgent need of water” and “desirous of introducing a water supply”; Rihani papers, June 3rd 1924, Holmes in Basra to Rihani “certain reports and maps”
Covering all possible outcomes, Arnold Wilson had gone to Constantinople armed with “a pre-war letter addressed to Turkish Petroleum by a pre-war Prime Minister of Turkey in which is stated that Turkey was willing to grant a concession to the Turkish Petroleum Company provided suitable terms could be arranged covering Mosul and Baghdad vilayets”.

From the Iraqi viewpoint, Holmes wrote Rihani, the only conclusion to be drawn was that Anglo Persian Oil Company, through the person of Arnold Wilson, was “quite willing to sell out the Iraq Government” and support the awarding of Mosul to Turkey, rather than to Iraq, “provided Anglo Persian gets the oil rights of any territory handed over to the Turks”. Anything Anglo Persian now obtained from the Turks would “only be at the expense of Iraq”, he said. In disgust, Holmes commented, “truly as unclean a deal as I have ever heard of and supported by the British Government at that”.10

Holmes had supplied bank references to the Iraq Government giving E&GSynd’s financial status as “from immediate 5,000,000 sterling to drawing power of 15,000,000 sterling”. It was also self evident, Holmes wrote, that E&GSynd “offer liberal terms and are free from political bias”. He added, “I am fairly certain that if this Anglo Iraq Treaty is not signed in its present form I will secure the concession”. He firmly believed “the Iraq Government are quite prepared to give me the Iraq oil concession, provided they have a free hand”.

The very next week, on June 11th 1924, when only 69 of the 100 delegates were present, the Constitutional Assembly approved the Anglo Iraq Treaty by a vote of 37 for and 24 against with eight abstentions. On the boundary with Turkey the Assembly’s resolution affirming the treaty declared: “This Treaty and its subsidiary agreements shall become null and void if the British Government fail to safeguard the rights of Iraq in the Mosul vilayet in its entirety.”11

By the end of July Arnold Heim had handed in his geological report to the directors of E&GSynd. From his discussions with Heim in Bahrain, and again in Baghdad as he passed through on the way to London, Holmes already knew Heim’s negative opinion on the oil possibilities of the concession areas was totally opposed to his own positive

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10 Rihani papers, June 3rd 1924, Holmes in Basra to Rihani. Though expressing disgust at the action of Wilson and APOC in approaching the Turks, Holmes was not above suggesting that Rihani “write to one or two of your influential Turkish friends and lay my case before them so that it would find its way before the Turkish Minister and hold up Anglo Persian until I could reach Constantinople”. Holmes would then let the Turkish Government know E&GSynd “are prepared to offer better terms for any territory over which they wish to grant oil concessions”. Once the Turks were aware that better terms were available, he told Rihani, “they will delay matters and give me a chance to apply for both the territory north of Mosul and any territory they may secure in the Mosul area”.

11 See Shwadran, page 236 “when only 69 of the 100 delegates were present”
findings. He was concerned that, after the syndicate read Heim's deeply pessimistic report, combined with the doubt now on Iraq, they might baulk at committing the level of financing previously planned.

After all, Arnold Heim had been hired to present his internationally acclaimed "expert" recommendation. All along Holmes had been alone in his conviction that Nejd, and Hasa in particular, Bahrain and Kuwait did indeed hide very rich oil deposits. Anglo Persian did not think so. Neither did Bin Saud. Now the expert that the syndicate had hired to give an independent opinion did not think so either.

**Persia rethinks Anglo Persian's terms**

As E&GSynd in London were digesting Arnold Heim's report, the Shaikh of Kuwait was being treated to a VIP visit to Anglo Persian's operations. He was personally escorted to the oilfields, and around the Abadan refinery by General Manager T L Jacks, who now shared this title jointly with Arnold Wilson. The company believed the Shaikh's "first sight of such operations in actual progress" would so impress him that he would forget Holmes and immediately sign an agreement with them. Shaikh Ahmad, however, remained unmoved. Anglo Persian was also trying to entice Shaikh Hamad of Bahrain to visit Persia, but he had not taken up the invitation.  

Anglo Persian's managers seemed unaware that the Shaikhs were fully informed on the situation between the oil company and the Persian Government. 1917 was the first year the company made a profit. From that year's net profit of 344,109 sterling, Persia had been allocated a mere 3,829 as her share. However, the Persian Government did not get even this token payment. The company withheld the 3,829 against what it claimed as the cost of damage resulting from the cutting of pipeline by Persian tribesmen. Persia had no return from the overall profits of the company, receiving only a royalty on the sale price of oil exported from the country, some of it passing to the British military at a heavily subsidised rate.

Revenue gained from Persia's oil was not reinvested in that country. For example, in 1923, Anglo Persian used a substantial amount from its "General Reserve" to write off investments, outside Persia, that had already been abandoned. A second substantial

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12 Chisholm page 11 "first sight of such operations"; in 1921 Wilson was appointed Managing Director in Persia, Mesopotamia and the Gulf of Strick Scott & Co, Managing Agents of Anglo Persian. From 1923 he was General Manager of Anglo Persian, jointly with T L Jacks, at Abadan until his transfer in 1926 to head office in London.
amount went towards writing off other investments, also outside Persia, that were about to be abandoned. Together, these two write offs totalled ten times more than the payment Persia received for the year. The situation, as it existed in reality – and was further amplified by anti Anglo Persian sentiments “kept at fever pitch by the sedulous activities of Persian agents with whom the Trucial States were over run” – certainly would not have swayed the Shaikhs in favour of the company, no matter how impressed they may have been by the sight of operations. 13

Bin Saud’s Mecca Campaign begins

The Shaikhs of Kuwait and Bahrain were prevented from signing any oil concessions with Holmes for a further seven months, until the end of March 1925, by the Colonial Office ruling that Anglo Persian had a “priority”. Holmes’ anxiety that, after receiving Heim’s report, the E&GSynd directors may hesitate on advancing the Al Hasa Concession was now overtaken by Bin Saud’s own diversion away from economic development to military matters. Tensions had increased after the Knox chaired Kuwait Conference had failed to settle the differences between Bin Saud and his neighbours, the Hijaz, Transjordan and Iraq. Bin Saud and his Wahhabi warriors began a series of campaigns around these borders that would culminate two years later with the capture of Mecca, the abdication of Sharif Husain and Bin Saud’s adoption of the title “King of the Hijaz and Sultan of Nejd and its Dependencies”.

Recognising the practical impossibility of drilling for oil in Al Hasa while these conflicts raged, Holmes arranged for the sixty camels to be cared for in Hofuf and stored the tents and camping equipment in Bahrain. He wrote to Bin Saud, who was busy attacking the town of Ta’if, telling him he would bring the prospecting party out again the next year to work on the Al Hasa Concession. 14

13 See Shwadran pages 153-164, this inequality remained unchanged until 1933, for example in 1931, from a net profit of almost 2,500,000 sterling the Persian Government received a royalty of 134,750. In 1934, the percentage of income in the Iranian Government’s budget derived from its oil, and Anglo Persian operations, was a minute 7%; PRO/FO 371/8944, August 2nd 1923 Farrer at Overseas Trade to Mallett at Foreign Office “sedulous activities of Persian agents”; Administrative Report Bahrain 1923 (Daly) “Persian residents in Bahrain who are responsible for anti-British propaganda in the Persian press, are persons of no standing, who engage in this pastime apparently out of a desire for notoriety”

14 These campaigns included skirmishes (and intrusions) along the borders with Kuwait, Iraq and Transjordan. Bin Saud captured Ta’if in August 1924, Mecca capitulated on October 13th (following the October 3rd abdication of Sharif Husain) followed by Jedda and the remainder of the Hijaz in November 1925; Heim papers, January 2nd 1925, Heim in Zurich to Holmes in Baghdad and September 24th 1924, Holmes in Kuwait to Heim in Zurich “one month ago I wrote Sultan Ibn Saud you were coming out again next year”
Assir-Yemen Civil War: August 1924

With his hands full in Al Hasa, Bahrain, Kuwait, and now Iraq, Holmes had left his bid for the Salif salt and Farasan oil concessions in the hands of E&GSynd’s Red Sea Representative, retired Commander C E V Craufurd, employed personally by Sir Edmund Davis, the syndicates’ own chairman and chief investor. Craufurd had spent the war patrolling up and down the Red Sea in command of HMS "Minto" and had accompanied Holmes to Aden in 1921 when they opened the syndicate’s first peninsula business, the English Pharmacy at Steamer Point. Taking him at his own word, Edmund Davis believed Craufurd had "considerable experience of dealing with Arabs and is persona grata with the Idrissi". Craufurd seems to have oversold himself in London. Although he did have good contacts among the British officials in Aden, he did not have equal contacts among the Arabs and he did not know the Idrissi, Ruler of Assir.

In fact Craufurd was, if not at the time then certainly later, a genuine eccentric. He became obsessed with locating the site of King Solomon's Mines. He eventually became convinced he had traced them to the port of Makalla, not too far from Aden. As late as 1933 he was still delivering speeches in London with titles like "Treasure of the Lost Lands of Ophir".

Craufurd’s passion is raised here because in 1927, when American engineer Karl Twitchell arrived in Yemen on a mission for American philanthropist Charles Crane, Craufurd would infect him with a similar obsession for locating King Solomon’s Mines. Twitchell came to believe they were in Saudi Arabia. Twitchell’s search for gold in Saudi Arabia, his specious claim to have discovered the oil of Al Hasa, and he and Philby’s role in Standard Oil of California’s 1933 purchase of Holmes’ lapsed Al Hasa concession is referred to throughout this thesis. Unfortunately, space does not permit a fuller exposition of Twitchell’s role and claims.15

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15 Prominent investors in E&GSynd were pharmaceutical manufacturers Allen & Hanburys, Holmes got "The English Pharmacy" up and running and the English pharmacist/manager reported to him. It was sold in 1925. PRO/CO/727/3, June 2nd 1921, Department of Overseas Trade (Development & Intelligence) And PRO/R20/A2A/96/10/1 contains a letter of introduction on behalf of Craufurd to the Idrissi from the Resident in Aden; Twitchell papers (uncatalogued), Seeley Mudd Library, Princeton University, personal diary for 1927 records Craufurd frequently calling on Twitchell, they spent Christmas Day 1927 together. Interesting also is March 15th 1967, Twitchell to Myles A Walsh NY, commenting on “Walsh’s book on Yemen”, “was surprised to see that the great Salif salt deposit was not mentioned. That is about the only commercial deposit I saw in the Yemen. In 1928 I made the Imam Yahia a fair proposal (for the Salif salt concession) on behalf of London friends but after some months of consideration the Imam turned it down. Subsequently I learned that my Syrian interpreter advised the Imam against my proposal!!!”
Since his last visit to Assir, in January 1923 to deliver armaments at the behest of the Colonial Office, Holmes had directed communications with the Idrissi by letters to Craufurd. This had not been a satisfactory arrangement. As Holmes remarked to Rihani in May, “Craufurd, our representative in Aden, has done nothing. He has wired me now that owing to the disturbed state of Assir nothing can be done until November.” Unexpectedly, in August, Mustafa al Idrissi in Hodeidah contacted Holmes in Baghdad offering to grant him the Salif Salt Concession for terms that included military supplies. When Holmes arrived in the Red Sea port, Mustafa’s revolt against his kinsman Ali al Idrissi, installed in Jizan, was already underway. Holmes found Mustafa focused on securing upfront the armament factor in the proposed terms but little interested in finalising the serious detail of the concessions.

On the assumption that, like Arnold Wilson with Iraq and Turkey, he should reach agreement with both contenders so that after the civil war he would be holding a valid agreement whoever proved victorious, Holmes moved on to meet with Ali. Negotiations here became a mirror image of those he had just had in Hodeidah. Ali offered Holmes both concessions, Salif Salt and Farasan, to be operative after the civil war. But both parties seemed more intent on getting hold of immediate supplies of ammunition, or cash with which to purchase this, than they were on concluding investment in their territories. Leaving the door open for further negotiations, Holmes told both Mustafa and Ali he would come back later, and returned to Baghdad.16

Kuwait water: September 1924

In September, Holmes successfully sank an experimental water well in Kuwait, the first on the Arabian Peninsula to tap into the artesian water sources. This success was particularly noteworthy because Anglo Persian’s managing agents, Strick Scott & Co, had previously constructed with great fanfare a water desalination plant in Kuwait. Unfortunately, it never worked. While on board ship back to London at the beginning of October, Holmes wrote Heim of this success.

Heim was ecstatic, even though Holmes had actually drilled where he thought, and not where Heim had recommended. “Excellent. The new well at Koweit! I suppose you

16 Rihani papers, May 25th 1924, Holmes in Baghdad to Rihani in Lebanon “disturbed state of Assir”; Baldry, page 86 in December 1925, Ali al-Idrissi was overthrown by another members of this family, Hassan al-Idrissi. In 1926, after the surrender of Jedda and the remainder of the Hijaz to Bin Saud and his Ikhwan warriors, Hassan al-Idrissi signed The Mecca Agreement with Bin Saud that placed the Assir under a virtual Saudi Protectorate. In 1930, the whole of the Assir was officially annexed by Bin Saud
would not mention it if the water would not be good. Thus a large new field will be opened”, he congratulated Holmes. “As you know, I would have commenced at Jahara where I thought the prospect of striking good water would have been less risk. The better of course if you have it even at Koweit!” he said. Still Heim could not resist offering his expert opinion: “Now you should make the next bore at Ujair where I think there is almost no risk! Then Jubail etc. If Iraq will be successful, what I hardly doubt, an immense field will be opened and a large Artesian Company (I would propose Artesian Orient Co.) should be floated.”

On the way to London Holmes had stopped in Baghdad. There he discussed with the Arab officials his ideas for possible artesian water projects. Even after signing the Anglo Iraq Treaty, the Iraq Government was continuing to employ delaying tactics in its talks with the representatives of the Turkish Petroleum Company. Holmes used the opportunity this presented to follow up on his own bids for the Iraq oil concessions. His meetings with Arab officials prompted the High Commissioner of Iraq, Sir Henry Dobbs, to contact London urging intervention on the grounds that “Major Holmes was making advances to King Faisal”. The Foreign Office received Dobb’s request, but curiously refused to act. They took the view that if the Iraq Government did not want Turkish Petroleum, “it will not be possible to force them to grant a concession to the Turkish Petroleum Company”.

Bahrain water: January 1925

In London, Holmes recruited T George Madgwick. Madgwick's deceptive claim to have discovered Bahrain's oil is frequently repeated in the literature, and the part he played in alerting Thomas Ward and the Americans to Holmes' identification of Bahrain oil possibilities is important. Hence, Madgwick's role is given attention, as follows.

An engineer, at the time in a consulting partnership in London, during World War One Madgwick had been involved in the sinking of water wells in Gallipoli and Salonika for the Anzac Army. He also had experience as a petroleum engineer and had lectured in this field at Birmingham University. Without giving him further information about E&GSynd’s various prospects across the Persian Gulf, Holmes hired Madgwick to work only on the Bahrain water project. The documentation submitted for his visa application showed his qualifications and experience as that of a “water engineer”.

17 Heim papers, October 14th 1924, Heim in Zurich to Holmes in London “I propose Artesian Orient Co”
18 Ferrier page 586 “making advances to King Faisal” and cannot “force them”
When Anglo Persian learned of the Bahrain water project, they demanded that the Secretary of State at the Colonial Office, "instruct the Political Resident in the Persian Gulf to prevent E&GSynd from beginning these operations". Madgwick arrived on January 1st 1925 to find the Resident had issued orders that he could not enter Bahrain. Madgwick later described his welcome: "I found my landing at all on the Islands hotly contested by Anglo Persian. The Resident had forbidden it, and it was only on the very active intervention by the Bahrain Political Agent that I was allowed ashore, more or less on sufferance."

The Colonial Office sent a sharp directive to Anglo Persian endorsing Holmes' boring of two artesian wells "on the opposite side of the island from that in which the presence of oil has been indicated".19

**Anglo Persian employs Agent Provocateur**

T L Jacks, Anglo Persian's joint general manager with Arnold Wilson in Abadan had been with the company in Persia since 1910. He now launched an extraordinary escapade involving the Government of India's Political Agent in Kuwait, Major More. Jacks' proposal to More was that outright bribery of the officials surrounding the Rulers was the only sure way to get the Shaikhs to sign with Anglo Persian. In a letter marked "secret" written four days after the demand to the Colonial Office, Jacks put his scheme to Major More. "Holmes appears to keep himself in sympathy with the Advisers of the Shaikh of Kuwait, as also the Advisers of the Shaikh of Bahrain, by means of presents suitably distributed", he alleged. Displaying the Orientalist view taken by many British in the Persian Gulf for the people among whom they lived and worked, Jacks told More, "and I fully realise the influence this action has on the Eastern Mind".

Incongruously, he then repeated the view generally held by Anglo Persian personnel about the negligible prospects on the Arabian littoral by reminding More that the Bahrain and Kuwait concessions "when and if obtained are of little, if any, real value until costly geological examination followed by actual testing of certain areas has been carried out". Nevertheless, Jacks had a reputation to uphold, and he wanted to get the Kuwait concession by fair means or foul. He now laid out a plan for getting it by foul. With his personal convictions about the workings of the "Eastern Mind", Jacks seemed

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19 Ward papers, Box 1, August 11th 1936, Madgwick in Canada to Ward in USA: "...my early experience in Bahrain..." IOL/ L/PS/10 Vol 989, December 15th 1924, H.GNichols APOC London to Under Secretary of State Colonial Office "prevent E&GSynd from beginning"; IOL/L/PS/10/989 January 3rd 1925 Colonial Office (Amery) to APOC London "on the opposite side of the island"
unable to conceive that Holmes could have achieved his success with the Shaikhs other than through corruption. "My own feeling in this matter is that the Advisers of the Shaikh of Kuwait will endeavour to hinder the Shaikh from actually granting the concession as long as there is any prospects of their getting further bribes from Holmes", he charged.

Coming to the crux of the matter, Jacks put it to More that "it has occurred to me that, if we were definitely in a position to guarantee payment of suitable cash rewards immediately following the actual granting of a concession to us, we might successfully overcome the antagonism to Anglo Persian which has been worked up by Major Holme". Assuming the Kuwait Political Agent would share his line of thinking, Jacks told Major More, "I should very greatly appreciate your views in this connection and an indication of what you consider would be the total amount of suitable rewards."

More was very careful in his reply saying "I have no actual knowledge of Holmes giving any presents to anyone in Kuwait except the Shaikh himself". Artfully, he went on, "if Holmes did give such presents he would not do so himself, but through some Arab agent". This was, said More, exactly what he "presumed" Jacks intended to do if he decided on "trying the plan". Almost apologetically, More added, "I am afraid I cannot advise you as to the amount to give in such presents". Jacks already had the perfect candidate for the job. Neither he, nor More, would risk getting their hands dirty. He would send Hajji Abdullah Williamson. "I have explained matters to him and I will let you know if he is able to obtain information by back-door methods calculated to assist us", Jacks promised.20

In a confidential letter to the Resident towards the end of the month, Major More described Hajji Abdullah Williamson: "He is an Englishman born in England who I believe ran away to sea as a boy. He led a roving life in America as an officer on an American whaling boat in the South Sea islands etc and finally gravitated to Aden some twenty five years ago." The title "Hajji" and "Abdullah", More explained, resulted from his having "got religion", as the British soldier calls it, and belonged to some queer sect or other, from which he became a Muslim, quite a genuine one I think, and has lived as an Arab ever since".

Major More wrote that during the war, Williamson had volunteered "soon after we got to Basra and was used for intelligence, chiefly counter-espionage work all through the

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20 IOL/R/15/5/238 Vol.111, December 19th 1924, Secret, Jacks at Abadan to Political Agent Kuwait (More) "Eastern Mind" and "total amount of suitable rewards" and January 13th 1925, Jacks to More, "information by back door methods"
war". More did not need to spell out for the Resident the fact that Williamson was on a very similar mission right now, in Kuwait and Bahrain, while on the payroll of Anglo Persian.21

Williamson arrived to Kuwait during a most unusual cold snap in which the temperature plummeted below freezing and snow fell. This, however, did not cool his enthusiasm for the job at hand. Within hours he was cabling Jacks, giving his contact address in Kuwait as “through the Political Agent” and reporting that Holmes was in Bahrain but expected shortly in Kuwait. “Letters have been received from him but I have been unable up to present to find out their substance but hope to get some information in a day or two”, he said.

He followed with a long report that began, “on my arrival here I found the whole of the leading class against the giving of the oil concession to Anglo Persian”. The rich pearl merchants, he said, were against the granting of the concession to anyone believing that if the fields were developed either at Kuwait or nearby “the pearl divers would be enabled to earn money between seasons and so get out of debt and command their own price for their labour”. The majority of Kuwaitis were against Anglo Persian and “for E&GSynd”, he said, on the grounds that “Anglo Persian is really the Government and as soon as they acquired the Kuwait oil concession they would take over Kuwait as a British Possession and, as in Bahrain, interfere with the liberty of the people”. Williamson’s response may not have soothed Kuwaiti fears as he told them “Bahrain was no criterion" because "it might happen anywhere when the Ruler was weak and his people divided that a strong Political Agent might take over the direction and government of the place ...”

Williamson coerced a servant of the Shaikh of Kuwait, who was being sent with letters from Shaikh Ahmad to Bin Saud in Al Hasa, “to report carefully on all he can find out about Major Holmes and his movement in that part of the world”. He also managed “several conversations and interviews” with Mulla Saleh whom he convinced to write down what he thought were the objections to Anglo Persian. This, however, was not very enlightening as Saleh’s note amounted to the information that the Shaikh of Kuwait intended “delaying any decisions”.

21 IOL/R/15/5/238 Vol.111, January 27th 1925, Confidential, Political Agent Kuwait (More) to Resident (Prideaux) “chiefly counter espionage work”; For a very admiring, “Boy’s Own” style biography, see Hope, Stanton, Arabian Adventurer, the Story of Hajji Williamson, London: Robert Hale, 1951, page 325 mentions Frank Holmes’ individual initiative in putting Arabia on the map as a great oil producing land” and says Holmes and Williamson “detested each other” adding “one imagines there would not have been room in the same desert for two such individualistic and forceful characters”; Does not mention this 1925 mission for APOC although, page 328, he does refer to Williamson acting as “interpreter, translator and general factotum” to Archibald Chisholm in Kuwait in 1934
Without giving any evidence, Williamson concluded that Saleh “has been promised 1% above all payments made to the Shaikh for himself and has already received a good present through Muhammad Yateem who he put up when he was here with Major Holmes”. It does not seem to have occurred to Williamson that this “good present” may have amounted to the equivalent of room and board, traditionally given when leaving a host home after an extended visit. While conceding that, in his terms for the Kuwait oil concession, “Holmes made larger promises and better offers” than Anglo Persian, Williamson recommended to Jacks “a ‘grant’ of at least Rs5000 or perhaps Rs8000 to be given privately to Mulla Saleh”.  

While they had no knowledge of the machinations in the Gulf involving the Kuwait Political Agent, Anglo Persian's general manager and the not so ex spy, the officials in London were watching developments. Prompted by a request from Anglo Persian for an extension of their “priority” period for the Kuwait negotiations, an inter department memorandum dated February 2nd 1925 was circulated. It recorded: “Up to the end of October Anglo Persian had made no progress in their negotiations with the Shaikh of Kuwait. They have been equally unsuccessful in Bahrain and it is quite clear that, innocent as may be the immediate plans of Major Holmes, E&G Synd stand to gain much influence with the Shaikh of Bahrain if the water wells are successfully sunk, and should have little difficulty in securing an oil concession after the expiry of Anglo Persian’s claim to priority on 31st March.”

Meantime, Jacks, More and Williamson were doing their utmost to outflank Holmes, by any means, before the deadline expired. Sure now he had the trump card, Jacks cabled Major More on February 9th: “We have received sanction from London to pay Mulla Saleh 100 sterling down and 500 more if the Agreement is signed with us before March 31st. We have therefore wired to Williamson who is now in Bahrain to return to Kuwait at once and report to you. Would you kindly convey this information to him? We send you herewith Rs1,500. Would you be good enough to hand it over to Williamson when he reports to you?”

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22 Dickson papers, Box 3/File 6, Kuwait Political Report 1925 (More) “during the last 10 days of January the cold was intense the thermometer falling below freezing for several nights in succession – and snow actually falling on one occasion”; IOL/R/15/5/238 Vol.111, January 22nd 1925, Williamson in Kuwait to Jacks at Abadan “a strong Political Agent might take over” and “be given privately to Mulla Saleh”

23 See Chisholm page 12, as well as the time extension, Anglo Persian also requested the withdrawal of Colonial Office insistence that customs exemption in Kuwait be limited to ten years. Both requests were refused on March 24th; IOL/L/PS/10 Vol 989 February 2nd 1925, Minute, Secret, Political Department, Oil Concessions in the Persian Gulf - Kuwait and Bahrain “should have little difficulty”

24 IOL/R/15/5/238 Vol111, February 9th 1925, Confidential, Jacks at Abadan to Political Agent Kuwait (More) “sanction from London to pay Mulla Saleh”
While Williamson was snooping into his affairs in Kuwait, Bahrain and Al Hasa, Holmes was once again in Aden, the Assir and Yemen. After he and Madgwick had located the sites for two water wells in Bahrain, and set up the drilling machines, Holmes returned to the Red Sea. Writing to Rihani from Jizan, he described the situation in the area as “awful chaos”. Again he discussed the two concessions. Again he found the focus on the supply of ammunition. It seemed to Holmes that Ali was trying to strike a deal with the Italians for the Farasan oil concession in return for ammunition. Ali did want to talk to Holmes about the salt concession, to be paid for in cash, but Holmes concluded that “this is out of his control now”. Ali had held his ground in Assir against the Mustafa led rebellion, but Holmes was not impressed. “I have not seen a man handle his country in a more disastrous manner than in my experience with Ali. It is really painful”, he confided to Rihani. Prophetically, Holmes reported the “general opinion” that Bin Saud would come and take “what remains of Ali’s territory while the Imam Yahia will retain what he has recently conquered” in Yemen.

Iraq signs with Turkish Petroleum: March 1925

On March 24th 1925, the Iraq Government signed an agreement with the Turkish Petroleum Company. Although this had actually been agreed in January, its passage through the Iraq Legislative Assembly was stormy. Two Ministers resigned in protest at the terms of the agreement.

In the deal originally reached at the San Remo Conference, there had been a clear stipulation that the State of Iraq would hold 20% participation in the concession. This was not included in the agreement put to the Legislative Assembly. Nor could Iraq achieve any return through mechanisms such as taxation; the oil company designed itself as “non profit making” through the device of selling the oil, to its own members, at cost price. This device left Iraq limited to a small royalty (four shillings per ton) calculated on the oil at extraction, for 20 years, to commence after the completion of

25 Holmes papers, February 13th 1925, Dorothy Holmes in England to Heim in Zurich; “My husband is somewhere in the neighbourhood of Aden I believe now...Things seem rather upset in that part of the world at the moment”; Rihani papers, March 29th 1925, Holmes in Jizan to Rihani in Lebanon “...I have been here more than a month...the awful chaos that Ali has allowed to come about. He has driven everybody from his country who could be of any help to him. There only remains one or two slaves to whom he will listen. Imam Yahia and the tribes of Arabia have now driven him out of Yemen and he has lost the towns of Hodeidah, Salif Ibn Abbas, Lahaj and may possibly have to give up Nudi. Mustafa has gone back to Egypt” In April 1925 Holmes did get the Salif Salt Concession but, see Ward page 24 “unfortunately the Salif salt business fell through due to the death of the Idrissi and nothing more was done about the salt concession”
the pipeline. After 20 years, payment would be based on the market value of oil, but averaged over ten year periods.

Furthermore, the agreement the British reached with the Turks, on Iraq's behalf, decreed a 10% share to be paid to Turkey, not from the oil company, but from Iraq's paltry royalty on oil extracted from Mosul.

Any real benefit to Iraq was further excluded through the provision that the company must remain a British company registered in Great Britain with its chairman to be at all times a British subject. In order to ward off international criticism of British "oil grabbing" a vaguely worded sop was included allowing for the Iraq Government, after four years and in consultation with the company, to put up for public auction by sealed bids 24 concession plots of eight square miles each. (This would never happen). 26

T George Madgwick and Thomas Ward: July 1925

In Bahrain, Madgwick, assisted by two drillers, including one who brought his wife along for an exotic experience, were soldiering on with the water wells. Two days before expiry of Anglo Persian's privileged negotiating period, Madgwick reported to the Ruler of Bahrain: "On behalf of E&GSynd I have the honour to inform you that, in Well No.1, we have encountered the water bearing horizon ... I am confident that the source of this water can be tapped ... in the town of Manama itself and ... Muharraq ... there will be no difficulty in making each a self contained unit of distribution through the medium of a simple assemblage of taps."

At this point, Madgwick's job was still concerned only with water. He was not in Holmes' confidence as to the location or plans for his Bahrain oil concession. But when the Anglo Persian priority period expired, Madgwick realised that E&GSynd had

26 Heim papers, February 17th 1925, Heim in Zurich to Holmes in Aden, "E&GSynd told me on Jan 21st that according to your news the Iraq Government has granted the oil concession to the Turkish Petroleum Syndicate and that you will cable from Aden about arrangements for me." Also Rihani papers, March 29th 1925, Holmes in Jizan to Rihani in Lebanon "I see that APOC got the Mosul oil"; Shwadran page 248 "the company had never meant to abide by (this agreement) nor by the provision eliminating TPC as a bidder at public auctions (a provision inserted in the concession simply to meet the stubborn insistence of the US State Department)" and "on August 30th 1925, the strip of territory transferred from Persia to Turkey in 1913, known as the 'transferred territories' was recognised as part of the APOC concession. On April 20th 1932, The British Oil Development Company obtained a 75 year concession covering all the lands in the vilayets of Mosul and Baghdad west of the Tigris and north of the 33rd parallel; ten years later this concession was transferred to the Mosul Petroleum Company, a subsidiary of Iraq Petroleum. On December 4th 1938, the Basrah Petroleum Company, also a subsidiary of Iraq Petroleum, obtained a concession covering all lands not included under previous concessions"
interests other than water in Bahrain. Hopefully, he wrote the London office, "I am not in your council as to what you hope to do here ... but Holmes and I could tie up things pretty well together, I fancy". 27

Holmes reached an agreement at the end of April to bore 14 water wells, seven at Manama and seven at Muharraq. All fourteen would be successful. As Holmes was about to depart for London from Kuwait, Madgwick reported a breakdown in the drilling engine in Bahrain. Holmes told him to get the spare parts in Basra and then come on and meet him in Port Said. With the embargo off at the end of March and having closed the agreement on the water wells in Bahrain, and the prospect of an immediate water contract in Kuwait, Holmes could afford to keep Madgwick a couple of weeks longer in Bahrain. There was also the opportunity of Major Daly being out of Bahrain escorting Shaikh Hamad on an official visit to London. Holmes had no difficulty in persuading Madgwick to extend his contract by several weeks; as Madgwick had confided to Ward, he did not have a contract to follow. Holmes revealed to Madgwick his own opinion and geological observations of Bahrain and asked him to discreetly undertake an examination of the surface structures. It would seem Holmes was hoping that Madgwick's opinion would second his own. With this he could lessen the impact on the syndicate's investors of Arnold Heim's negative report. 28

Madgwick appears to have had a fondness for cloak and dagger, and an eye for the main chance. When he first arrived to Bahrain he had written his friend, Thomas E Ward, proprietor of Oilfield Equipment Company whom the Petroleum Age once described as an "Export Ace", saying he was "worrying myself to a skeleton how I can send along a nice fat order for your equipment" and suggesting "meantime, can I send you a nice little line in pearls?" After the meeting in Port Said with Holmes, Madgwick seems to have visualised himself as an integral factor in E&GSynd plans. He wrote again to Ward confiding "there is (don't breathe a word) a possibility we might want to put down a geological hole in this part of the world ..." 29

In years to come, as Madgwick inflated his claim to have identified the oil of Bahrain, he would describe Pilgrim as "no oil geologist", de Bockh as "that fancy Hungarian", 27 Holmes papers, March 28th 1925, Madgwick to Shaikh Hamad "with a simple assembly of taps" and April 6th 1925, Madgwick in Bahrain to E&GSynd London (Corporate Secretary Mr. Adams) "Holmes and I could tie up"
28 Ward page 24 says Holmes came from Aden and met Madgwick at the Marine Palace Hotel, Port Said. Holmes "requested Madgwick to (return to Bahrain and) make a fairly close examination of the surface structure with possibility in mind of drilling a test well for oil"
29 Administrative Report of the Bahrain Political Agency for the Year 1926 (Major C C J Barrett) "Holmes' wells "gave a plentiful supply of drinkable water" and proved to be "an immense boon to the inhabitants", Ward papers Box 2 February 26th 1925 Madgwick in Bahrain to Ward "a nice fat order" and "little line in pearls", also June 3rd 1925 “don’t breathe a word...we might want to put down"
Arnold Heim as “posing as an oil geologist” and Holmes as “knowing nothing about oil”. Yet, Madgwick had spent four months on Bahrain Island and had not noticed any indications of oil until Holmes sent him back from Port Said with instructions of where, and how, to look. Even then he had nothing to add.

He returned to London at the beginning of July 1925, six weeks after Holmes. In Bahrain he had a copy of Pilgrim's work, lent by Major Daly for its assessment of water. In London, Madgwick stated that as far as Bahrain’s oil was concerned, he had found it "impossible to go into more detail than Pilgrim had done". He said the approaching hot weather had deterred him and getting in "better equipment" to work with "did not fall within his duties". Later, he told Ward "my work was done. I came merely to find water." The opinion on Bahrain’s oil he gave to E&GSynd was the fairly safe assumption that "only the drill could decide". 30

Holmes regains Bahrain: December 1925

In London, instead of reviewing Holmes' proposed contracts for Bahrain and Kuwait, the Colonial Office suggested replacing them entirely with a document originally penned personally by the Duke of Devonshire and intended for use by Anglo Persian. If this was what the Colonial Office really wanted, Holmes said, it was fine by him but, he warned, the Shaikhs might not like it as the terms were far less than Holmes had already offered. More than that, he told the Colonial Office, the Shaikhs liked the idea of participation in the developing company through a shareholding much more than they liked the idea of royalties as applied to Persia and Iraq. The Shaikhs of Bahrain and Kuwait were no different to Bin Saud in this preference, Holmes said, and this was the system adopted by Bin Saud for the Al Hasa concession.

30 Madgwick’s claims to have “discovered” the oil in Bahrain became more and more outrageous over the years; see for example in the Ward papers numerous letters, beginning after the Bahrain oil strike and continuing to the late 1930s, to E&GSynd, to Ward, to Standard Oil of California, in which Madgwick seeks “more generous treatment than I have so far received for my share in the work on the Bahrain Islands”. To Ward, Madgwick claimed to have reached "the conclusion that Bahrain was probably a big oilfield...before I left the Island" and to have sold "my enthusiasm to Holmes". He further claimed to Standard Oil of California, and to Ward, that it was he who "called Edmund Janson's attention to the really encouraging prospects " and that "it took some persuasion to get the Syndicate to regularise the oil concession as the water seemed to be simpler and they knew nothing of the oil business." Madgwick completely ignores Holmes' original mapping and the 1923 concession. Moreover, Madgwick did not arrive back in London until July by which time Janson and Holmes were already in advanced discussions with the Colonial Office for renewing the Bahrain concession and negotiating that of Kuwait. It is most unfortunate that Madgwick's invented, and self serving, version appears in T E Ward's own 1961 self published record and is then imported unquestioningly into most subsequent writing on this subject.
The Colonial Office could not consider allowing Holmes to offer shareholding, given the terms just imposed on Iraq, the original concession with Persia, and the agreement recently offered by the D’Arcy Exploration Company to the Sultan of Muscat, none of which offered participation. It was finally agreed that the Colonial Office document would be taken as the general draft for the Kuwait and Bahrain oil concessions, with E&GSynd adding their own improved financial terms as previously offered, but paying royalties, not shares. The Colonial Office officially advised the Political Resident on September 3rd that he should no longer obstruct Frank Holmes in concluding agreements with the Shaikhs of Bahrain and Kuwait on behalf of E&GSynd.31

Holmes headed back once again to the Gulf, where almost eight weeks since the Colonial Office had sent its instructions in the matter of the Bahrain and Kuwait oil concessions, the Political Resident was still prevaricating. The new Resident, since April 1924, was Lieutenant Colonel Francis Beville Prideaux. When he finally went to Bahrain to tell Shaikh Hamad he was now permitted to conclude an agreement with Holmes, and to deliver the new E&GSynd draft as approved by the Colonial Office, he could not resist giving Anglo Persian a last free kick. He took Mackie with him. He did not include this snippet in his report to the Colonial Office but he did put forward a number of proposals suggesting he could use these to “oppose the signing of the concession in Bahrain”.

On December 1st, the Political Resident wrote to Arnold Wilson admitting defeat. He told Wilson that the Secretary of State at the Colonial Office “after 25 days consideration of my suggestions” had replied that he could see no reason “to obstruct the grant of the Bahrain oil concession to the Eastern & General Syndicate”. On December 2nd 1925, Shaikh Hamad bin Isa Al Khalifa of Bahrain and Frank Holmes signed a contract granting the Bahrain Oil Concession to E&GSynd, a full two and a half years since the original agreement of May 1923 that offered better terms than Bahrain would now receive under the Colonial Office documentation.32

31 PRO/CO/727/11, July 24th 1925, Minute by J H Hall, Eastern Division, Colonial Office records Holmes arguing in favour of offering shareholding; It is important to note also that E&GSynd’s original draft concessions, now superseded by the Colonial Office document, did contain a specific clause in which the syndicate undertook not to transfer the concession/s to a non British company. The only relevant clause in the Colonial Office draft merely stated: “the right conveyed by this lease shall not be conveyed to a third party without the consent of the Shaikh acting with the advice of the Resident in the Persian Gulf. Such consent shall not be reasonably withheld”; Oil exploration did not begin in Oman until 1954, the first oil was produced in 1967, until then the country relied mainly on exports of dried limes, dates, frankincense and tobacco, worth about one million sterling annually.

32 IOL/R/15/1/649 c:30, October 31st 1925 Resident (Prideaux) to Secretary of State for the Colonies details Prideaux’s own four point plan for “opposing the signing of the Bahrain Concession” including instructing Shaikh Hamad he should not finalise with Holmes “as a sign of his real contrition for breaching the convention signed by his father in 1913” and November 2nd 1925, Resident (Prideaux) to Wilson at Abadan “Mackie with me”; IOL/R/15/1/649, December 1st 1925 Resident (Prideaux) to Wilson at Abadan
The Political Agent, Major Daly, recorded this event in the official Administrative Report for Bahrain for the Year 1925. He noted “a concession for the exploitation of oil in Bahrain was granted by the local Government to the Eastern & General Syndicate.” Daly, like Anglo Persian, and most of the British, did not believe there was any oil to be found in the Arab shaikhdoms. In the very next entry of this annual report, headed “Trade”, Daly displayed little optimism for the future of the oil concession. He advised that in the absence of any stable industry other than pearling, “the Ruler may be well advised to consider the possibility of the introduction of some industry”. He suggested sailmaking might be just the thing.

**Holmes’ Civil Engineering projects: February 1926**

Almost coincidentally with the grant of the Bahrain concession, the syndicate’s chairman and chief investor, Sir Edmund Davis, was appointed to head the prestigious British South Africa Company. The appointment required Davis to divest most of his directorships and attached investments. The loss of Davis came uncomfortably close to the failure to secure Iraq, or the Red Sea, and Arnold Heim’s negative report on the Arab concessions. Although control of E&GSynd passed uncontested to Davis’ son in law, Edmund W. Janson, and Percy Tarbutt, the transition period caused a contraction in the capital immediately available to the syndicate for ongoing work and development of existing investments. In London, Janson was so preoccupied with rearranging the Eastern & General Syndicate and its finances that Holmes’ success with the Bahrain concession brought little joy. As the concession entailed the immediate outlay of the syndicate’s now precious available cash, and the expense of development, from Janson’s point of view it only added to their difficulties.

Unknown to Holmes, or any member of the Eastern & General Syndicate, Madgwick, in London for some four months and still with no prospects other than Holmes’ Bahrain oil concession, seemed to be seeking an opportunity for himself. Madgwick again wrote to Ward saying, “strictly between ourselves, do you know anyone who would come in and test the area for oil where I have been lately? My friends have the concession all right ... I think that a group over here will do it but I am by no means certain ... I need hardly say that the big groups who operate in that part of the world are keen on it, but I don’t want to let them get in. This is a case where you and I could put by a little something for our old age because I think it is a good thing”. Madgwick’s mysterious hints of fortunes to

“I suggested grounds on which the agreement could be held up indefinitely... (but now) there is nothing more to be done”
be made struck a chord with the entrepreneurial Ward. Not unreasonably, he assumed that Madgwick was a principal in the prospect he was offering. Ward assured Madgwick that he saw no reason why he should not “be able to do the needful with your property”.

Holmes took on a number of civil engineering contracts as a means of keeping a cash flow for E&GSynd. In Baghdad he purchased building materials and discussed a scheme for electric lighting and a telephone system for Bahrain where he was already constructing a seawall, open to allow boat passage, and a six-foot wide road. He made inquiries about the feasibility of a swing bridge “that either lifts straight up and down or that swings. The simpler the better as it has to be operated by rather primitive Arabs.” Though Madgwick’s contract had ended, the two drillers were still working on the Bahrain water projects.

Bin Saud takes Mecca, Jeddah, Assir

The year 1925 closed with Abdul Aziz Bin Saud’s triumphant entry into Jeddah on December 23rd. after a twelve month siege following the conquest of Mecca. On December 25th Bin Saud officially announced that the Nejd Hijaz War was ended and on January 8th 1926 he was proclaimed “King of the Hijaz and Sultan of Nejd and its Dependencies”. Bin Saud informed the British Consul at Jeddah that he had been “invited by the Idrissi”, ruler of Assir the province between the Hijaz and Yemen, “to take over that government”. The Mecca Agreement, signed shortly afterwards between Hassan al-Idrissi and Bin Saud transformed the Assir into a virtual Saudi Protectorate, after which the Idrissi concentrated on the threat posed by Imam Yahia in Yemen.

33 Ward papers, see Madgwick’s letters to Ward detailing his pressing financial difficulties, including the cost of private schooling for his two children, and the lack of any offers of work. Ward papers Box 2 October 30th 1925, Madgwick in London to Ward “strictly between ourselves...you and I could put by a little something”; November 11th 1925, Ward in New York to Madgwick in London “the needful with your property”

34 Holmes papers, see correspondence including February 1st 1926 from Cotterell & Greig Ltd Baghdad, Basra and London to Frank Holmes at Eastern Bank Bahrain and contract with the Bahrain Government (Shaikh Hamad) dated April 6th to build the seawall and road also February 1926 to Richardson & Cruddas Engineers, Baghdad, in which Holmes asks for quotes on swing bridges

35 Jeddah actually surrendered on December 5th 1926, followed by Yanbu, but officially, in the presence of the British Consul, on December 21st, see Wahba page 165, “In 1919 the Turks evacuated the eastern part of Assir, with resultant chaos, and Abdul Aziz promptly annexed it. A year later the Idrissi tribe recognised his importance in Eastern Assir and ceded him the remainder of the province. (Later, in 1926, the Tihama of Assir came under Abdul Aziz’ protection, and in 1930, by arrangement with the Idrissi, its titular sovereigns, was finally annexed to the Kingdom of Saudi Arabia.)"
On the heels of Bin Saud’s capture of Mecca, Harry St John Philby moved to Jedda where he believed, and had convinced his London City financial backers, that his personal acquaintance with Bin Saud would serve to gain him a commercial foothold in Bin Saud’s expanding territory. Since resigning his position as Chief British Representative to Shaikh Abdulla of Transjordan – just hours ahead of his intended sacking – he had been talking to a company called Midian Ltd which was acting to resume oil and mineral concessions in the Hijaz originally granted by the Ottoman Government and discussed while King Husain was still Ruler of Mecca. Philby’s job with Midian, as discussed after his retirement from the Indian Civil Service, was to “embark on negotiations with Bin Saud” for ratification of these concessions. Midian soon became embroiled in complications about succession to Turkish assets involving the D’Arcy Exploration subsidiary of Anglo Persian. However, as will be seen in the following chapters, Philby would secretly act as agent for Standard Oil of California in the purchase of Holmes’ lapsed Al Hasa concession; he would then perpetuate the myth of Twitchell’s discovering Al Hasa’s oil and maliciously engage in the maligning of Holmes’ reputation.³⁶

Conclusion

At the close of this period the Anglo Persian Oil Company was stronger than ever. The company had its monopoly over Persian oil and access to Iraq oil through its clear 25% interest in Turkish Petroleum. Additionally, the territory transferred from Persia to Turkey in 1913, known as the ‘transferred territories’, was now included in Anglo Persian’s concession. Anglo Persian’s success was gratifying to the Government of India and her Political Officers in the Persian Gulf. There was, however, one cloud on the horizon. This was the American entry into Iraq achieved by a consortium of American oil companies, known collectively as Near East Development Corporation, that held a 25% shareholding in Turkish Petroleum.³⁷

³⁶ For details of his relationship with Midian, Remy Fisher and Sharqieh see Philby Oil Ventures pages 8-34 and Monroe Philby of Arabia, pages 119-133 describes the inglorious end of Philby’s role in TransJordan and page 132 “the Colonial Office granted (the) request for permission to dismiss him, but Philby acted first. By the time London’s permission arrived, Philby had handed in his resignation”. On pages 140-159 Monroe says that to induce Fisher to back him financially Philby sent his wife Dora, whom Fisher had met and admired, on a holiday to Fisher’s home “making it plain that the exercise of her charms...would serve all their interests”. Monroe, on page 147, relates that when Philby did meet with Bin Saud, on November 28th 1925, he stated his current plight had come about because of Bin Saud Philby claimed he had been more or less forced to retire from British Government Service “as I had always backed you (Bin.Saud) against the Sharifian party”. Philby would rely on this claim for years in order to obligate Bin Saud to him

³⁷ At various times the American group included Gulf Oil Corporation, Atlantic Oil, Mexican Oil, Sinclair Oil, Texas Oil Company, Standard Oil New Jersey and Standard Oil New York (which became Socony Vacuum in 1931).
This American presence was seen as a threat to the hegemony of the Government of India by the Political Officers posted to the Arab shaikhdoms. A further factor, in October 1928, would be the appointment of Sir Gilbert Clayton to replace Sir Henry Dobbs as High Commissioner of Iraq. Until Clayton's appointment, Iraq was administered by men whose training and experience was in India. The India orientation of administrators in Iraq, and direct appointment by the Government of India of the Political Officers administering the Arab shaikhdoms, had ensured a harmony of approach right throughout the Arabian Peninsula.38

Nevertheless, the Iraq experience, with its successful outcome of ensuring British dominance of Iraqi oil, inspired confidence that this position could be attained elsewhere. Similar mechanisms as used in Iraq, including the "British Nationality Clause", would now be employed in attempts to block the Americans from expanding their presence in the area through investment in Holmes' Bahrain and Kuwait concessions.

All the building blocks and personalities were in place to ensure that resolution of the struggle over the granting and development of the Arab concessions would be enacted, although the final concession of Kuwait would not be finalised until December 1934.

38 Collins, Robert, O, *An Arabian Diary, Sir Gilbert Falkingham Clayton*, University of California Press, 1969, page 266. Clayton replaced Sir Henry Dobbs as High Commissioner of Iraq in October 1928. Dobbs died September 11th 1929, in Baghdad, of a heart attack following a game of polo, "Until Clayton became High Commissioner Iraq had been administered by men whose experience had been in India and who frequently sought to govern Iraq more like an Indian province than an Arab state. Clayton came from a different Imperial tradition, the Egyptian, where the role of British officials had for long been that of Advisers rather than Masters..."
Chapter Seven

Meltdown

Introduction

This thesis contends that it was the reinforcement after World War One of the authority of the Government of India in the Arabian Peninsula that held back the development of the area’s oil. This section aims to substantiate that contention by showing that only when the power of the Government of India was affected by events that took place outside the immediate area could development take place.

The Americans claimed, and still do, that it was diplomatic efforts by their State Department which broke through and forced the British to allow American participation in oil development, first of Bahrain, and later Kuwait. The relevant documentation does not support this claim.

American diplomatic initiatives did, however, have the effect of involving the Colonial Office in the case of Bahrain, and the Foreign Office in the case of Kuwait. The argument of this thesis is enhanced in that it can be shown that the Colonial Office, and in turn the Foreign Office, took over decision-making processes from the Government of India. The Colonial Office found dealing with the Government of India in the Persian Gulf so frustrating, particularly over the matter of oil concessions, that they formally relinquished all involvement in 1933. From this point on the India Office in London became the liaison point with the British Government with the Government of India retaining its position in the Persian Gulf.

It will be shown that, in each case, it was political events outside the shaikhdoms that prompted Whitehall to put pressure on the Government of India to stand aside. The first of these was Persia's claim to sovereignty over Bahrain, put to the League of Nations, that forced a rethink of the previously absolute opposition generated by the Government of India and her Officers to American involvement in the Bahrain oil concession.
While giving in to the pressure of external events, British officials, buoyed by their success in Iraq and pushed by the Government of India, sought to retain “maximum” control of the commercial companies formed to develop the oil fields. The instrument of control, which was known as the “British Nationality Clause”, was modelled on that imposed on Iraq.

To clear the route for a pipeline carrying Iraqi oil to the Mediterranean – and thereby ensure the monopoly of the Anglo Persian/Turkish Petroleum Company (renamed Iraq Petroleum Company) – the Government of India combined with the British Administration of Iraq in a military operation that brought to an end the Ikhwan rebellion in Bin Saud’s territories. By the beginning of 1930, the Iraqi oil pipeline was secured. Bin Saud was released from the authority of the Government of India and his independence recognised. Iraq’s sovereignty was also recognised and preparations undertaken for her to join the League of Nations two years later.

With the Americans in Bahrain, Bin Saud now independent, and Iraq about to join the League of Nations, the Government of India was determined to hold on to Kuwait as fortification of its authority in the area. Once again external events played a role. In November 1931, Persia unilaterally cancelled the concession held since 1908 by Anglo Persian. The Anglo Persian Oil Company, strongly backed by Officers of the Government of India, responded by attempting to pressure Kuwait into an oil agreement for the purpose of visibly demonstrating to Persia that an alternative was available. After Holmes’ Bahrain concession struck oil in 1932, far harsher conditions were demanded for Kuwait than the five requirements in the “British Nationality Clause” for Bahrain, eventually culminating in a secret “Political Agreement” drawn up by the India Office and signed by the Kuwait Oil Company, a joint venture between the Gulf Oil Corporation USA and the Anglo Persian Oil Company.

Bin Saud’s release from the embrace of the Government of India and relinquishment by the Colonial Office of interest in the Arabian Peninsula, reopened the possibility of the Al Hasa concession. With the devious involvement of H St John Philby, secretly acting for Standard Oil of California while advising Abdul Aziz Bin Saud on the negotiations, Holmes’ lapsed 1923 Al Hasa concession was resold to Standard Oil of California in 1933 – on terms lower than those agreed by Holmes and Abdul Aziz Bin Saud a decade earlier.
Bahrain

American entry barred: June 1928

E&GSynd set about raising the capital with which to develop the concessions they now held, particularly Bahrain, the Neutral Zone and Al Hasa and also to raise the upfront payment required for Kuwait and Farasan, both of which they hoped soon to finalise. In London, Janson approached previous investors in the various Edmund Davis syndicates, the City financiers, Burma Oil, Royal Dutch Shell and, finally, Anglo Persian. Neither Burma nor Shell were willing to compete on what they viewed as Anglo Persian’s home turf, particularly as the company was now in such a strong position with the addition of Iraq. Anglo Persian’s Chairman, John Cadman, refused to consider E&GSynd’s approach. Cadman had now received the latest geologists’ reports and these reinforced his own opinion that the Arab concessions were “not worth pursuing”, as he had personally advised the company’s managing director several months earlier. Arnold Wilson remained convinced the area was oil barren, proclaiming all of Arabia “devoid of all prospects”.  

Meantime, Thomas E Ward had made contact with E&GSynd. In September 1926, Holmes extended a planned visit to Canada and America to give presentations in New York to what he dubbed “the really big New York Shaikhs”, including Standard Oil New Jersey and the Gulf Oil Corporation. These meetings, facilitated by Ward, failed to produce a firm undertaking. Having exhausted the possibility of a joint venture with British or American finance, the members of Holmes’ Eastern & General Syndicate made the financial commitment to go ahead independently with developing the Bahrain field. Holmes was making good progress with the preparatory work in Bahrain when, in January 1927, the Americans communicated a strong interest in E&GSynd’s concessions in the Arabian Peninsula.

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1 Chevron archives Box 120791, December 28th 1928, E&GSynd (Adams): memorandum of Colonial Office meeting for Janson’s various approaches, see also Ward pg 24, also correspondence in Holmes papers including January 26th 1926 from Cory Bros to Janson, January 29th 1926 Janson to Holmes in Bahrain, Baldry page 82 for Cory Bros previous association with Davis’ syndicates, particularly Farasan; Note that Ward, page 27, is mistaken in stating it was Madgwick who approached Cory Bros “one of his London clients”. Clarke page 62 repeats Ward’s error; Ferrier page 567 “Arab concessions not worth pursuing”; Ferrier page 555 “devoid of all prospects” Wilson stated that only Albania was hopeful; Also note here that Holmes is in the Gulf 1925-1926 and so could not have “toured the London clubs and offices searching for financial investors and become ‘an interminable bore’,” as claimed in some publications

2 Ward papers, Box 2, August 19th 1926 E&GSynd to Ward “Frank Holmes will be visiting...on other business... and will call on you in New York”. This visit is documented in Ward papers Box 2
With Ward acting as broker, two separate agreements were eventually signed on November 30th 1927 between E&GSynd and the Gulf Oil Corporation. The first was an option on outright purchase of the Bahrain Concession; the option was valid until January 1st 1929 and during the option period Gulf Oil would meet the concession rent and the cost of a survey, which Frank Holmes would organise and assist. The second was an agreement containing three further options, on Al Hasa, Kuwait and the Neutral Zone; Holmes was obliged to exert every effort to finalise negotiations for Kuwait and revalidate Al Hasa and the Neutral Zone, all to be transferred to the Gulf Oil Corporation should the options be exercised.\(^3\)

Alerted by the presence of three Americans from Gulf Oil on Bahrain, the Political Resident, Lieutenant Colonel Sir Lionel Berkeley Haworth, arrived for the purpose of ascertaining what, exactly, might be the dimension of Holmes' involvement with Americans. Remarking to Holmes that Anglo Persian was "dreadfully" annoyed at the possibility that Holmes had secured American financial backing, he inquired whether it was too late to make the Bahrain Oil Concession "a real strong British concern". Haworth was a man who paid attention to detail. Although he had no information on E&GSynd's contractual agreements with Gulf Oil, he considered the possibility that there might be more to it than extending a line of finance. He went to the files and examined the contract between E&GSynd and the Shaikh of Bahrain; as mentioned, this was based on the document personally composed by the Duke of Devonshire and insisted upon by the Colonial Office. Haworth picked up the inconsistency in this document and advised the Colonial Office that "the agreement ... contains nothing to prevent the rights under it from being transferred to an American, or other, foreign concessionary". The Resident suggested that, in future, all such agreements should contain a special "British Nationality Clause".\(^4\)

Flushed with the success of imposing just such a limitation on Iraq, the Colonial Office believed they knew how to create a "real strong British concern". In June 1928 (the month Herbert Hoover was nominated as the Republican Party's candidate for the correspondence E&GSynd, Holmes, Madgwick, Ward from August to November 1926; Alexander Lawrie & Company and Paterson Symons & Company were new investors in E&GSynd. Ward papers, Box 2, January 16th 1927 and March 28th 1927 Holmes in Bahrain to E&GSynd included in E&GSynd to Ward June 9th 1927, “I am extremely glad the Board of Directors have decided to drill for oil...”

3 Ward papers, Box 2, June 9th, June 15th, June 16th 1927, E&GSynd to Ward, September 14th 1927, E&GSynd (Adams) to Ward "memorandum of terms for the sale of our oil interests in Arabia" you already have copies of the concessions and other documents which Holmes left with you last year...Holmes says...there is no doubt your friends will strike oil at Bahrain"; October 7th 1927 Ward to William Wallace, Chief Vice President Gulf Oil Corporation forwarding “the document package...including a map...especially marked by Major Frank Holmes”

4 Ward papers, Box 2, March 12th 1928 Holmes in Bahrain to Gulf Oil “dreadfully annoyed...real strong British”; Bilovich Quest for Oil in Bahrain page 256 citing IOL/LPS/10/993/3299 April 2nd 1928 Resident to Colonial Office “nothing to prevent”
forthcoming American Presidential elections) the Colonial Secretary himself replied, in confidence, to the Resident stating that His Majesty's Government would require any company involved with the development of the Bahrain concession to be a British company registered in Great Britain or in a British Colony. Moreover, as in Iraq, the chairman and managing director, a majority of the other directors, the local general manager and as large a percentage of the local staff as possible should be British subjects. The Colonial Secretary drew up a clause dictating that "neither the company, nor the premises, liberties, powers, and privileges ... nor any land occupied for any of the purchases of the lease, at any time to be, or become, directly or indirectly controlled or managed by a foreigner or foreigners or any foreign corporation or corporations ..." The definition of foreigner was given as "any person who is neither a British subject nor a subject of the Shaikh". A foreign corporation was any corporation "other than a corporation established under, and subject to, the laws of some part of His Majesty’s Dominions and having its principal place of business in those dominions".5

Americans enlist diplomatic assistance: March 1929

By late 1928, Gulf Oil had reached agreement to onsell its interest in the Bahrain concession to Standard Oil of California. Gulf Oil would retain its rights, under the second agreement with E&GSynd, to options on Kuwait, Al Hasa and the Neutral Zone. The full extent of American involvement with E&GSynd became known to the Colonial Office when complete detail of the arrangements between E&GSynd and Gulf Oil was included in the offer laid before the October 30th Board Meeting of Turkish Petroleum – in which the Anglo Persian Oil Company was the dominant shareholder. (Repeating the mantra that there was no oil in Arabia, the Board decided it had no interest in Holmes’ Arabian concessions.)6

At the end of November, immediately on the heels of the election of the protagonist of the American’s entry into Iraq’s oil, Herbert Hoover, as 31st President of the United

5 Bilovich, Quest Oil Bahrain, page 257 citing IOL/LPS/10/993/3299 June 19th 1928, Secretary of State for the Colonies (Amery) to Resident (Haworth), also reprinted in full in Clarke page 82
6 Gulf Oil had been losing interest in Bahrain since Holmes told them there was no possibility whatsoever of renegotiating lesser terms, including reduced royalties, with the Shaikh of Bahrain as Gulf Oil requested. See Ward page 103-109, Gulf Oil claimed to be “duty bound” to pull out of Bahrain to “honour” the restrictive “Red Line Agreement” signed with Turkish Petroleum on July 31st. Kuwait was outside the Red Line Agreement, but the claim to be adopting a moral stand is tarnished by their retaining the options for Al Hasa and Neutral Zone. both of which were clearly inside the Red Line Agreement. The revelation to the TPC Board of E&GSynd’s business affairs is the subject of heated correspondence, see Ward pages 106-110 and Ward papers, Box 3, December 11th 1928 Ward to Holmes in Bahrain, Box 1, December 20th 1928 E&GSynd to Ward, Box 3 January 7th 1929 Ward to E&GSynd
States of America, the Colonial Office in collaboration with the India Office produced a "British Nationality Clause". This, they insisted, must now be – retrospectively – inserted into the Bahrain agreement. E&GSynd responded by reminding the Colonial Office that the already-signed Bahrain Agreement read, "the rights conveyed by the Lease shall not be conveyed to a third party without the consent of the Shaikh acting under the advice of the Resident in the Persian Gulf". More importantly, they pointed out, the next clause stated, "such consent shall not be unreasonably withheld". They also stressed "no stipulation as to the British character of the Assignee is imposed". E&GSynd contended that inevitably Gulf Oil would seek to sue, an action that could "only result" in the syndicate being forced into liquidation “with the loss of the whole of the capital invested in the Arabian oil propositions".

Acceptance of this clause, as both E&GSynd and the Colonial Office well knew, would prevent the transfer of the Bahrain concession, either wholly or in part, to any non-British company. E&GSynd was in a bind. The Americans were adamant that they expected E&GSynd’s “compliance” to the contract with Gulf Oil. Besides, they asserted grandly, the Colonial Office condition was at variance with international agreements "between our two governments" regarding oil matters and “until our USA government states such conditions are justified, Gulf Oil does not propose to seriously consider them”. The Americans believed they could handle the Colonial Office better than the British members of E&GSynd could. The American oil companies had experience of the British Government, and Anglo Persian, from their efforts in breaking into Iraq. Gulf Oil, wanting the Kuwait concession, and Standard Oil of California, wanting the Bahrain concession, agreed to cooperate in “the presentation of the matter to our State Department”.

Both Standard Oil of California and Gulf Oil were well-connected with the State Department. Gulf Oil’s Andrew W Mellon was Secretary of the US Treasury. Judge Frank Feuille, the New York-based Legal Adviser to Standard Oil was, before joining Standard Oil, Legal Adviser to the Panama Canal 1910-1920. When Standard Oil of

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7 IOL/R/15/297ii, December 19th 1928, E&Gsynd to the Secretary of State Colonial Office pinpointing various clauses in the already signed Bahrain agreement and “being forced into liquidation”; see also Political Agent Bahrain alarm at prospect of Americans in IOL/R/15/1/649/C30, December 17th 1928 Political Agent Bahrain (Major Barrett, replaced Daly) to Resident (Haworth) “American influence is already strong in Bahrain owing to the activities of the American Mission...any increase of American influence is strongly to be deprecated...the (present) agreement gives the syndicate such large powers that, in time, they would practically control the Government of these small islands…”

8 Ward papers Box 3, January 4th and January 7th 1929 Ward to E&GSynd “compliance” and February 4th 1929 Ward to Holmes in Bahrain and February 15th 1929 Ward to E&GSynd “…until our US government states…”; Chevron Archives Box 120791 January 31st 1929 Judge Frank Feuille Legal Adviser to Standard Oil of California to F Vane Manager Land & Lease Division “we have...the remarkable case in which the Colonial Office has forced a British company, under British control, to lose a valid concession…” and “presentation to our State Department”
California began its involvement with taking over the Bahrain Concession, the person most experienced with the company's foreign operations was Francis B Loomis. His official title was Washington Representative and he was a former Under Secretary in the US State Department; when the Secretary of State fell ill, it was Loomis who took over the negotiations for the Panama Canal concession. Loomis and Feuille were thus longtime colleagues. The Mellon family of Gulf Oil, and the two men at Standard Oil of California, had strong links with members of the American Administration.

The grievances against the British were outlined at a March 20th meeting with US Secretary of State, Frank B Kellogg. Ignoring the fact that the British reaction would have been the same no matter what the nationality of a non British company trying to enter the Persian Gulf, they charged that it was Americans who were being discriminated against. Kellogg had been Ambassador to London during the American’s Iraq saga, it still took him eight days to initiate any follow up at all from this meeting. In a mildly written instruction to the US Charge d’Affaires in London, dated March 28th, Kellogg said the State Department “desired” him to discuss this case “informally” with the appropriate British authorities. The Charge d’Affaires was told to point out “in conversation” that US legislation was extremely liberal in regard to foreign controlled petroleum operations in its territories. In a follow up, he was instructed to also tell the British that the US Department of State would be “glad” to obtain a statement of British Government policy regarding the holding and operation by foreigners of petroleum concessions in territories “such as Bahrain.” Not until April 3rd did the US Charge d’Affairs call on the Foreign Office to discuss the matter “informally” as instructed.

Although the Charge d’Affaires and the US Secretary of State did not know it, there was now no difficulty over Bahrain. In fact, on the very same day, March 20th, that the oil companies were briefing Kellogg in Washington, the Colonial Office in London was advising the various government departments concerned that it was withdrawing opposition to American investment in the development of oil in Bahrain. The Colonial Office officially declared their decision “to abandon the idea of opposing the introduction of American capital to operate the concession and to concentrate upon obtaining such a degree of British control as may be practicable”. The Mines Department replied that, anyway, in their opinion, it was doubtful “whether any considerable oil production could be anticipated in Bahrain”. The Foreign Office judged that “Britain would not be on strong ground in insisting on the exclusion of US capital from this particular concession”. And even the Admiralty conceded “in view of the absence of a British control clause it is impossible to stop the transfer…”

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9 That all non British nationalities were being discriminated against, see for example, Administrative Report for Bahrain for the Year 1927 “…three Germans wished to disembark at Bahrain on SS “Bandra”
Influence of Persian claim to sovereignty of Bahrain: May 1929

Much has been made of the American diplomatic initiatives. American diplomacy is frequently credited with breaking down Britain’s commercial stranglehold on the Arabian Peninsula. However, as has been shown, the decision to withdraw objection to American investment in developing the Bahrain concession was circulated some three weeks before British officials became aware there was an American diplomatic initiative. This leads to the question that, if not American diplomacy, then what was it that led to a relaxing of the long held policy of keeping “foreigners” out of Bahrain?

The seeming sudden turnaround on opposition to the involvement of the Americans in Bahrain appears to have sprung from a root far different than a desire not to antagonise their American friends, as the State Department came to believe. Since November 1927, Persia had been actively pursuing a claim to sovereignty over Bahrain. The Persians had taken offence to a clause in the Treaty of Jahra, signed in May 1927 between the British and Abdul Aziz Bin Saud. The offending clause read: “Ibn Saud undertakes to maintain friendly and peaceful relations with ... Bahrain, who is in special treaty relations with His Britannic Majesty’s Government.” A Persian protest, addressed to the British Minister at Teheran, stated “the article is contrary to the territorial integrity of Persia”. The Persian Government requested the British Government to “promptly take necessary measures to relieve its implications”.

The next day the Persian Government invoked Article 10 of the Covenant of the League of Nations guaranteeing the territorial integrity of all member states. In a note to the Secretary General, Persia asked the League to “guarantee her undisputed rights over Bahrain”. In January 1928, Britain defended its presence on Bahrain to the League by stating it was there “to insure that the pacific development of the island and the prosperity of its Arab inhabitants are not troubled by unjustified advances coming from her neighbours and having in view the subordination of the inhabitants to foreign domination.”

on June 18th but the master of the vessel was informed that no Germans are allowed to land at this port...another German named Karl Lindner wished to land in Bahrain in connection with pearl shell business but he was not allowed to do so...” And for the Year 1929 “...the Bahrain Government decided not to allow Russian steamers to call at Bahrain”; For a systematic revision of the American claim that “State Department intervention was the decisive factor in facilitating the American entrance into Bahrain” see Bilovich thesis Part 111 “British Nationality Clause versus the American Open Door” Bilovich says this claim was “first initiated by the State Department in 1945 and since repeated”; See also Shwadran pages 373-374 also page 388 concerning Kuwait “as in the case of Bahrain, the State Department claimed credit...”,” Bilovich pages 151-154 “abandon the idea of opposing” and “impossible to stop”

10 For detail of this episode see Faroughy pages 102-103
With a completely straight face Britain was not referring to itself as the “foreign” dominator, but to Persia. In a superb display of diplomatic double speak, Britain defined Bahrain’s political status thus: “The principality is an independent Arab State under the protection of His Majesty’s Government, but not a British Protectorate”. An Orwellian legal ruse was then employed. As the Political Agent recorded, “owing to the claims to sovereignty advanced by the Persian Government, Shaikh Isa on behalf of himself and his islands gave His Majesty’s Government authority to represent the Bahrain State in rebutting Persian pretensions before the League of Nations.” This was the same Shaikh Isa whom the British had so acrimoniously forced to abdicate in 1923; they had left him with the title of Ruler of Bahrain while transferring the exercise of total authority to his son, Shaikh Hamad, as Deputy Ruler. 11

The Persian claim to Bahrain was still simmering in 1929 when the Colonial Office became aware of American interest in E&GSynd’s concession. It is possible the Colonial Office calculated that an American presence on Bahrain – suitably hedged and strongly controlled by Britain – might help to bolster its position before the League of Nations against Persia’s claim to sovereignty, despite the US not being a League member.

Certainly, driving a respectable British company like E&GSynd into liquidation by refusing to allow American investment could hardly be construed as “insuring the development and prosperity” of the inhabitants of Bahrain, as Britain claimed to be doing in her submission to the League. Besides, as already noted, the Foreign Office judged that, in international eyes, “Britain would not be on strong ground in insisting on the exclusion of US capital”. From Britain’s point of view, there probably was nothing to lose anyway, as it was doubtful “whether any considerable oil production could be anticipated in Bahrain”.

A flurry of responses from the Government of India was generated by the Colonial Office decision and the accompanying Foreign Office draft in reply to the American State Department request for a statement of British policy. Mindful that when they had solved the American’s challenge over Bahrain where “existing arrangement gives no sure ground on which to oppose transfer” they would need to deal with the Americans on Kuwait, the proposed reply was cagey.

The text was to read: “His Majesty’s Government feel bound to reserve to themselves the right to consider on its merits and in light of circumstances obtaining at the time

11 Al Tajir page 6 “under the protection of...but not a British Protectorate”; Administrative Report for Bahrain for the year 1928 (Barratt) “Shaikh Isa...gave HMG authority...to rebutt Persian pretensions...”
each proposal for holding or operation of petroleum concession by foreigners in territories such as Bahrain islands and find themselves unable to make any statement of their policy on questions such as American Embassy desire to have.”

The contention that Persia’s claim to sovereignty over Bahrain was driving British decision-making is borne out by comment from the Colonial Office. Forwarding the text of the proposed reply to the State Department for approval by the Government of India, the Colonial Office warned “the matter is urgent and cannot wait for settlement of the question of the future status of Bahrain”, a reference to the ongoing Persian claim to sovereignty over Bahrain. 12

**Government of India response: October 1929**

The turn taken by Whitehall, in a region which the Government of India considered its own, did not please India’s officials. The Viceroy of India replied personally, saying, “we have assumed throughout that Eastern Company’s [sic assume E&GSynd] agreement had to be read with our basic Treaty rights and that Article 3 of our Treaty of 1892 gave monopoly rights to Great Britain against foreigners and our special oil understanding of 1913 gave us control over selection of even British Companies.” The Government of India had been confident that “existing treaties seemed to suffice against external encroachments on our position in Bahrain,” the Viceroy wrote. If this was not correct then the future was not looking good, he warned.

“Our general position is seriously compromised if His Majesty’s Government feel this contention is untenable, because practical control of a petty government like Bahrain might easily pass into the hands of powerful foreign financial institutions”, he advised. “It will be difficult to prevent ground being cut under our feet all along the coast if we give way over Bahrain”, he continued, “for our exclusive agreements are all on the same model”. Nevertheless, the Viceroy conceded there might be matters of “wider consideration the importance of which we do not appreciate” that could preclude “a rigid stand being taken on our Treaty rights in the case of Bahrain”. For the protection that it may give “elsewhere” the Viceroy endorsed the wording of the Foreign Office reply to the Americans. He stressed that, no matter what eventuated in Bahrain, it would be vital to “secure maximum British control and insist on British personnel locally”. 13

12 IOL/R/15/297 Vol ii, May 10th 1929, Telegram, Secretary of State for India, London, to Viceroy, Foreign & Political Department, Government of India Simla, enclosing text of proposed reply to State Department and comment “cannot wait for settlement of the question of future status Bahrain”

13 IOL/R/15/1/649/C.30, May 12th 1929 Telegram “Important”, Viceroy Government of India Simla to Secretary of State for India London “our general position is seriously compromised” and “difficult to prevent ground being cut under our feet along the coast’ and “secure maximum British control”
Knowing what really precarious ground they were on legally, and internationally, with their assumption of total control of all matters related to Bahrain, the officials themselves seemed surprised at just how much they were actually getting away with. The Secretary of State for India confided to the Viceroy that “the right of His Majesty’s Government to impose certain restrictions has not been questioned, either by the Americans or the syndicate”. And the India Office marvelled at their luck that neither the Americans nor the syndicate had “discovered the lacunae in our legal position of which we ourselves are conscious after a careful diagnosis of our case”. There were those who believed they had, if not exactly a legal right, then a moral one because “by sacrifice of men and money” the British had “made the Gulf safe for enterprises of this character” and therefore “had every right” to impose conditions “on the conduct of commercial enterprises in those regions”. The Secretary of State for India advised the Viceroy that the solution was insistence on American compliance with five conditions which “if we can secure them” would probably be “the best we can hope for”, and continued “if they are accepted, and fully implemented ... they should give us a degree of control”. A little wistfully, he added, “it is also, of course, always possible that on closer investigation by the company the oil prospects may prove insufficient to justify their continued interest”. 14

Belgrave, the Adviser in Bahrain, offered a timely reminder that he wanted included in the conditions that there should be “no imported Persian labour until Persian question settled”. The Resident was less than thrilled and stated “I should have preferred to exclude the Americans altogether but as Secretary of State for India has decided that this is impossible the arrangements outlined seems to keep in our hands as much control as we can expect.” He laid “great stress” on one of the conditions, the one that dictated that “all dealings of the company with the Ruler of Bahrain” must pass first through the (British) Chief Local Representative who, in turn, “should address the Political Agent”. Presumably, the Political Agent would then decide whether or not the Shaikh of Bahrain should actually receive the message intended for him from the oil company.

This condition was too much even for the Viceroy of India who commented “actually, this would be going beyond even the practice in Indian States”. The Viceroy suggested a well-practised Government of India tactic for putting this condition in place. “It would seem very desirable”, he advised, “to arrange that the Shaikh of Bahrain himself should insist on this stipulation”. 15

14 IOL/R/15/297 Vol.ii: August 15th 1929, Telegram, Secretary of State for India London to Viceory Simla cc Political Resident “has not been questioned”; Bilovich page 150 “men and money” citing Colonial Office Minute July 17th 1929 and “lacunae in our case” citing India Office Minute August 15th 1929

15 IOL/R/15/297 Vol.ii: August 16th 1929, Telegram Resident (Biscoe) to Political Agent Bahrain (now Cpt Charles Geoffrey Prior) “prefer to exclude the Americans altogether”; August 17th 1929 Urgent The Adviser Bahrain Government (Belgrave) to Resident (Biscoe) “until Persian question settled”; August
The Shaikh of Bahrain would have been very interested to be approached for this purpose for, while the barrage of letters and cables were crossing London to India, and London to the Gulf, he was the one person kept completely out of the loop. Although it was his country – and his oil – that had been the subject of such highly charged discussions, meetings, cables and letters for at least eight months, nobody had bothered talking to him about it. The Adviser, Belgrave, whose sole job it supposedly was to take care of the Shaikh’s personal and financial interest, reassured the Resident “the Shaikh has heard nothing about the question of company’s nationality”. Belgrave airily dismissed this disloyal, but deliberate, oversight by offering his opinion that the Shaikh “would have no feelings on it as long as money resulted”. In a confidential note to the Government of India, not circulated to the British officials in London, the Resident affirmed “the Shaikh has no inkling of our suggestions” and guaranteed “so long as he gets his royalties he is not concerned with the nationality of the controlling company”.

**Americans claim victory: October 1929**

Although their diplomatic initiative had achieved little – the Colonial Office decision to allow the Americans into Bahrain was taken before the approach from the Charge d’Affaires, and the Foreign Office’s vaguely worded statement on British oil policy in the Persian Gulf promised exactly nil – the Americans were convinced they had slain Goliath, as subsequent State Department claims attest.

After weeks of communications between all parties, the five conditions finally arrived at were the “Britishness” of the company defined as registered in British territory, the right of the British Government to nominate one director to the Board, as many employees as possible to be either British or Bahrain subjects, the company to guarantee not to obstruct British plans for proposed sites for aircraft landing and a seaplane station in Bahrain, and the appointment of a British Chief Local Representative, approved by His Majesty’s Government, as the “sole person empowered to deal direct with the local

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19th 1929 Telegram Resident (Biscoe) to Government of India Simla-cc Secretary of State for India, London “all dealings of the company must first pass through”; August 20th 1929, Telegram, Viceroy, Government of India Simla to Secretary of State for India London cc Resident (Biscoe) “Shaikh of Bahrain himself should insist”

10 IOL/R/15/297 Vol:ii: August 17th 1929 Urgent The Adviser Bahrain Government (Belgrave) to Resident (Biscoe) “Shaikh has heard nothing”; IOL/L/PS/10-10R 13188.9 Vol 993, Resident (Biscoe) “To Government of India ONLY” [sic] “Shaikh has no inkling”; Criticism of the autocratic methods of Bahrain Political Agent, Major Daly, led to the appointment of Charles Belgrave, in 1926 supposedly as an independent “Financial Adviser” to the Shaikh. However Belgrave, who was selected by Daly and the Resident and hired by the India Office, soon displayed autocratic tendencies as pronounced as Daly’s, within a very short time he was personally in charge of administration, financial affairs, the police and the judiciary. He remained in Bahrain as “Adviser” until 1957
authorities and the population of Bahrain.” For this important position, on which they “laid great stress”, the Colonial Office nominated Major Frank Holmes. They had earlier canvassed the interested parties concerning their advocacy of Holmes to this position.

The Bahrain Adviser had replied, “don’t think Holmes could stand five summers”. This inspired the Resident to advise the Viceroy of India: “Holmes is not an ideal choice for the position. He is an elderly man whose health broke down a year and a half ago with bad effects on his temper. I doubt whether he could stand the summer climate of Bahrain for five years.” (Holmes was to confound them by living, in very good health, a further 18 years.) Although Holmes did not have schooled Arabic, he did have “a wonderful way” with the Arabs, the Resident said, adding that “in a small community” Holmes was “a social acquisition” and was “probably the best choice that can be made, as we have taken his measure”. 17

Still uncertain regarding their legal grounds, the Colonial Office insisted that Janson and Holmes travel to New York without delay to “personally discuss the whole position” and obtain American agreement to the five conditions required to approve the transfer. While the Americans were quite happy at the prospect of having Holmes in the position of Chief Local Representative, they hesitated at the five year term laid down by the Colonial Office; a guaranteed period of employment was a benefit that no American company ever offered. Holmes did not seem too bothered by the fuss, an attitude clarified by the Vice President of Standard Oil of California who told his colleagues “Janson explained to us, privately, that the Colonial Office had offered to make Holmes the Petroleum Adviser to the Iraq Government at a salary of 5,000 sterling per year”. 18

The Americans came to the conclusion that the Colonial Office wanted Holmes because of the “undoubted confidence Sultan Ibn Saud, the Shaikh of Bahrain and the Shaikh of Kuwait have in him. They view Holmes as a strong factor in assisting the British

17 IOL/R/15/297 Vol.ii. August 16th 1929, Telegram, Resident (Biscoe) to Political Agent Bahrain, cc Belgrave “will Holmes’ health permit five years continuously in Bahrain?”; August 17th 1929 Urgent Belgrave to Resident (Biscoe) “Don’t think could stand five summers”; August 19th 1929 Telegram Resident (Biscoe) to Government of India Simla cc Secretary of State for India, London “wonderful way with the Arabs” and “we have taken his measure”

18 IOL/R/15/297 Vol ii, August 15th 1929 Secretary of State for India London to Viceroy Government of India copies to Political Resident, Political Agent Bahrain, detailing the five conditions; Ward page 167 September 20th 1929, Holmes in London to Ward “(we must) carry out the Colonial Office wish and see you personally”; Chevron Archives Box 120797 August 2nd 1929 Davis in London to Gulf Oil cc Standard Oil California and October 24th 1929 Gulf Oil to E&GSynd and October 24th 1929 Standard Oil of California (Loomis to Berg) discussing the Colonial Office insistance on Holmes as Chief Local representative. Vice President Loomis said although the Iraq Oil Adviser position was extremely attractive “because of his long connection with E&GSynd and the Kuwait and Bahrain conditions, Holmes felt that he ought to stay with the syndicate”
Government to quiet existing unrest and maintain peaceful conditions in those regions and particularly to uphold British prestige in view of change in British policy in permitting American capital, and consequently American influence, to secure a footing in the Persian Gulf ...”

The final arrangement was the appointment of Holmes, for five years or as long as the arrangement was “mutually satisfactory”, at US$25,000 a year plus expenses, paid one third each by Gulf Oil, Standard Oil of California and E&GSynd. Both American companies declared themselves “on the whole” satisfied with this arrangement and Standard Oil of California believed “Major Holmes should be able to take care of the interests of Gulf Oil and the E&GSynd in relation to Kuwait, as well as doing all he is able to do for us in Bahrain”. 19

Having fulfilled the requirement of obtaining, in person, the two American oil company’s agreement to all conditions and so facilitating the transfer of the Bahrain Concession to Standard Oil of California, Janson and Holmes headed back to London. As they crossed the Atlantic, the US stock market recorded its worst ever trading day, wiping out $14 billion by 3 pm on October 29th 1929, a day that went down in history as the beginning of the Great Depression. The Colonial Office still held all the cards. Throughout this entire period of negotiation, and formal and informal government-to-government contact, the Colonial Office had succeeded in keeping any discussion of Kuwait off the agenda.

**Saudi Arabia**

The need to build the oil pipeline from Iraq to the Red Sea in order to ensure the Turkish Petroleum Company’s monopoly of Iraqi oil brought about the next political episode to impact on the development of the Arabian Peninsula’s oil resources. To clear the way for the Iraqi oil pipeline, Britain and the Government of India intervened militarily on Bin Saud’s behalf to bring an end to the Ikhwan rebellion. On completion of this campaign, the previous ruling that Bin Saud communicate only through the Government of India’s Political Resident was dropped and Abdul Aziz Bin Saud’s

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19 Chevron archives, Box 120797 January 17th 1930 Gulf Oil’s Wallace to Judge Feuille “they view Holmes as a strong factor”, the Americans had selected a Mr Montague Grant Powell whom they wanted to place as either British Director, or-Chief Local Representative. January 18th and January 22nd 1930 Feuille to Loomis and January 23rd 1930 Telegram Loomis to Wallace and January 24th 1930, Wallace to Feuille. Loomis and Gulf Oil’s Wallace agreed “both our American companies, in fact, have the highest and most sincere regard for Major Holmes and are convinced that he is the best man available for the post on account of his proved abilities”
independence was endorsed. At the same time, Britain recognised Iraq’s sovereignty and eventual admission to the League of Nations. In pursuit of the argument that external events led to Britain’s compelling the Government of India to stand aside – and thus opened access to the Arabian oil fields – this episode is now examined.

**Influence of Iraq oil pipeline: 1929-1930**

Due to Bin Saud’s military campaign, culminating in his capture of Mecca and Jedda, followed by the two waves of the Ikhwan rebellion in that area, Frank Holmes had not been able to operate his 1923 Al Hasa concession and, after keeping up the payments for three years, it had lapsed. He and Bin Saud continued to exchange friendly letters. In January 1928, Bin Saud wrote to Holmes asking him to delay a planned visit because “the present business that is before us does not allow us”. Bin Saud said he hoped soon to be free “from our present business”; the “present business” was the Ikhwan rebellion protesting, in part, at Bin Saud’s relations with the British and other foreigners. In April, Bin Saud told Holmes he would soon return to Riyadh where he intended to call the tribal leaders concerned in the raids and border troubles to "adjust their difficulties". He told Holmes he expected to send for him in late August to discuss "our business of concessions".  

When Holmes returned from New York and London, oil concessions were not top priority on Abdul Aziz Bin Saud's mind as he fought to contain the rebellion that threatened to destroy his work of thirty years. British intelligence sources reported that over the previous twelve months Bin Saud had become increasingly unpopular and “had temporarily ceased to exist as a political factor”. The British were now openly afraid that the Ikhwan rebellion would succeed in bringing about a change of leadership in Nejd. While this would expose Britain’s mandates in Palestine, Iraq and TransJordan to attack, more importantly, it would interfere with plans to build the Turkish Petroleum Company’s pipeline from the Iraq oilfield to Haifa from where the oil could be transported to the markets of Europe.

The High Commissioner of Iraq warned the Colonial Secretary that: “If some means cannot be devised of controlling Ikhwan raiding, the whole desert, at least as far north as a line from Rutbah to Damascus, will become untenable and the pipeline and railway

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20 Ward papers Box 2 December 23rd 1927 Holmes in Bahrain to Abdul Aziz Bin Saud, January 2nd 1928 “I am ready to come at once to any place agreeable to you”; Abdul Aziz Bin Saud to Holmes in Bahrain “would have been pleased to fix up the time...but with great regret...”; Ward page 61 citing April 21st 1928 Holmes to Gulf Oil reporting he had received a messenger from Bin Saud, Holmes was also asked for “particulars of Caterpillar tractors, building materials and many little things"
must take a northern route through Syrian territory.” This would take the pipeline out of the areas under British control and place it predominantly within the French mandate, something distinctly unpalatable to Britain.  

From June 1929, construction of the pipeline had taken on immediate urgency. Under the terms of its original 1925 concession Turkish Petroleum was given 32 months in which to select 24 plots each of eight square miles. The Iraq Government would then be free to make its own selection of 24 plots to be offered on the open market by sealed bids. The oil company’s selection should have been completed by November 1927 but they had obtained a twelve month extension. In May 1928 they sought a further extension. While the company was delaying, an independent British Italian syndicate, the British Oil Development Company, approached King Faisal to obtain oil leases that should soon become available; British Oil Development’s offer included a promise to build a railway from Iraq to the Mediterranean. Turkish Petroleum moved to keep British Oil Development out of the game. If they were granted a two year extension on final selections, they countered, they would immediately commence the survey for the pipeline, and build a railway to the Mediterranean. Simultaneously, the company initiated discussions with the Iraq Government aimed at modifying the terms of the original concession and, prudently, declared they had changed their name from Turkish Petroleum Company. From now on they would be known by the patriotic “Iraq Petroleum Company”.

British end Ikhwan rebellion: January 1930

With the stakes now being the monopoly of Iraq’s oil, the British were determined to bring the Ikhwan troubles to an end in order to ensure the construction and security of the oil pipeline. Every assistance was extended to Bin Saud. The Government of India supplied arms and ammunition. The British positioned an entire unit of aircraft and armoured cars to patrol the frontiers of Iraq and Kuwait, cutting off access to grazing by the tribes and preventing their obtaining even basic supplies. As though herding sheep, the British pushed the tribes into an area where Bin Saud, fortified with British supplied modern armaments, could finish them off. As the India Office reported to the Colonial Office: "The rebellious forces are to some extent hemmed in ... in deference to a request

21 Helms, Christine Moss, *The Cohesion of Saudi Arabia*, London: Croom Helm, 1981, page 235 “ceased to exist as a political factor”; Helms page 228 citing February 28th 1928 High Commissioner Iraq to Secretary of State for the Colonies “the whole desert ... will become untenable”

22 Shwadran page 247 details the BOD approach and the original “selection” requirement, on page 248 Shwadran states “the British had never meant to abide by this system...”
for cooperation from Bin Saud a zone has been cleared some 15 miles deep along the frontier of Kuwait... Bin Saud has further been assured that, should the rebels cross the frontier line into Kuwait or Iraq, steps will be taken to eject them, and that instructions have been given for the concerting of military measures to this end."

In the last quarter of the year, Abdul Aziz led his army, outnumbering the rebels three to one, to deliver the knockout blow. The Ikhwan were caught in the deadly crossfire of a dozen British supplied machine guns, the existence of which Abdul Aziz had carefully concealed, and were pursued across the desert by automobiles and trucks carrying mounted guns, also supplied by the British. Royal Air Force (RAF) ground forces, situated inside the Saudi frontier, prevented any escapes.

The British were not merely observers in the defeat of the Ikhwan. On December 30th the rebellious Aman and Mutair Tribes surrendered to the RAF, on the Iraqi side of the border. The British told them to go back, and after much discussion, they did so, but into Kuwait territory. Several days later, RAF planes and armoured cars caught up with them and, through the simple expedient of dropping bombs in a circle around the village where they were sheltering, pinned them until the Political Agent Kuwait could arrive to "persuade" them to surrender to Bin Saud. On January 9th 1930 the three leaders surrendered, to the RAF, and were sent by air to Basra. The RAF then rounded up stragglers and used armoured cars to "escort" them to also surrender to Bin Saud. "Escorted" by the Commander of a British warship and the Political Agent Kuwait, the three leaders were flown from Basra to Bin Saud’s war camp, and ceremoniously handed over to Bin Saud by the Government of India’s Political Resident. In an elegant understatement, Bin Saud’s Minister recorded, “the King thanked the British for their friendship and kindness of which they were continually offering fresh proof.”

The way for the Iraq Petroleum oil pipeline was cleared by a Treaty of Friendship signed by Abdul Aziz Bin Saud and King Faisal of Iraq on February 24th 1930. The British set up this meeting on board HMS *Lupin*, under the supervision of the High Commissioner of Iraq. Bin Saud’s independence was recognised and British representation at Jedda was raised from a consulate to a legation. On March 24th, a new agreement was signed with the Iraq Petroleum Company giving sole rights to all land

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23 Williams, Kenneth, *Ibn Sa‘ud, The Puritan King of Arabia*, UK: Jonathan Cape, 1933, page 235 “the value of arms and ammunition supplied by the Government of India was 31,500 sterling...provision has been made for the British taxpayer to repay to the Government of India two-thirds of the amount”; Helms page 271 citing January 2nd 1930 Minute India Office (Laithwaite) “to some extent hemmed in”; For this episode see Helms page 250-274, Lacey pages 204-214, Howarth, David, *The Desert King*, UK: Quartet Books, 1980, pages 152-164, Glubb, Brigadier John Bagot, *The Story of the Arab Legion*, UK: Hodder & Stoughton, 1948, pages 61-64 saying “the plain was strewn with dead and dying men and animals. The RAF were sick with killing...(we) followed the retreat and took prisoners”; Wahba page 143 “friendship and kindness”
east of the Tigris, covering an area of 32,000 square miles; the company guaranteeing prompt construction of the pipeline. In June 1930 a new treaty with Iraq was signed by which Britain renounced its mandatory rights and recognised full sovereignty, thus allowing Iraq to join the League of Nations. This would bring to an end what could be termed the “rule by British Advisers” that had existed since 1927 when Britain had ostensibly recognised Iraq as independent, but had used the Anglo Iraq Treaty to lock in a 25 year “alliance”.24

If taken in chronological sequence, the breakthrough for actual signing of the concessions occurred more or less simultaneously in Saudi Arabia and Kuwait. This thesis will look first at Kuwait where the Government of India and Anglo Persian continued to dominate, before proceeding to the resolution of the Al Hasa concession, in which Standard Oil of California takes centre stage

**Kuwait**

The argument of this thesis, that rule by the Government of India was the prime factor that impeded development of Arabia’s oil fields, is best illustrated by the case of Kuwait. Despite the seven negative surveys and Anglo Persian’s insistence that Kuwait was oil dry, the Kuwaitis really did believe they had oil. Yet, 25 years passed from Shaikh Mubarak’s willing agreement to the 1913 exclusive “convention” with the British until the first oil flowed in October 1938.

Kuwait became a casualty of Britain’s aiding of Bin Saud’s put-down of the Ikhwan rebellion that raged across the area where construction of the pipeline was planned. As British attention focused on Iraq, and Bin Saud’s independence was recognised as a factor in ensuring the Iraq pipeline, Kuwait was viewed as a bargaining chip to be played either with Bin Saud or Iraq as the occasion demanded.

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24 Shwadran page 251 the first pipeline was a parallel 12 inch line from Kiruk to Haditha a distance of 150 miles, where it branched off in two directions, one line going to Haifa (Palestine) for a distance of 470 miles and one to Tripoli (Lebanon) a distance of 380 miles; construction was completed in 1934. Anglo Persian and Dutch-Shell received their share of Iraq oil at Haifa, the Americans and French received theirs at Tripoli; The hostility of the Iraqis, displayed by the 1920 Iraq rebellion, prompted the British to manipulate Faisal Bin Husain Al Hashem (son of Sharif Husain of Mecca) into position as King of Iraq in August 1921, by this means they hoped to continue “indirect” rule. However, King Faisal 1, and the emerging Iraqi nationalists, were committed to achieving full sovereignty. See Hitti, Philip, K, *History of the Arabs*, London: Macmillan 10th edition, 1970, pages 752-753, Goldschmidt Arthur, jr, *A Concise History of the Middle East*, USA: Westview Press, 3rd edition 1988, pages 202 and 276
Kuwait’s discomfort was increased as the Government of India fought to retain its authority against encroachment by Whitehall and the British administrators of Iraq. As will be seen, when the Acting High Commissioner of Iraq advocated absorption of Kuwait into Iraq the Officers of the Government of India countered by seriously proposing full military occupation similar to that of Gibraltar.

The external factor that released Kuwait was Persia’s demand for a fair deal from its oil, followed by the 1931 unilateral cancellation of the Anglo Persian concession. The tactic adopted was an attempt by Anglo Persian, backed by Officers of the Government of India, to persuade the Shaikh to grant them the Kuwait concession; it was calculated the realisation that Anglo Persian was pursuing an alternative concession, in Kuwait, would pull the Persians back into line.

**Kuwait’s delicate political position: 1930**

Unlike Bahrain, where Persia’s claim to sovereignty had placed the status of Bahrain before the League of Nations, there was no international spotlight on Kuwait. Additionally, the conviction that Kuwait had no oil led to it being characterised as of no intrinsic economic value. British officials in Iraq were now openly advocating the absorption of Kuwait. The Acting High Commissioner advised that the British Government “should, in fact, assist any tendency there may be in the direction of encouraging the absorption of Kuwait by Iraq”.  

The possibility of allowing Kuwait to pass quietly to Iraq had been under discussion since the end of the Ikhwan rebellion. It is telling that, although the stated purpose of the HMS *Lupin* conference was to draft a new frontier agreement, and so directly concerned Kuwait, the Shaikh of Kuwait was not invited to attend. After the Anglo Saudi Agreement, and the Treaty of Ujair, this was the third agreement involving its own borders on which Kuwait had had no input. Although predictable, the result was the same. Kuwait gained nothing at all. The severing of Kuwait's territory enacted at Ujair was confirmed. Moreover, Bin Saud was not required to lift his ruinous blockade on trade with Kuwait; this was to continue for a further seven years, with very little objection from the British.  

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25 Bilovich page 185 citing Colonial Office memo of August 1930 that quotes July 24th 1930 Acting High Commissioner Iraq “encouraging the absorption of Kuwait by Iraq”

26 Bin Saud imposed a fierce trade boycott against Kuwait in 1921, the year before the Ujair conference. He coveted the customs dues earned by Kuwait (and Bahrain and Iraq) on goods passing into his territory. His goal was to gain these tariffs by forcing the people to use his own ports which, he believed, would then develop to rival the long established entrepot trade of Kuwait and Bahrain. After the Ujair conference,
The whole discussion of the status of Kuwait highlighted the tension between the British Officials and the Colonial Office holding overall responsibility for policy, including towards Iraq and Saudi Arabia, on the one hand and the authority of the Government of India administering Kuwait and the shaikhdoms of the Persian Gulf on the other. The prospect of Kuwait being taken from her outraged the Government of India. Having been deprived of the goal of gaining Mesopotamia as a colony for India, they were not about to stand by and see their post-World War One compensation package – authority over the Shaikhdoms of the Persian Gulf – picked off one by one.

The Political Agent in Kuwait was now Colonel H R P Dickson, rehabilitated from India through the good offices of friends, promoted from Major to Colonel, and posted to Kuwait after twelve months as Secretary to the Resident in Bushire. Kuwait was considered a backwater; the arrival of Dickson and his family in May 1929 brought the number of European residents to eleven. He experienced a flurry of excitement while the British were cracking down on the Ikhwan rebels on Kuwait’s borders and a moment of glory when he accompanied the Political Resident overseeing the rebel leaders’ surrender to Bin Saud. Since the end of the Ikhwan rebellion, Kuwait had sunk back into insignificance so much so that its absorption into Iraq could be contemplated.27

When he thought, in 1923, that he was going to be attached to Bin Saud, Dickson drew castles in the air for his superiors of a powerful British High Commission overseeing Bahrain, Kuwait and the Trucial States, with its headquarters in Riyadh, and himself as High Commissioner. Now he sketched a scene in which Kuwait would be “the future Gibraltar of the Gulf” under a “form of military occupation”. Dickson’s idea was that “especially after 1932 when Iraq will obtain her independence” Kuwait, under military occupation, could dominate the Gulf, protect the eastern air route and provide a base from which the British could “threaten” Basra, Muhammerah, the Euphrates Valley and Nejd. From Kuwait, Dickson said, Britain would be able to “strike at the flank” of either Bin Saud’s territory or Iraq should they be at war with each other “and it is to our advantage to come to the assistance of one or the other.” Dickson claimed the Ruler of Kuwait “would welcome” being under British military occupation.

Kuwait struggled under the combination of Bin Saud’s boycott and the loss of 70% of its revenue in the form of taxes it used to collect from the tribes in the territory now excised by Percy Cox. An unintended consequence was a healthy increase in trade for Bahrain. Most goods intended for Nejd, no longer able to move overland, passed through Bahrain and on to Bin Saud’s ports of Jubail, Qatif and Ujair.27 Dickson’s wife, Violet, says page 66 her husband was given the job of Secretary to the Political Resident in the Persian Gulf in 1928 through “the good offices” of his then employer, the Maharajah of Bikaner; Freeth, Zahra, *Kuwait Was My Home*, London: George Allen & Unwin, 1956, page 11 “in 1929...Europeans and Americans numbered only eleven”; Zahra Freeth is Dickson’s daughter.
The Political Officers viewed the possibility of Frank Holmes and his American partners gaining a foothold in Kuwait as a threat to their hegemony. In the guise of objecting to American involvement, the Officers were in fact arguing for a tightening of the Government of India’s grip on Kuwait. Dickson forwarded his long and detailed scheme for the “Gibraltar of the Gulf” to the Political Resident, Lieutenant Colonel Hugh Vincent Biscoe, with a personal letter enthusiastically agreeing with the Resident’s own objections to Holmes’ concession proposals. Dickson declared, “the points you have also noticed and mentioned in your letters to London ... Holmes’ ambitious schemes of railways, telegraphs, canals, ports etc. Fancy if all came true and we found them all in American hands! It would be an intolerable position.” The Resident had warned the Colonial Office that, if Holmes’ syndicate succeeded in its development propositions, “the Shaikh would become a puppet in the hands of the Americans and Britain would, to a large extent, lose the influence it had exercised and its whole position in the Persian Gulf would be threatened.” The Resident advised that “on strategic grounds it is desirable to maintain the independence of Kuwait”. Dickson concurred wholeheartedly, particularly "as Iraq is now going from us".28

The Government of India won the day. As Holmes was returning to London once again to discuss the Kuwait concession with the Colonial Office, the instruction was being circulated that there would be no change in policy towards Kuwait. Iraq would not be encouraged to absorb Kuwait. It would be maintained as before, as an unofficial “protected state” administered by the Government of India, through the Political Resident and the Political Agent. Conveniently, it would also serve as a “buffer” between Bin Saud and Iraq. There would be no difficulty in maintaining this position, the officials stated, because they could easily “command obedience” from the Shaikh of Kuwait – as long as he was kept aware that protection from the territorial ambitions of both Bin Saud and Iraq depended solely on British good will. Cheerfully, they concluded, “this fortunate situation may be expected to continue”.29

28 IOL/R/15/5/28 Vol.111 September 22nd 1930 Secret Political Agent Kuwait (Dickson) to Resident (Biscoe) "Gibraltor of the Gulf", "could threaten", "would welcome" and "in American hands!" see also IOL/R/15/638/D73 September 25th 1930 Personal Political Agent Kuwait (Dickson) to Resident (Biscoe) "if Holmes succeeded...(we could) say goodbye to our ever getting a decent harbour and landing place for our flying boats, ships, store depots and godowns...not to mention the pleasantest part of Kuwait for our personnel, officers and men” and September 30th 1930 Confidential Resident (Biscoe) to Lord Passfield, Colonial Secretary; “In my despatch of April 30th 1930 I expressed the view that on strategic grounds it was desirable to maintain the independence of Kuwait…”, see also October 6th 1930 Confidential Resident (Biscoe) to Colonial Secretary (Lord Passfield) cc Government of India, Political Agent Kuwait, in which the Resident advocates that Holmes appointment as Chief Local Representative be used to confine him to Bahrain “…some arrangement under which Holmes (would have to) reside for some stipulated period, say nine months in each year, at Bahrain”

29 Holmes may have been glad to get back to London, see Holmes papers, August 10th 1930, Holmes in Kuwait to Dorothy “I have been working out here for five years. During this time I have only had about ten months with you, that is rather a little, ten months out of 60 months...”. Bilovich page 185 quoting Colonial Office memo of August 1930 “this fortunate situation”
Americans again enlist diplomatic assistance: December 1931

The Shaikh of Kuwait continued to resist all persuasion to cease dealing with Holmes. When Well No.1 was spudded in Bahrain, Holmes predicted, “so we are on the way to prove if there be oil or not. I have much faith we will have luck and strike a good flow.” He was anxious to be doing the same in Kuwait where the concession was effectively blocked to him by a new definition of the “British Nationality Clause”. The new definition dictated not only control, but the capital also, of the concessionaire company must remain purely British and transference of any concession rights could only be effected to another purely British company, with the specific approval of the British Government. The new definition was moving back to the concept of the 1913 “convention” which the Viceroy of India had noted “gave monopoly rights to Great Britain against foreigners and ... gave us control over selection of even British Companies”. This was exasperating to Holmes who wrote his colleagues “we have been patient and considerate to a fault ... we are now justified in making use of every weapon, diplomatic or otherwise, that we possess”.

The suggestion of “diplomatic means” acted like a starting pistol on the Americans at Gulf Oil. They truly believed it was their diplomatic representation that had made the breakthrough in the Bahrain Concession. They had no grasp of the significance of Persia’s claim to sovereignty over Bahrain and subsequent submissions to the League of Nations. In their corporate view, it was American diplomacy that had bent the British to its will and, if they had done it once, they could do it again. Within days of receiving a copy of Holmes’ letter, Gulf Oil officials were in the State Department in Washington again pouring out their woes with the Government of India, the Colonial Office and the 51% British Government owned Anglo Persian Oil Company. On December 3rd 1931 the State Department instructed the American Embassy in London to take up the matter with the Foreign Office.

30 Administrative Report for Bahrain 1931 (Pryor) describing Well No.1 “Shaikh Hamad worked the drill for the first few blows. The rig quivered under the impacts and His Excellency glanced at it and said ‘the machine is drunk’”; Clarke page 127 citing November 2nd 1931 letter from Holmes to Ward “much faith...strike a good flow”; IOL/R/15/1/649/C.30, May 12th 1929 Viceroy, Government of India Simla to Secretary of State for India, London “monopoly rights to Great Britain”; the previous definition was “a British company registered in Great Britain or a British Colony” without specific mention of the source of capital, The Bahrain Petroleum Company was registered in Canada, at the time Canada allowed total repatriation of profit to a parent company, in effect all profit from Bahrain, received in Canada, could be repatriated to Standard Oil of California in San Francisco; Chisholm page 130, November 1st 1931, Holmes in Kuwait to E&GSynd “…it has been proven the Shaikh is willing to grant the concession to E&GSynd without the Nationality Clause if the Colonial Office permits...they, not the Shaikh, are the stumbling block...the Shaikh is anxious to commence at the earliest opportunity” and “now justified”  
31 Chisholm pages 130-141 reprints all related American State Department and Embassy correspondence and Foreign Office replies. Bilovich page 193-230 examines this episode in detail
The Foreign Office was displeased. They had no responsibility for the Arab states in the Persian Gulf. In their opinion, any matter related to the shaikhdoms could only be of minuscule importance in their global responsibilities. Yet the Foreign Office was currently involved in two issues for which they certainly needed to maintain the utmost goodwill of the USA. On the agenda was a request to the USA for a postponement, because of the Depression, of repayment of Britain’s substantial World War One debt. They also wanted American cooperation in restraining Japanese expansion in the Far East, particularly China. The Foreign Office did not want to antagonise the State Department over an area as peripheral as the Arab shaikhdoms of the Persian Gulf.

On examination, the Foreign Office concluded it would be impossible to “justify, to any impartial tribunal, insistence upon stricter conditions in the case of Kuwait than in the case of Bahrain”. As it became clear to them that so many departments were now involved – the Government of India, the India Office, the Admiralty, the Air Ministry, the Petroleum Department and the Colonial Office – the Foreign Office took on the task of mediating a solution.32

By previous bureaucratic standards, the Foreign Office made rapid progress, nudged along it must be said, by Andrew Mellon, now United States Ambassador to London appointed by President Herbert Hoover. On April 9th the Foreign Office officially replied to the United States Embassy that the British Government would no longer object if E&GSynd renewed its application to the Shaikh of Kuwait for an oil concession, to be subsequently transferred to the Gulf Oil Corporation. Two days later, the Foreign Office called in John Cadman to inform him of this message to the Americans. Anglo Persian’s latest geological survey, enthusiastically applauded by Dickson as an opportunity to “hold things up” for Holmes in Kuwait, had done no better than the previous six. Cadman told the Foreign Office that, according to this latest geological information, some oil might exist in Kuwait but it would be of a very heavy nature that in the long run would be of no interest. From Anglo Persian’s point of view,

32 The correspondence is in IOL/R/15/5/239 Vol IV, February 3rd 1932, India Office to Government of India. IOL/R/15/1/639/D78, March 15th 1932 Secret Memorandum by Admiralty, PRO/FO371/16001, March 16th 1932, Admiralty to Foreign Office; IOL/ R/15/1/639/D78, March 19th 1932, Air Ministry to Foreign Office; IOL/R/15/5/239 Vol IV February 25th 1932 Viceroy of India to India Office and February 6th 1932 Resident (Biscoe) to Government of India and February 5th 1932 Resident (Biscoe) to Political Agent Kuwait (Dickson). And Bilovich page 200; The Admiralty objected to “what appears to be an assertion that Kuwait is independent”, the Viceroy referred to “HMG policy in the Gulf region authoritatively defined by the Secretary of State in the House of Lords May 5th 1903” by which he meant Curzon’s invoking of the Monroe Doctrine and added “we regard the Shaikh of Kuwait and other Arab Rulers as our wards”; The Resident (Biscoe) warned “in a short time Arab shaikhs would look to foreign interests, who would doubtless not stint money, rather than to the British government as dispensers of favours and we should, to a large extent, lose the influence which we now exercise and the whole position which we have laboriously built up would be threatened”; Bilovich pages 205-206 Biscoe personal note to Dickson “Foreign Office are very sensitive on the subject of the Americans and we are never anxious to define or emphasise our special position in the Gulf”
he said, “the Americans are welcome to what they can find there”. Anglo Persian had decided to abandon Kuwait and “take no steps” to acquire a concession.33

Bahrain oil strike: June 1932

Informed by Anglo Persian’s geologists, Arnold Wilson in London assured Dickson that “the latest information that has reached us from Bahrain as to the progress of Holmes’ well there is by no means favourable, and I have little doubt that it will shortly be abandoned”. Before this letter reached Dickson in Kuwait, a cable arrived from the Resident. It read: “Political Agent Bahrain reports that Bahrain Petroleum Company have struck oil and that well is making over 70 tons a day.”34

Ten days after the Bahrain well came in, despite the definite statement to the Foreign Office that they had no interest whatsoever in Kuwait, Anglo Persian put another proposition to the Shaikh, although it does seem to have been a half hearted gesture. In contrast to Frank Holmes’ unwavering relations with Shaikh Ahmad maintained over nine years, this was the first occasion since Arnold Wilson’s visit in 1923 that any

33 The 77 year old Andrew W Mellon took up this position in February 1932, he personally retained substantial financial interests in Gulf Oil Corporation; Chisholm page 128 January 20th 1931, Petroleum Department to Anglo Persian and IOL/R/15/5/238 Vol 111 Confidential Colonial Office to Resident (Biscoe), when Cadman was approached by British officials early in 1930 as to whether he would “be prepared to undertake exploration for oil in Kuwait” in order to keep Holmes and the Americans out, Cadman claimed that for Bahrain and Kuwait, “very little detailed geological work has been done and reports leave little room for optimism” and that the search for oil was “a very long shot” on which expenditure would be futile and that geological information he possessed decided him “not to take any further steps in the matter”. However, IOL/R/15/1/621/F79 August 25th 1931 Anglo Persian to Petroleum Department/Mines Department/Board of Trade and IOL/LPS/10R/1388 9 Vol,993 October 11th 1930 Petroleum Dept. to Colonial Office authorised a geological party “at no expense to APOC” to Kuwait, under P T Cox, to “make a thorough examination”, including drilling, (Cox was also instructed to try to win favourable Kuwait public opinion and throw a spoke in Holmes’ wheel). Dickson was so pleased he wrote personally to Arnold Wilson, see IOL/R/15/5/239 Vol IV, September 25th 1931 “You can rely on me to try and get the Shaikh of Kuwait to hold up things where Holmes and his crowd are concerned pending your people coming to a decision. Between ourselves I feel confident of doing this. Let me know if ever I can be of further assistance. I am very Imperialistic and cannot stand the thought of an American concern getting in here”; Bilovich page 218 “welcome to what they can find there”; IOL/R/15/5/239 Vol IV, April 13th 1932 APOC Abadan (Elkington) to Dickson “as a result of our investigations at Kuwait, our London principals have decided to abandon operations in the area and to take no steps at present to acquire a concession from the Shaikh”; IOL/R/15/1/639/D78 April 14th 1932 Dickson to Resident (Biscoe) Dickson was devastated and fumed “I see Holmes and his friend Mellon’s hand in this”; The Resident renewed his campaign to have Holmes restricted to Bahrain for nine months of the year, or better still, dismissed as Chief Local Representative

34 IOL/R/15/5/239 Vol IV, May 30th 1932, Wilson to Dickson “shortly be abandoned” and continued “this increases the prospects of unfavourable results at Kuwait, and makes us correspondingly the less inclined to leap into negotiations without looking, but I need say no more as you will be in touch with Abadan’and June 4th 1932, Telegram, Resident (Biscoe) to Political Agent Kuwait (Dickson). Oil was actually struck in Bahrain on the night of May 31st 1932. The well was tested next day, June 1st, and proved to be in commercial quantities
Anglo Persian official had even bothered to visit the Shaikh of Kuwait. This time their idea was that Shaikh Ahmad should accept their offer of a prospecting licence only. Although the Deputy General Manager Abadan was accompanied by a persuasive Dickson, the Shaikh’s reception was “extremely frigid”. He rejected Anglo Persian’s latest proposal out of hand. He said that what he required was a draft oil concession, on the same lines as that submitted by Holmes. 35

At the end of June, Anglo Persian Chairman John Cadman issued instructions to prepare a concession, similar to Holmes’, that would combine exploration, prospecting and mining licence into one agreement to be presented to the Shaikh of Kuwait. Although Anglo Persian knew exactly what was in Holmes’ draft – because Dickson had passed them a copy – they still offered lower royalties, the same as they were paying in Iraq and Persia.

**Influence of cancellation of Anglo Persian’s concession**

Anglo Persian’s strange behaviour seems to have had more to do with Persia than with Kuwait. For more than two years, Persia had been agitating for a fair deal from Anglo Persian. The Persians now clearly understood that a wealthy and powerful industry had been developed in their country in which they had no real share and little financial reward. The Persian press consistently depicted the Anglo Persian concession as serving the interests of imperialists and capitalists. Newspaper reports portrayed the original granting of the concession as one perpetrated by ignorant officials bribed by unscrupulous foreigners. Persia was demanding a shareholding in the company, a percentage of the profits from all the company’s operations, not just those in Persia, and elimination of all “free” allowances to both Anglo Persian and its personnel. Now in June 1932, the annual statement for 1931 had just been completed. Royalty payments to Persia for that year were to be 307,000 sterling. The Persian Government protested, refusing to accept the royalty, and things were not looking good. 36

35 Chisholm page 25 “prospecting licence only”, Bilovich pages 235-239 “extremely frigid”
36 The growing Persian disaffection is noted in Ferrier page 600-607 and Shwadran page 42. On August 7th 1931, Cadman declared Anglo Persian would no longer contemplate a revision of the concession because “the demands of the Persian government were greatly in excess of anything which the company could accept”. Discussion continued on the basis for calculating the 16% net profit to which the Persian Government was entitled. Persia claimed it was owed money from previous years. Ferrier page 618 says that Anglo Persian viewed Persia’s demands as threatening “future developments elsewhere”, Shwadran page 42 says Persia’s “excessive demand” was for a guaranteed annual income of 2,700,000 sterling; Shwadran page 42 “Persian Government protested”
By feigning interest in Kuwait and lodging an offer, albeit one unlikely to be accepted because it contained terms lower than those offered by Holmes, Anglo Persian could play up the appearance of having an alternative to its Persian oil and by this means shake the confidence of the Persian protests. This tactic was having some effect in Persia where officials began to attribute Anglo Persian’s “bad faith” in refusing to seriously renegotiate to an intention to transfer future development activities elsewhere.

In September, the British Government undertook a comparison of the two applications for the Kuwait concession, one from E&GSynd and now one from Anglo Persian. Perhaps not surprisingly, they concluded that Anglo Persian’s was the most advantageous. The comparison was remarkably creative when reporting on Anglo Persian’s lower royalty and refusal to pay customs duty. The report hypothesised that a lower royalty “will have the greater inducement to produce oil” while “too high a royalty will retard production”. Anglo Persian’s offered royalty, it was noted, “is approximately” the same as that in Iraq.37

Both companies had negotiators in Kuwait. Holmes was acting for Gulf Oil. Anglo Persian’s negotiator was thirty-year old, Oxford educated, Archibald Chisholm. His “general assistant and interpreter” was Hajji Abdullah Williamson. The same Hajji Williamson, the not so ex-spy, whom Anglo Persian sent to Kuwait in 1925 charged with discrediting Holmes and bribing the Shaikh’s advisers. Dickson, and the Resident, continued to pressure the Shaikh to grant the concession to the Anglo Persian Oil Company. Dickson made frequent visits to the Shaikh for the purpose of “making it quite clear to him”. Dickson never wavered in maintaining a steady stream of subtle, and not so subtle, innuendoes and threats. He referred to the “efforts and intrigues of Kuwait’s neighbours”, Bin Saud and Iraq. He reminded the Shaikh of Bin Saud’s trade blockade and Iraq’s tax on his date gardens. Dickson warned Shaikh Ahmad, “it would be the greatest pity if you in any way now alienated HMG’s sympathy and support by opposing their well known wishes and doing anything foolish ...”38

37 Chevron archives, Box 0426154, February 8th 1933, Holmes in Kuwait to E&GSynd, enclosing a copy of the British Government “comparison” passed to him by the Shaikh of Kuwait. Bilovich page 250-253 gives the State Department reaction as noting “not one favourable comment is made with respect to the E&GSynd draft; on the contrary, some of E&GSynd’s offers are twisted and misrepresented in such a manner as to make them appear unattractive even when they are obviously more advantageous to the Shaikh than are the terms of Anglo Persian’s draft”; APOC’s royalty was Rs2.10 per ton. E&GSynd’s was Rs3.8. E&GSynd offered 1% custom duty on all oil produced, calculated on the value of the oil at the wells while APOC offered “no similar provision”. The report stated “it is not usual to impress a customs duty in addition to a royalty”.

38 Hewins page 219 quotes Chisholm telling him in a personal interview that APOC was “not interested in finding oil in Kuwait ‘But we had to get the concession so as to protect our huge investment in Persia’”, IOL/R/15/5/239 Vol IV October 3rd 1932 Confidential Dickson to Resident (Biscoe) “knowing the Shaikh, as I do, he is easily swayed and not possessed of much strength of character.”and “great pity if now alienated”; Dickson papers, Box 3/File 5, October 3rd 1931, Personal Dickson to Resident (Biscoe) suggesting “granting Holmes a visa for Kuwait may have to be reconsidered”; IOL/R/15/5/239 Vol IV,
The Shaikh of Kuwait understood that the implied threat was of being left naked before the territorial predations of his neighbours. Now he was also under pressure to grant the concession on the basis of the British Government’s identification of the superior offer. The Shaikh perceived he was being used as a pawn in a bigger game, the Persian concession, and he was convinced Anglo Persian had no intention of faithfully looking for oil, much less working his concession.

Unlike Bin Saud, and even the Shaikh of Bahrain, Shaikh Ahmad Al Sabah had always believed there was oil in his territory. The belief had passed to him from Shaikh Mubarak who, sure that doing so was the initiating act to development of his country’s oil, had signed the 1913 “convention” with the British while urging them to go with his son to see “the place of oil”.39

The Shaikh of Kuwait could not afford to let any resource he may have remain idle. Kuwait was in dire economic distress. Dickson’s Report for 1932 was even more heartrending than that of 1931. In Kuwait, he reported, “... suffering and acute want among the lower classes of the town is a new and pathetic feature ... gangs of beggars began to roam the town ... some 2,000 starving Persian refugees arrived, driven across to the Arab coast from their own country by hunger ... they filled the streets and byways imploring all and sundry to assist them, they were followed by a wave of Persian fishermen. The Ruler decreed all Persians without visible means of support be repatriated to their own country ... (Kuwait) sent them in dhows and dropped them on the left bank of Shatt Al Arab ... some 2000 Kuwaitis died from smallpox in the town alone, in the four months between July and October”.40

Like Kuwait, Persia was in desperate need of money. Now Persia turned the full force of her frustration on the foreign entity in her midst. The Shah of Persia personally announced, at a Cabinet Meeting on November 26th 1932, the outright cancellation of the concession held by the Anglo Persian Oil Company from the Persian Government. He charged that the company had never allowed Persia to inspect expenditures in order to safeguard the supposed 16% of net profit, that the company had never submitted to the Persian Government any detailed account or other evidence of its expenditures nor the expenditure of all its subsidiaries, that it had refused to pay Persia a share of the royalty of subsidiary companies and refused to pay income tax (introduced in 1930).

October 10th 1931 Dickson to Resident (Biscoe) Very Confidential (I told the Shaikh) I would write requesting his written assurance he would definitely insist on a “Nationality Clause”, as given him previously, being inserted. I would write a second letter, for the Shaikh to sign, as a reply “in suitable terms”. I told the Shaikh only in this way could he recover all lost ground and obtain HMG’s approval and support...” The Shaikh of Kuwait refused Dickson’s proposal

39 Chisholm page 89 October 27th 1913 Shaikh Mubarak Al Sabah to Percy Cox “to show the place”
40 Administrative Report Kuwait 1932 (Dickson) “suffering and acute want”
Furthermore, Persia stated it could not accept that, according to Anglo Persian, all it was owed from the 1931 net profit of some three million sterling was 307,000 sterling.  

While Anglo Persian was reacting with intense hostility to Persia’s action, Bahrain’s second oil well came in with a rush, on December 25th 1932. Belgrave, the Adviser in Bahrain, captured the historic moment. In his memoirs Belgrave wrote: “The area was covered in great ponds of black oil and black rivulets were flowing across the sand. Oil, and smoke like gas, was spouting gustily from the drilling rig and machinery. The workmen were dripping with oil.” Belgrave said; “It was a great day for Major Frank Holmes, who now saw the visible proof of what he had always believed.”

By January 1933, when the dispute between the Persian Government and Anglo Persian went before the League of Nations, the British were publicly threatening Persia that they would “take measures” to “preserve” Anglo Persian’s rights. The Persians could not miss the implications of the British warships that appeared in the Gulf. Arguing on behalf of “a British company”, the British Government dismissed much of Persia’s claims as “ancient history” and argued that “exploitation of oil had brought nothing but good to Persia, as evidenced by the total of 11,000,000 sterling”, paid over some thirty years, “in royalties to the Persian Government”. The Persian Government pointed out, among other issues, that “as to the 11,000,000 sterling, which it had received in revenue, customs duties alone for the period 1901-1932 would have amounted to almost 20,000,000 sterling, had the company paid them.” In February, the League of Nations hearing was suspended in favour of another attempt at negotiations between the two parties. Negotiations began in Geneva on February 4th and continued in Paris on the 10th and 11th with no result. At the end of February, it was agreed to take the negotiations to Teheran.

Colonial Office bows out: April 1933

It is necessary to divert at this point in order to look at several developments having an impact on the Kuwait oil concession. One was the Colonial Office decision to step away from any involvement in the Persian Gulf. Another was the successful campaign of the incoming India Office to have Frank Holmes dismissed from his position as Chief

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41 Ferrier details the unilateral cancellation on page 628 and Shwadran on page 45
43 Shwadran pages 44-50 details this episode including “British warships did appear in the Persian Gulf”
Local Representative of the Bahrain Petroleum Company. A third factor was initiation by John Cadman, Chairman of Anglo Persian, of the principle of an international oil cartel.

The Colonial Office had by now had enough of the whole subject of the Persian Gulf. In particular, they were exasperated with the quarrels over oil. As has been shown, administration of the Gulf States had been left to the Government of India, with referral to the Colonial Office only in matters of "political significance". The Persian claim to sovereignty over Bahrain came into this category.

But the Colonial Office found that the matter of oil was dragging them ever deeper into a quagmire of inter departmental quarrels, plots and counter-plots, and activities that by no stretch of the imagination could be characterised as aiming for the best interests of either the people or the Rulers of the Persian Gulf. The Colonial Office wanted out. Expressing extreme irritation, it recorded that, in its view, "oil was an unclean subject" and "we are not in control, we are not interested, and the Middle East Department is not staffed to deal with it". 44

Colonial Office interests were soon formally passed to the India Office, thereby removing any objective oversight of the Government of India towards the Persian Gulf. At the final meetings before transfer of responsibilities the representatives of the Government of India, and the India Office, agreed that Frank Holmes' "activities" would be a hindrance to the smooth implementation of the decisions being agreed at the meetings. The solution, according to the India Office, was the one promoted by the former Resident (Biscoe) that Holmes, in his capacity of Chief Local Representative of the Bahrain Petroleum Company, should be confined to Bahrain. The Colonial Office pointed out that at the time of the Agreement of June 12th 1930, "Holmes' appointment was in fact made at the insistence of His Majesty's Government. It was HMG, and not the company, who wanted Major Holmes appointed."

That was too bad, the other members at this meeting agreed. They said the company should now be told that "Major Holmes' activities are not regarded with favour by HMG. It was essential that a representative of the company should be continually resident in Bahrain and, perhaps, another representative should be appointed in Holmes' place." This meeting was reminded that, in the opinion of the Bahrain Political Agent (Prior), "if Major Holmes were required to reside in Bahrain for, say ten months in every year, he would probably resign the appointment, if only for reasons of health". The meeting thought "this an excellent prophecy. "If so", the minutes of the meeting

44 Bilovich page 256 citing February 20th 1933 Minute of the Colonial Office
noted, “insistence on such a period of residence might well be the easiest way out of our difficulties”. The Colonial Office remarked that it “would prefer not to take any action in this matter” and bowed gracefully out of the Gulf.  

The Foreign Office and the Colonial Office had appealed for common sense rather than what they viewed as unnecessary spite and had pointed out that the proposed replacement, the American manager of the oil company, “would be a reversal of HMG policy” because the whole idea of the Chief Local Representative was “based on the necessity of his being a British subject”. Nevertheless, they were outvoted. The follow up came in an August 25th “secret” telegram from the Secretary of State for India in London, to the Political Resident and the Government of India. The Bahrain Petroleum Company, the Secretary of State for India reported, after being subjected to “oral presentations” had “decided to replace Frank Holmes as Chief Local Representative”. The Political Officers promptly told all the Gulf Shaikhs that Frank Holmes had been “exiled” and would not be permitted to return. They were to be furious when he bounced back as the negotiator for the Gulf Oil Corporation in its Kuwait Oil Company joint venture with Anglo Persian.

The second matter of significance to the Kuwait concession was the behaviour and management policies of John Cadman. The discovery of oil at Bahrain had embarrassed him in June and questions had been raised in Parliament. Persia’s cancellation of Anglo Persian’s concession had added to his discomfort. In November 1932, ten days before Persia’s unilateral move, Cadman delivered a speech at the American Petroleum Institute Convention, in which he advocated the benefits that would accrue to the oil companies by the formation of an international “oil cartel” designed to lock out

\[45\] IOL/R/15/1/623 Vol 82 & 86, Confidential Record of a meeting held at the Colonial Office on April 26th 1933 to discuss various questions relating to oil in the Persian Gulf. And IOL/R/15/5/242 Vol.VII, Final Record of a Meeting (adjourned from April 26th 1933) held at the Colonial Office on May 3rd 1933 to discuss various questions relating to oil in the Persian Gulf.

\[46\] IOL/R/15/5/242 Vol.VII, Draft of a Meeting held at the Colonial Office on July 26th 1933 to discuss Certain Questions Connected with Oil in the Persian Gulf; Present: Colonial Office, Foreign Office, India Office, Admiralty, Petroleum Department. From the Minutes of this meeting the suspicion arises that the matter of the granting of Bahrain Petroleum Company’s application for an extension may have been “linked” to the demand that Frank Holmes be relieved of his position as Chief Local Representative. And August 25th 1933 Secretary of State for India London to Resident (Fowle) and Government of India “decided to replace Frank Holmes”, tellingly, the letter adds, “company will not renew application for extension of prospecting licence, for the moment, but propose to do so once Holmes has ‘handed over’.”; Clarke page 143, the Shaikh of Bahrain told Holmes that, in the matter of replacing Holmes, the “British political people had attacked him with sail and oars in action.” And Clarke page 144 the company’s opinion was that they had little option to asking Homes to resign “but it should be definitely – and obviously – forced by the India Office” and not Standard Oil of California. Holmes tended his official resignation on September 14th 1933 and the Bahrain Petroleum Company’s London office commented “no doubt the voice of the British Government will (now) play an all important part”. The extension requested by the company was granted shortly afterwards; Chisholm page 39 “exiled”, Chisholm asked the Shaikh of Kuwait if he could expect an improvement in Anglo Persian’s negotiations “now that Major Holmes is apparently unemployed”
competition and tighten supply through the allotment of regional oil production quotas.

Approaching Cadman after this speech, Gulf Oil executives accused him of blocking their company even though Anglo Persian had shown nothing but disdain for Kuwait since the early 1920s. From the documentary evidence, it appears that this was the occasion where Cadman personally created the myth that Anglo Persian would maintain forever after, rather than admit its technical failures and Holmes’ geological skill.

When E&GSynd had first come to them, Cadman said, they did not want the concession “at that time”. He said Anglo Persian had continued to believe they could permit Kuwait “to lie fallow” and probably make a much better trade with the Shaikh of Kuwait at “some later date”. He said the company thought it was “good trading tactics to advise Holmes they were not interested”. Cadman maintained that Anglo Persian did not think “for a moment” that anybody else might come in and take over the concession. This was a remarkably unconvincing excuse from Cadman as Anglo Persian had already experienced precisely this scenario unfold in Bahrain, which they had also turned down. Now Cadman strongly advised Gulf Oil to agree to a partnership with Anglo Persian, along the lines just detailed in his speech. 47

Perhaps recognising that the Shaikh of Kuwait was not going to change his mind and favour Anglo Persian, Cadman followed up with a personal approach to American Ambassador Andrew Mellon in London. He stated that Gulf Oil and Anglo Persian bidding against each other would raise the price of the Kuwait concession. He said the two companies should come together to exploit “this region on a 50-50 basis”.

Cadman defined “50-50” as Anglo Persian “working the concession at such a rate as would be compatible with world market conditions.” In other words, Cadman was putting into practice the cartel principle he had enunciated to the American Petroleum Institute of fixing prices by regulating production and blocking competition. 48

Cadman made a great show of stopping in Kuwait on his way to reopening negotiations with the Persian Government in Teheran. Cadman’s tactics were well understood by the

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47 Chevron archives, Box 0426154, Principal Documents in Regard to Kuwait Organisation (1951) Part-11, Background of the Kuwait Oil Concession, its 50-50 ownership by the D’Arcy Exploration Company (Anglo Iranian Oil Company Ltd) and Gulf Exploration Company (Gulf Oil Corporation) through the Kuwait Oil Company, And the restrictions of the Agreement of December 14th 1933, page 18 for Cadman remarks. See also Ward page 176, March 16th 1933, Department of State Division of Near East Affairs Memorandum regarding Cadman’s conversation with Gulf Oil; See also Ward papers, Box 2, September 12th 1933, Madgwick to Ward “Beeby Thompson tells me Cadman is wild at having missed Bahrain. His geologists turned it down”

48 Chisholm page 176, March 1st 1933, John Cadman to APOC’s Sir John Lloyd and page 175 March 16th 1933 Memorandum Department of State Division of Near East Affairs
Foreign Office. They agreed Cadman should not go directly to Teheran, but should detour to Kuwait, and make the Shaikh an improved offer. There would, they said, be advantages in not “showing any undue haste to reach Teheran” and “keeping the Persians guessing” as to what he might be doing in Kuwait. Approvingly, the Foreign Office commented that the Persians must inevitably imagine Cadman “was negotiating another concession on which to fall back if his negotiations for a renewed Persian concession did not go well”.

The Shaikh of Kuwait again turned down Cadman’s offer saying he had “given his promise” to Frank Holmes that he would not close with Anglo Persian without giving him the opportunity to revise his offer. Cadman did not take this very well. Before the meeting closed, he mercilessly warned the Shaikh that should the concession go to the Americans, Anglo Persian in their own interests would be compelled to declare an “oil war” that would hinder development of any Kuwait oil.49

British officials were buoyed by the announcement on April 29th 1933 that Anglo Persian had signed a new agreement with Persia. The Report of the League of Nations noted, “the dispute between His Majesty’s Government in the United Kingdom and the Imperial Government of Persia, which was brought before it last December, is now settled”. While Persia had improved some of its conditions, most particularly a minimum income guarantee and the right to have a representative view selected documents and observe some board meetings, it was by no means a clear victory for the Persians. The unresolved issues would simmer for years and culminate in 1951 with the acrimonious nationalisation of Iran’s (Persia) oil industry.

**Gulf Oil joins Anglo Persian: December 1933**

Fresh from negotiating success with the Imperial Government of Persia, John Cadman now turned to Gulf Oil and laid out the only chance it would ever have of moving into Kuwait. He warned them Gulf Oil “will not get a concession over our opposition”. He said he had “no objection to Gulf Oil as a joint partner” but they must realise that he

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49 Bilovich pages 278-280 citing March 16th 1933 Minute by Foreign Office “keep the Persians guessing”; Chisholm page 177 citing APOC Minutes of Sir John Cadman’s interview with Shaikh Ahmad on March 25th 1933 “declare an oil war”; See also page 180, May 17th 1933 Frank Holmes to E&Gsynd “APOC has told the Shaikh that (Gulf Oil) approached him with the view to combining forces in obtaining and working the Kuwait concession.” And Bilovich page 281 noting that a myth has been perpetuated that Holmes made a “dawn” visit to the Shaikh before Cadman arrived in order to extract the promise that he could top any offer Cadman made. As Holmes was in Cairo on March 25th, this is obviously impossible. Ward gives this dramatic story on page 227 and seems to have got it from Dickson, whom he interviewed in 1955 see Ward 2nd Appendix page 255(a). This myth has been made much of in subsequent publications
was not prepared to commit to “any set development program” for Kuwait. Cadman made it quite clear that he would countenance development of Kuwait “only at such a rate and at such times as would meet the needs of Anglo Persian for crude oil”. Had the Shaikh of Kuwait been at these meetings, he would have heard Cadman clearly spell out exactly what he had long suspected – that Anglo Persian had no intention of faithfully exploring and developing Kuwait’s oil. Cadman was adamant, moreover, that “under no circumstances would he deal with E&GSynd”. Cadman’s message was that Gulf Oil must break its contract with Anglo Persian’s long time nemesis, E&GSynd, or he would see to it that Gulf Oil’s prospects in Kuwait were completely crushed.50

Gulf Oil concluded pragmatically that while the Shaikh may not “willingly” grant his concession to Anglo Persian he would be prevented giving it to an American owned company. Despite Gulf Oil’s constant entreaties, and active cooperation, the American Government had proved unable, or unwilling, to exert the level of pressure required on the British Government. The State Department had declared itself satisfied with a Foreign Office undertaking that, despite the British Government’s reporting that Anglo Persian’s offer was superior, the decision on awarding the concession would be that of the Shaikh of Kuwait alone. Gulf Oil decided to ditch E&GSynd and throw in their lot with Anglo Persian. Gulf Oil did, however, insist that Frank Holmes remain as its representative in the negotiations.51

It is probable that Holmes and E&GSynd refused to sign the “Release & Quit” Gulf Oil needed unless this point was first agreed. Holmes had promised the Shaikh of Kuwait he would do his best to protect his interests. Chisholm observed that the Shaikh of Kuwait “was content to bide his time ... due to his faith in his old friend Holmes’ willingness, and ability, to get him the best possible terms, in any circumstances”. The Shaikh himself had confidently predicted that Holmes would return, that he would not

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50 Chevron archives, Box 0426154, Principal Documents in Regard to Kuwait Organisation (1951) etc etc, Gulf Oil recognised Cadman’s move to initiate an oil cartel, a 1932 memorandum from Gulf Oil’s Chief Vice President Wallace in this file observed; “Anglo Persian has recently completed its combination with the Dutch Shell for the protection of their present ‘as is’ position...they are frankly afraid this situation will be disturbed and possibly upset if we are left at liberty to proceed in Kuwait without any let or hindrance”.

51 See Shwadran page 388 citing US Senate American Petroleum Interests in Foreign Countries, pages 318-319, as in the case of Bahrain, the State Department claimed credit for the arrangement between Gulf Oil and Anglo Persian, claiming “the continued representation of our Government had secured equal American participation in this important field, which otherwise might be wholly British”; Chevron archives, Box 0426154, Principal Documents in Regard to Kuwait Re-Organisation (1951) etc etc, page 22/24/25, in this file is the secret “private preliminary” agreement between Gulf Oil and Anglo Persian, signed December 14th 1933, that restricted Kuwait Oil Company from “ever injuring” APOC’s markets “wherever situated, at any time, directly or indirectly”. Ward page 233 reprints the lengthy document of Gulf Oil’s dissolution of contract/s with E&GSynd, implemented January 30th 1934 paying 36,000 sterling for E&GSynd’s “release & quit” allowing them to combine with Anglo Persian; the Kuwait Oil Company was formed on February 2nd 1934; Hewins page 222 refers to the combination of Anglo Persian and Gulf Oil as “ganging up” on the Shaikh of Kuwait.
“throw me to the wolves” and that he would “preserve me both politically and commercially”. Holmes had kept his house in Kuwait and in November his cook and servants had returned there. In the negotiations for the Kuwait concession that would now be conducted on behalf of the new Kuwait Oil Company, Gulf Oil appointed Frank Holmes as their negotiator. The legalities had been taken care of by specifically including Frank Holmes, by name, in the E&GSynd release documents.\(^{52}\)

Subsequent negotiations conducted jointly by Holmes and Anglo Persian’s Archibald Chisholm on behalf of the Kuwait Oil Company, the venture formed between Anglo Persian and Gulf Oil, are covered in Chisholm’s *The First Kuwait Oil Concession Agreement: a Record of the Negotiations 1911-1934* and Thomas Ward’s *Negotiations for oil Concessions in Bahrain, El Hasa (Saudi Arabia), the Neutral Zone, Qatar and Kuwait*. However, neither publication dwells on the conclusion that becomes evident in the chronology and documentation, that in the face of the formidable odds presented by the combination of Anglo Persian and Gulf Oil, the Shaikh of Kuwait and Frank Holmes joined forces in order to obtain the best deal possible for Kuwait.\(^{53}\)

The Shaikh of Kuwait and Frank Holmes had been close personal friends for some eleven years. They were relatively close in age; in 1933 Ahmad was 47 years old and Holmes was 58. They shared many character traits; both were affable and enjoyed a joke. They shared a liking for good food, good coffee and good tobacco. Both men had carried responsibility from a young age. Holmes was not yet 18 when he was sent to the South African goldfields where he took part in the Jameson Raids. He had experienced the Boxer Rebellion, uprisings in Mexico, earned recognition at Gallipoli and lived through Flanders. Ahmad was an admired veteran of desert warfare and had distinguished himself at the 1920 Battle of Jahra. The two men had first formed a bond based on the implicit belief each held that Kuwait did have substantial oil resources; their shared goal was to liberate those oil riches.

There were signs that Holmes and the Shaikh were working together, but none of the other participants seemed to notice, at least for some time. Relevant signs included the fact that Holmes’ estimates of what the Shaikh would accept on a given detail were consistently higher than those of Chisholm. His predictions that the Shaikh would be immovable on a given point, such as the royalty, were invariably proved correct. And the Shaikh appeared to have an uncanny knack for throwing in an additional demand,

\(^{52}\) Chisholm page 38 “faith in his old friend Holmes” and page 39-40 “not throw me to the wolves” also citing cable from Yateem in Kuwait. And IOL/R/15/5/242 Vol.VII, November 18th 1933, Kuwait Political Agent (Dickson) to Political Resident (Fowle) “...it is common property in Kuwait” Holmes will shortly arrive “to start fresh negotiations with the Shaikh for an oil concession”

\(^{53}\) See Chisholm page 38-41 by which it seems that Chisholm did suspect the Shaikh and Holmes had drawn together in the face of adversity.
such as an annual petrol provision at no cost, each time he appeared about to give on a detail – a negotiating tactic that had long been associated with Holmes’ style. Several times Chisholm remarked how prescient Holmes was in his forecasts of the Shaikh’s behaviour but put this down to a “sixth sense” arising from Holmes’ close acquaintance with Kuwait affairs and long friendship with Shaikh Ahmad.54

Secret “Political Agreement” Kuwait: April 1934

The Colonial Office had now stepped away completely leaving the India Office, in tandem with the Government of India, fully in charge of both policy and administration in the Arabian Peninsula. The Shaikh of Kuwait had been told there would be some form of agreement with the Kuwait Oil Company designed to “safeguard” British interests. But as both the Resident and the Political Agent assured him this matter would not concern him, the Shaikh did not expect anything more onerous than the five conditions in the “British Nationality Clause” imposed on Bahrain. Neither did Holmes who, although entrusted with negotiating all the terms and conditions of the concession, was not informed in advance by either Gulf Oil or the Kuwait Oil Company of the content of this agreement.55

The content of the “Political Agreement” dictated that “regardless of anything agreed between the Shaikh and the company”, no obligations or benefits could be transferred without prior consent, in writing, of HMG and never to any concern with less than 50% of both the capital and voting power held by British subjects. The majority of employees must be British, or subjects of the Shaikh, and “regardless of any agreement with the Shaikh” the import of foreign labour would be subject to the approval of the Political Agent.

As in Bahrain, a Chief Local Representative was to be appointed, and approved by HMG, and only permitted to deal with the Shaikh through the Political Agent. The

54 Chevron archives, Box 0426154, Principal Documents in Regard to Kuwait Re-Organisation (1951), Holmes’ correspondence to Kuwait Oil Company directors in London during the negotiations is attached to this report; Chisholm page 40-59 “sixth sense”
55 In early March Kuwait Oil Company had cabled instructions to both Holmes and Chisholm to add two clauses to the draft agreement now under discussion. The first referred to the means of arbitration if the company “failed to observe” any of the terms of what was titled the “Political Agreement”. The second clause declared if any of the terms of the agreement reached with the Shaikh “be inconsistent or in conflict with” the Political Agreement signed between the company and HMG the Shaikh’s agreement would be “subordinate to and controlled by” the terms of the Political Agreement. Perhaps failing to grasp the significance, Holmes and Chisholm agreed the Shaikh could not be asked to insert the clauses until he had studied the actual “Political Agreement” and so did not raise the two clauses with the Shaikh
company was obliged to pay "due deference" to "the advice" of the Political Agent and the Political Resident. Also "regardless of any agreement with the Shaikh" the company could not use or occupy any sites which "may have been selected" by His Majesty's Government for defence purposes.

The company was to construct a refinery according to HMG's directions as to "suitable type and capacity". In a national emergency or war - the existence of which HMG would be the sole judge - His Majesty's Government had the right to pre-empt all the oil produced in Kuwait and additionally to require the company to produce the maximum possible of fuel oil, manufactured to British Admiralty specifications, and deliver this to a place determined by HMG. The price to be paid for such oil so commandeered would be decided solely by HMG. Finally, His Majesty's Government would be "at liberty" to take control of the works, plant and premises of the Kuwait Oil Company at any time; compensation for such confiscation would be paid only for any resulting "loss or damage".56

This secret agreement was signed on March 5th 1934 between the British Government and the Kuwait Oil Company. The India Office wondered when, or if, the Shaikh of Kuwait should be told and contacted the Political Resident saying "it seems desirable, at some stage, prior to conclusion of an agreement between the Shaikh and the Kuwait Oil Company, that the Shaikh should be informed of the Political Agreement between the company and HMG ..." In the event it was agreed to "hold back" telling the Shaikh until they could be certain he had actually committed to granting the concession to Kuwait Oil Company. The Admiralty worried that other oil companies, not so amenable to concluding a "Political Agreement" with the India Office, might jump in and grab the Kuwait concession. Furthermore, as the Admiralty reminded the India Office, "we do not want the terms of this agreement to be made more public than can be helped".57

The "Political Agreement" was finally given to the Shaikh of Kuwait on April 12th, together with the two clauses the Kuwait Oil Company insisted be included in the

56 IOL/L/PS/12/10R/1007/8 Vol.3808, India Office Confidential, Political Agreement between His Majesty's Government in the United Kingdom and the Kuwait Oil Company, dated March 5th 1934; See Chisholm page 58, the "Political Agreement" was kept hidden through the device of being transformed into "an exchange of letters" between the Shaikh of Kuwait and HMG, and "endorsed" by the Kuwait Oil Company

57 IOL/L/PS/12/10R/1007.8 Vol.3808, February 13th 1934, Secret and Important, India Office London to Political Resident (Fowle) "...but method of approach to the Shaikh may be a matter of some delicacy. Please cable your views as to the tactics to be employed and at what stage of the negotiations, and in what manner, it would be best to give the Shaikh this information"; and April 4th 1934-Secret Admiralty to India Office "if Standard Oil of California got hold of the Political Agreement, as might well happen if it is communicated to the Shaikh, they might use it to advance a claim to the concession...besides, we do not want the terms...made more public than can be helped"; a similar "Political Agreement" would be imposed on Qatar
Concession Contract. In something of an understatement, Dickson reported that “the Shaikh was very offended”. He had immediately grasped that the two clauses made the commercial agreement permanently subordinate to the “Political Agreement” drawn up, without the Shaikh’s knowledge, in collusion between the India Office and the Kuwait Oil Company. He pointed out he had been negotiating in good faith, going over each clause of the draft “time and time again”, for 48 days and was now close to conclusion. He charged that the content of the “Political Agreement” had been deliberately withheld from him until the last possible moment.

Due to his precarious political position, the Shaikh of Kuwait bitterly observed, he knew he could have “nothing whatsoever to say” about the imperial directives spelled out in the “Political Agreement” and the mention of HMG, by name, that clearly gave “ultimate control of the concession” to the British Government. The ramifications for him, he said, were that he would be seen by fellow Arab Rulers to have “signed away his independence”. The Shaikh said he would be a joke, a laughing stock, to Bin Saud and the other Gulf Shaikhs who would conclude that he was not even “allowed” to make a simple commercial agreement with a foreign business firm “without the British stepping in and forcing him to insert a ‘by our leave’ clause”.

Kuwait Concession signed: December 1934

There was little the Shaikh, or Holmes could do, except hold out for the best terms possible for the actual concession. With some justification, the Shaikh no longer trusted the Kuwait Oil Company and now insisted on appointing his own London Representative whose sole objective would be protecting his, the Shaikh’s, interests and “obtaining information” on his behalf. He stated unequivocally that he expected his current financial and other requests to be met. Under no circumstances would he permit any reference to the “Political Agreement” to be entered in the concession documentation. He said he wanted an immediate answer “as I see no good in delaying”. Holmes totally backed the Shaikh. He advised the Kuwait Oil Company in London that, if they could not agree all the Shaikh’s financial and other demands as incorporated in the latest draft, then they should put forward a definitive and final counteroffer.

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58 IOL/L/PS/12/10R/928/29 Vol.3811, April 24th 1934, Confidential Political Agent Kuwait (Dickson) to Political Resident (Fowle) copy to India Office “signed away his independence”. Dickson did not miss this chance to criticise the negotiations (in which he did not participate, on the express demand of John Cadman, Dickson was not permitted to attend) and particularly Holmes. Dickson claimed that Shaikh Ahmad “did not like Holmes” and was persona non grata to him. Dickson reported that he, Dickson, had requested the Shaikh “as a personal favour” to insert the two clauses in the concession, the Shaikh declared he would not
Gradually it dawned on the Kuwait Oil Company that Holmes may be "less than wholehearted" in following its instructions to reduce the Shaikh's financial and other demands. Slowly, they came to the realisation that the Shaikh's demands were remarkably identical with the attitude and advice the Kuwait Oil Company was receiving from Holmes. Seemingly incapable of imagining that any Englishman (or in Holmes' case, British 'colonial') could be working for the benefit of the Shaikh, as usual they concluded that Holmes could only be aiming for some benefit to himself.59

During the final six weeks of negotiations, Holmes and the Shaikh had frequent meetings, to which Holmes' supposed joint negotiator, Archibald Chisholm, was not invited. Chisholm was then under a cloud because both Holmes and Dickson suspected him of involvement in an attempt by Anglo Persian, through a front company called Traders Ltd, to cut the Gulf Oil Corporation completely out of the Kuwait concession.60

By November 7th, Holmes and the Shaikh had drawn up two alternatives from which the Kuwait Oil Company should select, which it finally did after lobbying of the American directors by Holmes. With Dickson as the witness, the Kuwait Oil Concession, in favour of the Kuwait Oil Company, was formally signed on December 22nd 1934, on terms that Holmes had forecast the Shaikh would ask for back in March and had advised Kuwait Oil Company to accept. The final terms, in US dollars, were royalty of $1.10 per ton. Payment was $173,000 on signature with rent $35,000 before commercial production and $18,000 after. Holmes did get Shaikh Ahmad better terms than Abdul Aziz Bin Saud achieved from Standard Oil of California for the resale of the Al Hasa concession (see below). Yet, the final settlement was not as attractive as the terms Holmes had originally offered on behalf of E&GSynd. In 1923, Holmes had also offered Kuwait 20% participation: this had been eliminated when Holmes was negotiating on behalf of Gulf Oil and was not reinstated in the Kuwait Oil Company terms.61

59 For example, Chisholm page 59 writes, "Holmes then aged 60 with a record of remarkable achievements behind him (I was 32, this was my first big assignment) ... to secure the Kuwait concession had long been the final goal of Holmes' career both for prestige and for more mundane reasons. Not a wealthy man...he counted on his share of rewards for successful negotiations...also on being nominated as the Shaikh's director, to be financial bulwarks for his old age"

60 Both Holmes and Dickson reached the conclusion that a last minute bid by Traders Ltd was a front for Anglo Persian seeking to cut out Gulf oil, both Holmes and Dickson concluded Archibald Chisholm was involved in this conspiracy. Much of Chisholm's book is an attempt to clear himself of this charge, see for example, page 66, "the wholly baseless theory ... that Anglo Persian...were simultaneously and secretly doublecrossing their Gulf Oil partners by having Traders Ltd offer better terms to the Shaikh of Kuwait"

61 Chevron archives, Box 0824611, December 23rd 1934, precis of Kuwait Concession gives final terms agreed. Included under "other payments", $18,000 to help defray the Shaikh's London trip...to Chief Local Representative $292 per month...to Shaikh's London Representative $821 per month; See also Chisholm page 69/51/75/76/80, Chisholm defends the terms of KOC's offer on page 81 claiming "the negotiations were not a case of Kuwait's British protecting power first preventing the Shaikh reaching agreement with
In a letter dated January 5th 1935, Shaikh Ahmad appointed Frank Holmes as his London Representative saying, “as I have great confidence in your friendship, and depend upon your honesty, I have decided to appoint you my Representative in London.” Holmes continued working in this capacity, frequently travelling to Kuwait and the other Arab States until his death in 1947.62

The Shaikh offered the job of Chief Local Representative (Kuwait) to Muhammad Yateem. Perhaps remembering the trials the Political Officers of the Government of India had heaped on Holmes’ head when he held that job for Bahrain, Yateem refused it. Yateem may have been a wise man, because no sooner had the Shaikh given the job to Abdulla, the son of Mullah Saleh, than the Anglo Persian people, and the India Office, ignoring the fact that they had replaced Holmes with an American in Bahrain, began to agitate against his appointment using the argument that the position should be held by a British subject. At the end of 1935, when Harold Dickson retired at the Government of India regulated age of 55, he took the job from Abdulla Saleh. Surprisingly perhaps, it was Holmes who recommended Dickson.63

When Frank Holmes returned to London after the conclusion of the negotiations, he told the people at the India Office that, despite the “unfavourable opinions” historically expressed, he definitely considered there was a “good prospect of valuable oil in Kuwait”. Holmes held to this opinion as the Kuwait Oil Company proceeded to drill in the least likely place. That the Kuwait Oil Company began drilling near Bahra, in May 1936, without results, can perhaps be attributed to the fact that it was Anglo Persian geologists who selected the first site.64

either E&GSynd or Gulf Oil then encouraging its favoured Anglo Persian to intervene and subsequently pressuring the Shaikh into awarding it cheaply to an Anglo-American combine” 62 Chisholm page 250 citing January 5th 1935, Ahmad al Jabir al Sabah, Kuwait, to Frank Holmes in London. IOL/L/PS/12/102/928/29 Vol.3811, December 12th 1934 India Office files, Article 6(c) read: The Shaikh shall have the right to appoint... a Representative in London to represent the Shaikh in all matters relating to this Agreement with the Company in its London office and such Representative shall have full access to the production records of the Company, including the agenda of the Board Meetings and shall be entitled to attend the Board Meetings at which the Shaikh’s interests are discussed. Salary... shall be paid... by the Company and not by the Shaikh, but the travelling and general expenses of the Representative shall be defrayed from salary.”;

Dickson papers: Confidential, October 24th 1934, Holmes in Kuwait to Guy Steven, Gulf Oil Director KOC London “I cannot say there has been, in the past, complete confidence between Dickson and myself” (However Dickson) “is now rated in Kuwait as the bosom friend of the Shaikh...(and now can)...visualise the outlook and aspirations of the Shaikh, and a more important point, of the Kuwait people...The Anglo side of this Company is suspect and the Shaikh...fears the treatment he is likely to receive at their hands.” Dickson remained as Chief Local Representative until his death in 1959. For Archibald Chisholm’s subsequent career see Appendix-3 Who’s Who

64 IOL/R/15/1/645 Vol IX, February 11th 1935, Confidential India Office (Laithwaite) note of conversation with Major Frank Holmes “valuable oil in Kuwait”; Chisholm page 250, citing March 31st 1935, Abadan General Manger to London, the geologists arrived in Kuwait on March 17th 1935 and included P T Cox (who delivered the 7th negative report, after four months including drilling, on Kuwait in
In August 1938, Holmes was visiting New York and joined T E Ward for lunch. Ward wrote that "Holmes was confident about finding oil in Kuwait and said that he had not been in favour of drilling at Bahra, where the first well was abandoned at 8000 feet." Holmes "had wanted the first well to be drilled at Burgan and was positive that the well, then being drilled, would strike oil", Ward records, adding, "he was right!" Two months after Holmes' lunch with Ward, the Burgan well struck oil. Further wells confirmed that Burgan was an oilfield of impressive magnitude. It was Burgan that Shaikh Mubarak had wanted the Slade Commission to see in 1913. To its detriment, the Kuwait Oil Company had ignored both Holmes' proven instincts, and those of Shaikh Mubarak.65

**Al Hasa**

Although actively involved in solving Abdul Aziz Bin Saud's difficulties with the Ikhwan rebellion, and thus opening the way, the Government of India had little to do with the resale of Frank Holmes' lapsed 1923 Al Hasa concession to Standard Oil of California. Clearing the route for the Iraq oil pipeline had been the goal. Once this was accomplished, there was little interest in concessions in Saudi Arabia which, the experts still believed in 1933, was oil barren. The resale of Holmes' Al Hasa concession is a labrinthine story of double cross, subterfuge and betrayal that, unfortunately, space does not allow in this thesis.

That Standard Oil of California's concession was Frank Holmes' original Al Hasa concession was never in doubt. As has been noted, it was Holmes' identification of this field as being rich with oil that first aroused the interest of Standard Oil of California. The dimension of the field, as originally mapped by Holmes, was not altered for the resale. And, as shown, Philby secretly working for Standard Oil of California, had a copy of Holmes' original map and dimensions received from Stuart Morgan. The concession obtained by Standard Oil of California in 1933 was Holmes' original of 1923, with the addition of options for other area.

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65 For Holmes later life, see Appendix-2 Frank Holmes 1934-1947, Ward page 244 "he was right!"; Chisholm, page 80, claims the Bahra site was selected from KOC surveys "and evidence derived from Holmes' 1927 water wells". Apart from his confusion about the "traces of oil" in the Bahrain wells, not those of Kuwait, Chisholm's implication is not correct. From the very beginning, Holmes had advocated Burgan as Kuwait's prime site. See also Ward page 231 citing KOC annual report of December 1951 "...all Kuwait production has thus far come from the Burgan field"
Philby admitted this in the late 1950s when he described Holmes’ 1923 concession as “roughly the same as that now being operated in Eastern Arabia by the Arabian American Oil Company”. Dickson also pointed this out at the time when he commented, “the Hasa Concession, in respect of area especially, is virtually the same as was given to Major Holmes in 1923.” And Fred Davis, Standard Oil of California’s first geologist in Bahrain and later Chairman of the Aramco Board, admitted in 1974 that the Al Hasa concession, as identified and mapped by Holmes, "covered almost the entire area we had there at the start, and is where all our oil has been found ..." (my italics) 66

Despite their later claims to have been exceedingly generous with the Saudi Arabians, the Americans paid less in 1933 than Holmes had done in 1923 for Al Hasa. (This may have had something to do with Philby advising Abdul Aziz Bin Saud on the negotiations, while successfully keeping secret the fact that he was on a retainer, with the promise of extra staged bonuses, to obtain the concession for Standard Oil of California; Bin Saud received about one fifth of his original US$800,000 upfront asking price.) 67

The financial detail of Standard Oil of California’s agreement, signed on May 29th 1933, provided for a lump sum upfront of (US dollars) $173,000, composed of $150,000 (30,000 sterling in gold) together with the first year rent of $25,000 (5,000 sterling in gold). However, the $150,000 was not a payment – it was a loan – to be

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66 Philby Oil Ventures, page 62 “...copies in my possession of the original draft (of Holmes’ Al Hasa concession)”. Furthermore, in the Editor’s Note, page 66, it is pointed out that Philby’s incorrect estimate that Holmes’ annual rent was 2,000 sterling is based on this draft, the amount was later raised to 3,000 sterling in gold, plus payment each six months of a further 3,000 designated “protection fee”; Philby’s error on Holmes’ terms and conditions is continued in the literature today; Philby Oil Ventures page 62 “the same as that now being operated”; IOL/R/15/5/242 Vol.VII, June 7th 1933, Political Agent Kuwait (Dickson) to Resident (Fowle) “same as was given to Holmes in 1923”; Owen papers, Box 1a; October 11th 1974, Fred A Davis to G Gish “is where all our oil has been found”

67 Philby Oil Ventures, page 127 to “work on behalf of Standard Oil of California”. Philby was paid a salary of US$1,000 a month, guaranteed for a minimum six months, “with substantial bonuses on the signature of the concession and on the discovery of oil in commercial quantities”; similar “substantial bonuses” are detailed in Twitchell papers (uncatalogued) January 10th 1933, Terms & Conditions, Standard Oil Company of California and K S Twitchell (signed New Yok between Lombardi and Twitchell) Twitchell’s contract included a salary of US$1,000 per month, for a minimum of three months, to be extended “as necessary”; an immediate deposit of $2,000 and expenses paid monthly. If, “through Twitchell’s efforts”, the company was successful in securing an oil concession, and proceeded on to test drill, he would get a “bonus” of $15,000 within 30 days of the well being spudded. Additionally, if the company did find “commercial production of oil”, Twitchell would receive $50,000; Philby Oil Ventures page 127-130 Philby told the Americans “to conduct negotiations with the government, with Twitchell in attendance, while I remained in the background.” Philby would provide “information and advice.” Philby was extraordinarily successful in keeping secret from the Saudi Arabians his well paid arrangement with Standard Oil of California. He later recorded that Yusuf Yasin, one of Bin Saud’s primary advisors during the negotiations, accused him years later saying “if I had known, at the time, that you were actively working for Standard Oil of California, I would have done my best to block the grant of the concession to them.” Stegner, in Discovery! claims not even Twitchell knew Philby was being paid by Standard Oil of California
repaid from future royalties. The $25,000 first year rent was, in fact, the only actual payment. Everything else was in the form of loans with clauses in the contract dictating how these loans were to be repaid. After eighteen months the company would advance a second loan of $100,000.

When oil was discovered, and produced in commercial quantities, the company would make a third loan of $500,000. The royalty was four shillings a ton (matching the new royalty now obtained by Persia). The company would not pay either import or export customs duty and was exempt from all direct, or indirect, taxation. If the company organised its own subordinate company for the purpose of exploiting the concession, and if it offered shares in the subordinate company for sale to the general public, Saudi Arabian subjects would be given the opportunity to subscribe a minimum of 20% of such shares.68

Standard Oil of California’s 1933 agreement can be seen to be far from generous when contrasted with Holmes’ of a decade earlier. In 1923 Holmes terms were (US dollars) an upfront payment of $30,000 – as a direct payment – not a loan. Annual payments were $45,000 against Standard Oil of California’s 1933 rent of $20,000. Holmes’ annual payment was made up of rent at $15,000 per annum plus payment each six months of $15,000, designated “security protection” provided by Bin Saud. Under Holmes’ terms, the Saudi Arabian Government held full participation in the development, from the beginning, in the form of a 20% shareholding and the right to take up, for cash, an additional 20%; if Bin Saud exercised this right he would hold 40% of the company. The company would pay customs duty and, after the commencement of commercial production, would be liable for local taxes. 69

Standard Oil of California created the wholly-owned Californian Arabian Standard Oil Company organised under the laws of Delaware with a capitalisation of US$700,000 to which the concession was assigned at the end of 1933. As this was not a public shareholding company, no participation was offered to Saudi Arabia. That the concession was underpriced can be judged by the fact that, just three years later, in December 1936 (before oil was proven in March 1938) the Texas Oil Company bought a half share in the Saudi Arabian concession – for which they paid Standard Oil of

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68 Financial details of the Standard Oil of California 1933 purchase is in Chevron archives, Box 120797, Minutes of Board of Directors Meeting December 4th 1933, Shwadran page 292-293 and Yergin page 291. Philby Oil Ventures, page 124, gives the date of signature as May 10th 1933, this is certainly an error; Hewins page 222, referring to Bin Saud’s original request for a down payment of US$800,000 (100,000 sterling) comments Bin Saud was “whittled down” and calls the final terms “derisory”

69 Holmes’ financial details are in Frank Holmes Personal papers that includes the original lease made in the name of “Abdul Aziz bin Abdul Rahman bin Faisal bin Saud, Sultan of Nejd and its dependencies. and Major Frank Holmes of 20 Cecil Street SW London in his capacity as the true and lawful attorney of the Eastern & General Syndicate”
California $3 million in cash and undertook to pay a further $18 million out of the oil produced in Saudi Arabia. Little wonder an Aramco official would comment some years later about “certain factions critical of American oil efforts in Saudi Arabia” who charged that Standard Oil of California “took advantage of the bare foot boys” in its purchase of Holmes’ lapsed Al Hasa concession.\(^{70}\)

Unlike Bahrain, where Holmes did all the preliminary work on his own concession and oil was found less than eight months after the spudding of the first well, it took Standard Oil of California five years, until March 1938, to unlock the secrets of Al Hasa that Holmes had spotted a decade previously. Standard Oil geologists “drilled seven holes in Arabia and found no oil ... these seven wells cost US$7 million”, an Aramco geologist recorded. Some years later, Standard Oil of California Vice President, Maurice Lombardi, was asked whether he “had trouble getting the money” to continue the drilling program due to the series of dry holes. He said he had not. In what must be taken as a tribute to Holmes, even if unintended, Lombardi explained, “because of the discovery in Bahrain, we were sure there was oil in Al Hasa”\(^{71}\).

**Conclusion**

This chapter has shown that outside events resulted in the decline of the authority of the Government of India. Until these events occurred, the development of the Arab oil fields had been blocked by the Government of India acting to support its hegemony. Prior to these events the only oil developer the Government of India was prepared to countenance in its area of influence was the Anglo Persian Oil Company and, as has been shown, that company’s absolute conviction that the Arab shaikhdoms were oil dry prevented it having any serious interest in investing either time or money outside Iran and Iraq.

\(^{70}\) Shwadran page 295 for financial detail the 1936 deal; Philby papers, Box XL11-3, April 18th 1962, Re (posthumous) publication of Philby’s “Arabian Oil Ventures” Gary Owen of Arabian American Oil Company, Washington, to Bill Sands “...in Arabian Oil Ventures there are three references to oil seepages in Al Hasa all attributable to Karl Twitchell. No oil seepages have ever been noted by Aramco geologists – but there are certain factions critical of American oil efforts in Saudi Arabia who like to say that the Americans knew there was oil there all the time and took advantage of the bare foot boys”

\(^{71}\) The Bahrain Well No.I was spudded October 16th 1931 this well “came in” on June 2nd 1932; Chevron archives, Box 120797, In-House interview with G G Gaylord April 25th 1958: Gaylord was sent to Al Hasa in 1936 “seven holes and no oil...cost US$7 million”; and In-House interview with Maurice Lombardi, September 9th 1955 “because of the discovery in Bahrain”, the interviewer attached this comment to his transcript, “This does not support Aramco publicity that attributes unusual courage to the company in pouring money into Arabia in depression years"
The original principles agreed at Churchill’s 1921 Cairo Conference remained in place. These decreed that the Government of India held authority for the Gulf shaikhdoms, with the Colonial Office being called on in cases of “political significance”. The Iraqi model was used to ensure “maximum” British control of the company developing the Bahrain concessions through the medium of the “British Nationality Clause”. After the Colonial Office relinquished its interest in 1933 and handed this over to the India Office, the far more onerous, and secret, “Political Agreement”, was imposed for Kuwait. Both the Bahrain “British Nationality Clause” and the Kuwait “Political Agreement” served to preserve the power over the Arab rulers of the Government of India’s Political Resident and Agents.

While Iran’s oil was developed from 1908, and Iraq’s from 1920, this chapter has shown that it was the intransigence of the Government of India in closely guarding its area of influence from “foreigners” that held back commercial development of Bahrain’s oil until 1932 and Kuwait’s until 1938, despite Frank Holmes’ pinpointing of the location of these oil fields in 1923 and his continuing attempts to work them.

Al Hasa is a slightly different story in that, following the Government of India’s original interference against Holmes on behalf of Anglo Persian, it was Bin Saud’s internal difficulties that caused the major delay, first his campaign to capture Mecca then the two waves of the Ikhwan rebellion. Nevertheless, it was the Government of India acting with the British Administration of Iraq that brought the Ikhwan rebellion to an end, on Bin Saud’s behalf, and so reopened access to Holmes’ lapsed 1923 Al Hasa concession. Oil flowed in commercial quantities in the Al Hasa concession in March 1938.
Chapter Eight

Legacy

Introduction

When Britain declared war on Germany in September 1939 the policy set in place at Churchill’s 1921 Cairo Conference still prevailed; administration of the Arabian Peninsula was in the hands of the Government of India through her Political Officers, policy was with the India Office, taken over from the Colonial Office six years earlier. The Arab shaikhdoms of the Persian Gulf played no part in determining their own role in this conflict. They were unable to protest when Britain’s fear that the Germans might strike out from North Africa for the Arabian oilfields resulted in the shutting down of oil wells in Bahrain and Kuwait. As a result, Kuwait did not begin to export oil until 1946.

But the Persian Gulf of World War Two was not the Persian Gulf of World War One. The region’s war effort was not under the management of the Government of India that had in World War One so repressed the people of the area. Arab nationalism had already bubbled to the surface, particularly in Iraq. The Shaikh of Kuwait, Bin Saud and Iraq made cautious advances to the Germans and Italians. Young men in Iraq and Kuwait, concluding there could be little difference between “bossy Englishmen and bossy Germans”, openly gave vent to anti-British sentiments. When the Italians bombed the Bahrain oil installations, with little success, a group of Kuwaitis were inspired to seize the Kuwait arsenal which they held for several days, meeting little opposition from Kuwait’s officials. In April 1941 an insurrection broke out in Iraq that deposed the pro-British Premier. Britain responded by bringing in the Arab Legion from Jordan – and flying in reinforcements from India. Suspicion of neutral Iran’s loyalties resulted in the August 1941 Anglo-Soviet invasion of Iran.¹

¹ Shwadran page 388 in July 1942 Kuwait operations were suspended by the British Military as a war
In comparison, Bahrain appeared an island of pro-British loyalty. Shaikh Hamad, whom the British had installed in 1923 when they so unceremoniously deposed his father, was, said Belgrave, the Bahrain “Adviser” since 1926, “more pro-British than any of the other Shaikhs”. Belgrave reported the Ruler of Bahrain “declared himself and his people wholeheartedly on the side of the Allies; he made a generous gift to war funds”. Such loyalty marked out Bahrain as the centre of Britain’s Gulf Administration after World War Two, and the home of the Government of India’s ideology during the war. 

The contention of this thesis is that it was control of the Persian Gulf by the Government of India that held back the development of Arabia’s oil. Logically therefore, the independence of India in 1947 should have released the Arab shaikhdoms from the style of management employed by the Government of India. But, as will be shown, the same Political Officers trained and appointed by the Government of India continued in their positions for a decade or more and, particularly in Bahrain, there was little relief from the previous colonial type administration. As before, it was outside events that brought about change in the Arabian Peninsula.

It will be seen that the 1949 devaluation of the Indian rupee almost wiped out the royalty on oil due to Bahrain and Kuwait and this, together with the example of Venezuela’s “50-50” innovation with the oil companies, led to renegotiations and improved income for the Arab oil producers. Although Kuwait declared independence in 1961, full sovereignty only came to Bahrain, Qatar and the so-called Trucial States as a consequence of Britain’s withdrawal, first from Aden, and two years later, in 1971, from the region of the Persian Gulf. Moving quickly after independence, the Gulf States acted finally to gather control, after half a century, of their oil resources in their own hands.

Lastly this chapter examines the question of what was gained by diminishing the achievements of Frank Holmes in the discovery and development of Arabia’s oil. In

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measure and all the wells were shut in; Clarke pages 174-176 for Britain’s “oil denial” policy that included Kuwait, Bahrain and Saudi Arabia and page 165-169 for Italian air raid; Hewins page 229 “Kuwait’s exports were nil until 1946”; Lacey pages 256-258 for Bin Saud’s flirtation with Germany; Hewins page 225-227 “bossy Englishmen and bossy Germans”, “seized the Kuwait arsenal” and “reinforcements from India”; Shwadran page 60 “combined Russian-British force”

2 Belgrave page 120-124 “more pro-British”; Clarke page 167 goes further stating “Britain declared war on Germany. Next day, the Ruler of Bahrain declared war on the Axis Powers”; Note that Shaikh Hamad died in February 1942, was succeeded by his son, Sulman, who died in 1961. Sulman was succeeded by his son, Isa (1933-1999)
exploring this point, the still prevalent issue of the West’s claims to a moral “right” to Arabia’s oil is brought into focus.

**Government of India retains its hold during World War Two**

The Second World War did nothing to open up the thinking of the Government of India in relation to the Arabian Peninsula. Belgrave observed that several of “the ‘Politicals’ who served in Bahrain during the war were badly chosen and difficult to deal with ... so often the attitude was as though the Resident was the headmaster of a school, the Political Agent the form master, the Shaikh the head boy”. Belgrave understood well the Indian dimension of the British in the Persian Gulf. “Some of the Political Officers who had served in the states of Indian Princes expected the formality of an Indian Court ... I was in favour of a certain amount of state and ceremony on appropriate occasions provided it applied to the Shaikh, and not only to British officials”.

Maintaining hegemony and keeping out “foreigners” was still the driving force. In 1943 the Americans sounded out a proposal to install an American Consul at Bahrain to service Americans working in the oil companies. In March 1943 the Foreign Office, advised by the India Office, adopted a reasonable tone in initial attempts aimed at dissuading the Americans:

> “The circumstances in Bahrain are exceptional ... Bahrain, like a number of other Arab Shaikhdoms in the Persian Gulf, is a British-protected State in special treaty relations with His Majesty’s Government. In these Arab states the local Arab ruler exercises jurisdiction over his own subjects, and in some cases over other Arabs in his territory, but all other jurisdiction is exercised by His Majesty’s Government through the British Political Resident and the British Political Agent. The local Arab ruler, moreover, does not enter into relations with any foreign Power. We have hitherto not permitted any foreign Consuls or other Government Agents to reside in these Arab States, and for many reasons we should not wish now to alter the attitude which we have consistently maintained on this point ... it would of course be necessary to make it clear, if a foreign

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3 Belgrave page 122 “difficult to deal with” page 125 “of an Indian Court”
consul were appointed to reside in Bahrain, that he should deal exclusively with the British authorities and not with the Arab ruler. But there would always be a tendency on the part of the Arab ruler, if a foreign consul were to reside in his territory, to have dealings with him ... HMG would greatly prefer that there should be no change in the existing arrangement whereby no representative of other Governments reside in Bahrain. This system, we are convinced, has in the past greatly contributed to the maintenance of peace and good order. It has enabled the British representative in this area to exercise their influence to the fullest extent ... the growth of American interests in Bahrain entitles us to claim that the system has not adversely affected the United States.\textsuperscript{4}

The India Office canvassed the Resident, and the Political Agents, requesting “any considerations ... which could be used to justify a refusal to meet the wishes of the Americans in this matter”. The Acting Political Agent in Bahrain supplied a number of arguments while warning that, if the Shaikh of Bahrain came to know of the proposal, “he would probably regard it with approval as emphasising the importance of Bahrain”. Urging the India Office to “resist the US Government in every way possible”, the Resident charged that the Americans had “a policy of penetration” and to allow them a consul in Bahrain “would undermine our whole position in the Gulf”. He said the Bahrain Oil Company was “British, not American”, and “bound to employ the minimum number of USA subjects”.

The Resident, who had maintained during the war the Government of India’s habit of deporting “suspicious” persons to Bombay, including an Italian Catholic priest, stated that the “result would be a ferment which would almost certainly compel us to declare a protectorate, an act which would have very serious political repercussions in every other state in the Gulf”. From New Delhi the Government of India declared that “the agreement between the oil company and HMG makes this a British company and its interests in Bahrain are a British charge”, and warned, “the US Government have other objectives in view beyond those which they have so far disclosed, including possible visions of oil and air hegemony along the entire length of the Arab coast”.\textsuperscript{5}

\textsuperscript{4} IOL/R/15/2/854 Vol 36/2 March 18th 1943 Foreign Office to United States Embassy London “greatly prefer no change”
\textsuperscript{5} IOL/R/15/2/854 Vol 36/2 April 21st 1943 India Office London to Resident, Political Agent Bahrain, Government of India New Delhi “to have your views...or any alternative suggestions”; April 21st 1943 Political Agent Bahrain (Captain Michael Dixon-Acting) to Resident, re proposed USA Consulate “to
The proposal was resoundingly rebuffed. The British suggested the Americans should install their consul in Dhahran, and in 1944 they did just that. But even Dhahran seemed too close for comfort. The Political Agent Bahrain appeared unaware his Acting replacement had noted that the Shaikh of Bahrain would be flattered by American interest in his country. The Political Agent now declared to the Resident that the Shaikh of Bahrain was "considerably alarmed" at the prospect of visits by the American consul. He claimed the Shaikh had told him "he relied on us, in whose hands the conduct of his Foreign Affairs rested, to protect him from such penetration ... although the United States is a great and powerful ally he did not desire our influence in his country should be shared by anyone ... in spite of my assurances, he is still deeply suspicious of even private visits of diplomatic representatives of our friends."6

The letter of introduction from the new American Consul in Dhahran stated his duties would include "a visit to the Bahrain Islands, at least once a week, to perform such services as may be required". The Resident was soon reporting, "Top Secret", to the India Office London urging that the activities of the American consul "be confined to matters strictly within his purview". Otherwise, the Resident warned, "our whole position along this coast will be rapidly undermined, more especially as he has expressed the desire to tour to Qatar, the Trucial Coast and Muscat".

Nevertheless, the Resident assured the India Office, "we are extremely fortunate in that this individual has no knowledge of the Arab world". The Resident reported the American Consul was an "inexperienced and uncouth" person, characteristics apparently illustrated by his having called on the Resident "in a shirt and trousers". So long as the United States "are content to employ officers with these qualifications, the danger to our interests is minimised, although an intelligent man could secure very full details of local politics from the members of the American Mission who are extremely well informed", he commented.

 justify a refusal" also April 21st 1943 Political Agent Bahrain (Dixon) to Resident " the suggestion that American Consul should be appointed to act jointly with Political Agent in hearing American cases is objectionable from both political and legal points of view. Political Agent's loss of prestige would be very considerable and in no time he would be sharing the bench with a Persian colleague. American consul can attend judicial proceedings here as he can elsewhere in the Empire and also act as juryman or assessor"; April 27th 1943 Resident (Prior) to India Office London and Government of India New Delhi "resist in every way possible"; May 6th 1943 Government of India New Delhi to India Office London and Resident "other objectives"; See Clarke page 169 for deportation of Italian Catholic priest
6 IOL/R/152/854 Vol 36/2 August 30th 1944 Secret Political Agent Bahrain (Major Tom Hickinbotham) to Resident "considerably alarmed"
The Resident warned the India Office that once the Americans were “able to post officers with experience of the Middle East and a fluent knowledge of Arabic the position will become entirely different”.

Bahrain becomes repository of the Gulf Raj: 1947-1948

In late 1946, preparatory to Indian Independence, the establishment of the Political Resident in the Persian Gulf was taken from Bushire in Iran and reset in Bahrain. As it was “inappropriate to hand over responsibility for dealing with the Gulf Arabs to Indians or Pakistani”, the British Government announced that it would be taking over control of the affairs of the Residency, from London. In April 1947 the Gulf Rulers were informed that, owing to the constitutional changes affecting India and Pakistan, Britain would now deal with them directly.

The India Office retained responsibility for a further twelve months or more, even after its merger into the Commonwealth Relations Office, until late 1948, when the Foreign Office was appointed the responsible ministry. A renewed claim to sovereignty by Iran, prompted by the transfer of the Residency, ensured the dependency of Bahrain on the “goodwill” of the British Government.

Bahrain was now the repository of what remained of the Gulf Raj. The previous hierarchy was maintained with the Political Resident and the Officers of the Indian Political Service continuing to serve in their posts until they were gradually replaced by appointees of the Foreign Office. The last member of the old Indian Political Service remained at Bahrain until his retirement in 1958. The force on which the Resident had relied for so many years, the Indian Marine, became the Indian Navy. Nevertheless, the Resident was far from bereft. There were usually three British frigates in the Gulf, under the command of the “Commodore Arabian Sea and Persian Gulf”, and although “force was less often used”, a ship of the British Royal Navy could be called on “to stand by for the protection of lives and property” or for “mediation” at the Resident’s discretion.

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7 IOL/R/15/2/854 Vol 36/2 September 3rd 1944 American Consulate Dhahran, Vice Consul (in charge) Parker T Hart, to His Britannic Majesty’s Political Agent Bahrain “at least once a week”; November 22nd 1944 Resident (Prior) Top Secret to India Office London “inexperienced and uncouth”
Under the new arrangement at Bahrain, the Resident and the Commodore lived side by side so as to achieve “the closest cooperation”. Conveniently, the RAF headquarters was just a stone’s throw away. The clause in the Bahrain oil concession, and in Kuwait’s secret “Political Agreement”, decreeing that the oil companies’ contact with the Rulers must pass solely through the British Political Agent remained in force. 8

The Gulf’s oil producers renegotiate: 1950

The oil producers in the Arabian Gulf chafed under the arrangements with the oil companies. From 1947-1952, as detailed further in the text, the American inspired Marshall Plan depended on the supply of Arabian oil for the rehabilitation of war torn Europe. Between 1945-1950 Anglo Iranian made a profit of 250 million sterling. The Iranian Government received a mere 90 million sterling in royalties. The British Government received more in taxes than Iran did in royalties. Additionally, the British Government made further substantial earnings through the dividends on its 51% shareholding, and the company sold large amounts of Iran’s oil to the British Navy, at a heavily discounted price. 9

Like the Persians with the Anglo Iranian Oil Company, the Saudi Arabians realised in 1949 that it was the American oil company which was reaping the riches from their oil. In 1949, for example, Aramco’s profits were three times the amount the Saudi Arabian Government received. Moreover, the American Government was making more from the concession than was Saudi Arabia. Taxes paid by Aramco to the US Government for that year were US$43 million, $4 million more than the Saudis received in royalties. Using the same tactic as had the Turkish Petroleum Company in Iraq, Aramco paid no taxes in Saudi Arabia on the grounds that it was non-profit making because only its four American corporate owners took up its oil. A March 1949 article in Life Magazine recorded the detail that Saudi Arabia received some $110,000 a day from its oil – while Aramco’s take was one million dollars each day, possibly more because “Aramco is secretive about its profits”. Devaluation of the Indian rupee in 1949, following India’s independence, reduced Kuwait’s royalty on its oil to about nine cents per barrel. 10

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8 Hay page 18 “inappropriate” and page 26 “force less often used”
9 Yergin page 451-452 “Anglo Iranian profit 250 million”
10 Yergin page 445 “Aramco’s profits were three times”; Anonymous, “Aramco: An Arabian-American Partnership Develops Desert Oil and Places US Influence and Power in the Middle East”, Life Magazine,
The Americans blamed the oil countries' unhappiness on the United Nations. A Standard Oil of California executive explained to the company's historian that "in the beginning, doing business was about the same in each Middle East country, but after they got rich, they got difficult. Once the money had started to come in, agreements were ignored in favour of heavier and heavier demands for more money." Trouble with oil rich countries began, he said, "about a year after the UN was formed in 1945 ... delegates from various countries tend to gravitate towards others with common interests and this leads to a pooling of information as to how much each is receiving in the way of oil royalties and other income." 11

The Gulf producers were aware that Mexico had nationalised its oil industry and Venezuela had improved its receipts from the oil companies. As the Standard Oil of California executive observed "all the Middle East countries wanted the same increased share. They all got it, too, except Iran, where the British held out - and lost." Both the Saudis and the Kuwaitis successfully pushed for new arrangements based on the Venezuela "50-50" formula. Under this method the oil company's earnings became subject to a local income tax adjusted so that the combination of royalty payments and the income tax amounted to one half the oil company's production profits, before deduction of foreign taxes. For the year 1951, Kuwait's receipts leapt from US$30 million to $140 million, the royalty going up from nine to 52 cents per barrel; in return the Kuwait concession was extended an additional seventeen years making its term 92 years from 1934. For the same year, Saudi Arabia's collection jumped from US$39 million to $110 million. Iraq achieved a similar improvement by 1952 raising its oil income from 13.5 million sterling to 33 million in the next twelve months. 12

Bahrain had some success. After devaluation of the Indian rupee, renegotiation of the royalty to the Bahrain Government raised this to 29 cents per barrel from January 1950.

(March 28th, 1949) pages 62-64, 66-78, "Aramco is secretive about its profits"; Shwadran page 390 "nine cents per barrel"

11 Chevron archives, Box 120797, April 17th 1958, In-House interview with J.H. MacGaregill, headed Middle East Problems, "leads to a pooling of information": Clarke page 191 "June 1945 delegates from 50 countries signed in San Francisco the World Security Charter establishing an international peacekeeping body and forum to be called the United Nations Organisation, Egypt, Iraq and Saudi Arabia were immediate members"

12 Chevron archives, Box 120797, April 17th 1958, In-House interview J H MacGaregill "they all got it too"; Shwadran page 391 Table, Direct Oil Payments to Kuwait Government; Yergin pages 446-447 Saudi Arabia/Aramco December 1950 agreement "the heart of which was the Venezuelan 50-50 principle"; Shwadran page 260 Iraq's new agreement was signed in February 1952, page 271 in May 1950 Iraq had created the Development Board, assigning 70% of oil revenues
Negotiations for the “50-50” agreement with the Bahrain Petroleum Company were conducted by the newly knighted Sir Charles Belgrave. “It was difficult”, he reported, “explaining to the Shaikh the ramifications of American tax laws that affected the discussions”. The Shaikh of Bahrain may well have been puzzled by Belgrave’s insistence that American taxes be taken into account. Bapco was registered in Canada, which did not levy corporate tax, and its marketing subsidiary, Caltex, was registered in the Bahamas where US taxes were not collected. Bapco did not pay American tax. The new arrangement reached in Bahrain raised the oil income from the 1951 US$4 million to $6.5 million two years later. As the oil produced by Bapco was sold to Caltex, its own subsidiary, at an artificially low price, Bahrain’s take on its oil bore no relationship to market prices. In early 1953, at the height of anti imperialist fever in Iran, which found its target in the Anglo Iranian Oil Company, the Ruler of Bahrain asked the oil company to be more revealing of its activities and to explain to the citizens of Bahrain “the company’s contribution to the country”. The Bahrainis, with a documented 4,000 year history, were somewhat surprised when Bapco responded by widely distributing a propaganda leaflet claiming the company’s contribution as “the story of Bahrain”.¹³

Iran chose the Mexican option. Three days after becoming Prime Minister of Iran, Dr Muhammad Musadiq passed the nationalisation law on May 1st 1951, while declaring the Iranian people were opening “a hidden treasure upon which lies a dragon”. By “dragon” Musadiq meant the 51% British Government owned Anglo Iranian Oil Company.

Once again Kuwait was used by Britain in argument with Iran. Sir Anthony Eden, British Foreign Secretary at the time, recorded in his memoirs that he told the Iranian Ambassador in London: “I hoped the Iranians would have noticed our agreement with the Shaikh of Kuwait. It seemed a great misfortune that Iran was not enjoying a like increase in revenues.” Eden does not say whether or not he mentioned to the

¹³ Shwadran page 376 “29 cents per barrel”; Belgrave page 179 “ramifications of American tax laws”, Note in Shwadran page 382 that Bapco was not liable for any tax, Canada levied tax only on dividends and Bapco never declared dividends; Shwadran page 376 Table, Royalty Payments to Bahrain; Clarke page 209 “the story of Bahrain”; Much is written on Bahrain’s history, see for example, Bibby, Geoffrey, *Looking for Dilmun*, London: Collins, 1970; Belgrave page 213, after helping to put down the 1956 Bahrain rioting, much of it targeting the Bahrain Petroleum Company, Belgrave sailed with his wife in June 1957 “on the Queen Elizabeth as guests of the Standard Oil Company of California” for a month touring the USA, on page 217 Belgrave notes his son, James, was employed in the Public Relations Department of the Bahrain Petroleum Company from 1955-1957; See Shwadran page 382-383 for a discussion of the “exorbitant profits” gleaned by Bapco “the Bahrainis received only a very small portion of the income from oil, compared with the company’s profits”
Ambassador the “obdurate objections” of the Anglo Iranian Oil Company to any increase in payments to Kuwait, or the still secret “Political Agreement” between the Kuwait Oil Company and the British Government. In Eden’s view “British authority throughout the Middle East had been violently shaken” causing them to “move land forces and a cruiser to the vicinity of Abadan where the fate of the largest oil refinery in the world was at stake”. Only the urgent entreaties of the United States, concerned about a possible Soviet response, prevented their immediate use.14

The nationalisation of the Iranian oil industry focused the people of the Arabian Peninsula on the realisation that the reign of the Gulf Raj, enforced and policed by the Government of India, was all but over. Had the Indian Army and the Indian Marines still been available to back up British rule in the Persian Gulf, as happened in the past, the outcome in Iran might have been very different. There were many who regretted the passing of the old regime.15

In 1956 rioting and rebellion broke out in Bahrain where the remains of the Gulf Raj now resided. The political uprising was aimed equally at the British political hold on the island’s affairs, represented by the Political Resident and the British “Adviser”, and the commercial hold of the Bahrain Petroleum Company. Belgrave, Adviser from 1926-1957, noted in his memoirs “when the Gulf was controlled by the India Office, and in the Residency and Political Agencies there were only a handful of British officials of the Indian Political Department and a staff of excellent hardworking Indians, the affairs of the Gulf were better managed than they are now”. Unconsciously echoing the Orientalist views about the “Eastern Mind” expressed in 1924 by Anglo Persian’s Abadan based general manager, Belgrave said affairs used to be better managed because “the British officials who were in the Gulf in those days, and in some cases their fathers before them, had spent all their working years in Eastern countries, in India, Persia and the Gulf. They knew the people and understood how to deal with them.”

Belgrave, who had charge of both the judiciary and the police, had deported politically troublesome Bahrainis in 1956, by British naval frigate, to imprisonment on St Helena. Napoleon’s place of banishment was chosen because the traditional destination of the Arabian Gulf’s deportees, Bombay, was no longer an option. The 1956 deportations were questioned in the British Parliament, which perhaps explains Belgrave’s conviction that the authority exercised by the Government of India had been a good thing because “the opinions of the men on the spot carried weight and their decisions were not constantly countermanded from London”.

Belgrave praised the reign of the Government of India, and her Political Officers, on the grounds that “the British, who controlled the Gulf, were respected ... because they were represented in the Gulf by men who understood the Arabs”. Belgrave said connecting the Gulf Arabs to India had ensured “they were not interested in the affairs of the Levant”. Belgrave seemed to display the same Government of India xenophobia about “foreigners” as he concluded the rot had set in when “education, travel and most of all the propaganda power of the radio exposed the Gulf Arabs to outside influences ...”

Following the July 1958 Iraq revolution, which ended the British imposed monarchy along with the last of the old British “Advisers”, Kuwait was the first of the Arab shaikhdoms to declare independence from Britain, in June 1961 abrogating all previous treaties including the infamous “Political Agreement”. The Yemen revolution broke out in September 1962, infected Aden, and continued in armed anarchy. In 1967, the British Cabinet, under a Labour government, issued its decision to quit Aden by the end of that year. The Gulf Rulers were informed that, by March 1971, Britain would also withdraw from the region of the Persian Gulf. Within a month of this announcement, the shaikhdoms of the Arabian Peninsula held their first meeting aimed at achieving a federation.

Their aspirations were soon nipped in the bud when Britain’s opposition Conservative Party announced that, if they were returned to power, they would “reverse” the decision to withdraw from the Persian Gulf. In the election of May 1970, the British Government

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16 Belgrave page 223 “the affairs of the Gulf were better managed”, page 233 questions were raised in the British House of Commons about the legality of the procedure by which three politically activist Arabs, subjects of the Shaikh of Bahrain, were removed to and imprisoned on St Helena, a British colony, page 236 “British were respected”, page 237 “outside influences”; See Rumaihi, Beyond Oil, in which the author argues that artificial attachment to India, with its accompanying imposed isolation, “distorted the Arab character of the Gulf”
did indeed change, causing consternation among the Gulf Rulers. Kuwait announced its “insistence” on British withdrawal. After touring the Gulf, the Foreign Minister of Iran declared there was concerted opposition “to a British military presence in the Gulf after 1971” adding “all the states of the Gulf maintain the view that Gulf affairs must be handled by the countries of the region, without outside interference”.

The new Conservative government appointed Sir William Luce, ex Governor of Aden and ex Resident in the Gulf, to report. In July 1967 Luce had commented in newspaper articles that Britain’s “continuing interest” in the Persian Gulf included the “security of oil supplies for the industrial world”. Luce had predicted withdrawal would result in “the whole area rapidly becoming a jungle of smash and grab”. From September 1970, however, his visit to the area led him to a different conclusion based on the realities now apparent in the region. Britain should withdraw on schedule, he recommended – and afterwards station a naval force in the area.18

In August 1971 Bahrain ended all political and treaty relations with Britain and declared independence. Qatar followed in September and in December 1971 the United Arab Emirates was proclaimed as an independent federation. The final judgement on how the shaikhdoms viewed their history of being ruled by the Government of India, and her Political Officers, can be gleaned in the fact that not one of the states of the Arabian Peninsula applied to join the Commonwealth. They did, however, join the Arab League.19

17 The new Republic of Iraq made a claim on Kuwait, stating it had traditionally been within the vilayet of Basra, and if the British were going to give it up, then Iraq wanted it back; Ingrams, Harold, The Yemen, Imams, Rulers & Revolutions, UK: John Murray, 1963, page 129 “the Yemen revolution started during the evening of September 26th 1962”; Kelly, J B, Arabia the Gulf and the West: A Critical View of the Arabs And Their Oil Policy, London: Weidenfeld & Nicolson, 1980, page 47 “immediately quit Aden”; Kelly pages 57-60 and 78-81 for Conservative Party announcements, actions and policies, page 80 “Kuwait insistence” and “without outside interference”; Rumaihi Beyond Oil page 57-65 the first meeting of the Gulf States to discuss federation was held in Dubai February 25-27th 1968, just one month after Britain’s announcement of withdrawal

18 Kelly page 81 “smash and grab”, page 82 “withdraw on schedule”; Rumaihi page 59 The Shah of Iran in July 1968 declared Bahrain’s stated intention to join the union was a provocative act to which the Iranian Government would respond; The Shaikh of Bahrain lost his nerve saying, according to Kelly page 92, “Britain is weak now where she was once so strong. You know we and everybody in the Gulf would have welcomed her staying”; Rumaihi Beyond Oil page 59, a UN commission of inquiry recommended Bahrain be recognised as an Arab country whose people desire independence, the Security Council resolution was dated May 11th 1970, Rumaihi comments “the recognition of a more prominent Iranian role in the Gulf was formalised in exchange for Iran’s renunciation of its claim to Bahrain”

19 Middle East Economic Digest (MEED) 1980’s “Practical Guide” series on Kuwait, Bahrain, Qatar, Saudi Arabia, Oman, and the UAE for independence details; Rumaihi Beyond Oil page 62 UAE constituent emirates were Abu Dhabi, Dubai, Sharjah, Umm Al Qaiwan, Ajman and Fujairah, Ras Al Khaimah became
Why Frank Holmes was erased from the record

There is one final issue to be addressed – what was gained by erasing Frank Holmes’ achievement from the record? Examination of this question below brings into focus the view, frequently still in evidence, that the western world has a “right” to Arabia’s oil. The conclusion is reached that the paramount gain from diminishing the role of Frank Holmes was to remove an impediment to both Britain’s and America’s claim to possess a moral right to Arabia’s oil.

The advantage obtained through erasing Holmes’ achievements from the record of discovery and development of Arabia’s oil comes into context when it is seen that both the British, and the Americans, rather than admitting a purely commercial and/or military interest in control of Arabia’s oil, professed to be driven by altruism. Historically, the British based their claim to a moral right to Arabia’s oil on assertions they were motivated by superior goals in that they were acting for the betterment of all mankind. The Americans based their claim on declarations that they had earned it; the Arabs owed it to them on the basis of the blood, sweat and tears they expended to find it.

The splendid vision of lofty British goals could not be spoiled by any mention of the gunboat diplomacy, repression, intimidation and sheer political bullying that had persuaded both Persia and Iraq to give up their oil and had prevented Bahrain, Kuwait and Saudi Arabia benefiting from theirs. Nor would Britain ever want to be reminded that she had missed out on the great oilfields of Arabia because the Government of India had been allowed a free hand in the Arabian Peninsula; a free hand which was used to persecute what they saw as a colonial interloper, geologist extraordinaire Frank Holmes.

The Americans would not wish to mar their created mythology in which virtuous, hardworking American pioneers self-sacrificingly toiled in the heat and sand of the

the seventh member in 1972; Lawrence, Rise/Fall/British Empire pages 559-587 covers Suez, Aden, Iran and the withdrawal from the Gulf; page 586 Lawrence comments “unlike Africa, or India, Arabia and the Gulf had never felt...Britain’s ‘civilising’ mission”; Note that in Oman in July 1970, the British engineered a coup in which Sultan Qaboos succeeded his father Sultan Said Bin Taimour, on his succession Qaboos did not abrogate the many treaties and alliances with Britain; See Rumaihi, Beyond Oil, page 53 quoting Sir Geoffrey Arthur, the last Political Resident in the Gulf, stating in a 1973 address given at Durham University “when Britain attempted to look up all the treaties and alliances binding it to the Gulf amirates, it proved impossible to produce a comprehensive list. Therefore, when Britain undertook to agree to independence, it made do with the stipulation that all prior treaties were to be annulled, without listing them”
deserts, on behalf of the Arabs, until they discovered oil. As a Pulitzer Prize winning American journalist gushed in 1971—"the men of Aramco transformed Arabia" and what they did for the Saudi Arabians should "go on record as one of the outstanding jobs ... in the history of the world." Frank Holmes could have no place in folklore such as this. The fact that it was Frank Holmes who identified and mapped the fields, and held the original concessions that the Americans later purchased—and where they found oil—was highly inconvenient. The record of Frank Holmes' achievements had to go in order to make way for the American claim to have earned a right to Arabia's oil.  

British concessions, known as the Colonial Office model, were agreements with a sovereign under which the company had the right to explore for, own, and produce oil in that Ruler's territory. It is important to note that oil was not viewed as an asset belonging to its owner, that is the country in which it was found, but belonging by right to those who extracted it. The same principle reverberates in the American claim to have earned a right to Arabia's oil by dint of having brought it out of the ground. This concept was overturned when the Organisation of Petroleum Exporting Countries (OPEC), formed in 1960, succeeded in gaining international acceptance of the idea of national ownership of natural resources. Odell and Vallenilla in their 1978 work *The Pressures of Oil: A Strategy for Economic Revival* commented on the argument prior to passage of the relevant resolutions through the United Nations. They stated that many industrialised nations supported the view that "such sovereignty was by no means absolute, in order, of course, to allow for the possibility of foreign companies' rights over resources they discovered."  

There was little difference between the British and the Americans in their initial approach to Arabia's oil. Neither offered participation in the hugely exorbitant profits being made. Both manipulated production and supply in order to maintain the price of oil, though without extending any financial benefit to the countries in which the oil originated.

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20 Stegner page xii "in the history of the world"

21 OPEC was formed in 1960 with 12 members, Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela (Ecuador joined in 1973 and left in 1992); Odell, Peter R and Vallenilla, Luis, *The Pressures of Oil: A Strategy for Economic Revival*, USA: Harper & Row, 1978 pages 63-64 "to allow for", United Nations resolutions concerning permanent sovereignty over natural resources are mainly contained in General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of May 1st 1974 containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order and 3281 (XXIX) of 12 December 1974 containing the Charter of Economic Rights and Duties of States. The Resolutions agreed that countries possessed undisputed rights to resources within their own borders.
This united view of the West’s right to Arabia’s oil is apparent in the tenets of the 1947-1952 European Recovery Plan. Known after its originator as the “Marshall Plan”, this scheme aimed at rehabilitating a Europe devastated by World War Two, a war in which the Arabs played no part, through application of American aid – and “a lavish and continuous supply of Middle Eastern oil”. In implementing the Marshall Plan, the price of Arab oil was pushed below that of American oil, resulting in “a great surge of cheap Middle East oil”. As a US Government report of the time observed “without the petroleum, the Marshall Plan could not have functioned”. Here indeed was Arabia’s oil being utilised for the betterment of civilisation, but only that half of civilisation which existed in the (non communist) industrialised world. 22

Alignment of thinking, and action, was again clear when investigations in 1951 reported that the international oil companies combined to set prices. The price fixing and exploitative actions revealed involved five American companies – Standard Oil of California, Texas Oil, Standard Oil of New Jersey, Socony Vacuum and Gulf Oil – together with British Petroleum and the Dutch Shell groups. The tactics of juggling quotas and production restrictions, first mooted by Sir John Cadman in 1933 and perfected by the international petroleum cartel that became known as the “Seven Sisters”, was the model on which OPEC would later draw. 23

Reaction was aggressively hostile, however, when it was mainly the Arabs implementing Cadman’s cartel principle, in the form of OPEC, rather than the Anglo-American “Seven Sisters”. In their 1978 publication Odell and Vallenilla discussed the

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22 The plan was conceived by US Secretary of State George Marshall and announced in June 1947; Monroe, Britain’s Moment, page 95 and 113 “the Marshall Plan depended on a lavish and continuous supply of Middle Eastern oil”; Yergin page 423-426 “Middle Eastern oil was being pushed down to price levels below what had until then been the benchmark US Gulf Coast price” and “great surge of cheap production from the Middle East”, on page 425 Yergin comments “in 1946, 77% of Europe’s oil supply came from the Western Hemisphere... by 1951 it was expected 80% of supply would come from the Middle East”; Note that Europe was the major market for American goods, without a prosperous Europe, the US faced the prospect of severe economic depression. Note also that sixteen European countries founded the Organisation for European Economic Cooperation (OEEC) in April 1948 to administer the Marshall Plan (the OEEC was superseded by OECD in 1960). However, the largest amount of the US$13 billion American aid went to Britain, France, Italy and West Germany, in that order. After 1949 as Cold War tension rose, the funds increasingly went into military expenditure rather than industrial rebuilding.

23 Sampson page 137-140 The US Federal Trade Commission investigated the foreign agreements of the oil companies, the report released in August 1951 charged the seven companies controlled all the principal oil producing areas outside the US, all foreign refineries, patents and refining technology, that they divided the world markets between them, and shared pipelines and tankers throughout the world – and that they maintained artificially high prices for oil. The report said the companies were “engaged in a criminal conspiracy for the purpose of predatory exploitation”
issue of united, and concerted, attempts to “break up” OPEC conducted by the members of the Organisation for Economic Cooperation and Development (OECD). “In the view of the United States and its allies,” the authors stated, “OPEC has neither the ‘right’ to exist nor even a right to insist on charging a ‘fair’ price for its oil.”

The legacy of the early British and American claims is still apparent today. The industrialised world appears to believe it has a right to plenty of Arabian oil, preferably at a price set by the buyer not the seller (and a right to make a profit from it as every government does with the imposition of heavy domestic petroleum taxes). Echoes of the original American justification of the “right” to cheap Arab oil can still be heard when the Arabs are depicted as ungrateful – “after all we’ve done for them” – and the original British justification of their “right” to cheap oil is heard when the Arabs are accused of pushing up the price of oil, and so threatening the good of mankind and the very fabric of our civilisations. Both justifications are as spurious today as they were then.

The British claim examined

The best known of the Government of India’s Political Residents, Sir Percy Cox, once declared that “the Arab potentates” in the Persian Gulf were totally “the creation of Great Britain”. And the last of the Government of India’s Political Residents, Sir Rupert Hay, who retired in 1953, spoke of “the partnership between the Arabs of the Gulf and the British, that has been of most benefit to the Arabs, who have not only preserved their independence but acquired wealth through the development of their oil resources ... which only the Pax Britannica has made possible”.

The first Anglo Persian Chairman, Sir Charles Greenway, in a 1916 tribute to Sir Boverton Redwood, Britain’s eminence grise of petroleum, said he deserved the gratitude of the nation because of his role in the acquisition, exploration and exploitation of the oil fields of Persia. Redwood was a true patriot, the chairman said,

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24 When OPEC was formed in 1960, seven of the twelve founding members were Arab countries, plus non Arab Iran. The nations that signed the Convention of the OECD in December 1960, were Austria, Belgium, Canada, Denmark, France, Great Britain, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United States, and West Germany. Japan, Finland, Australia and New Zealand, joined later; Odell & Vallenilla page 62-65 “neither the ‘right’ to exist...nor...charge a ‘fair’ price”
because he had worked “to secure for the British nation that share in the oil industry ... to which we are entitled by virtue of our enormous consumption”.

The British were not shy about what they thought they could do with oil. In an article curiously entitled “The Romance of Persia’s Oil”, a British expert pointed out in 1920 that because of its indispensable value in warfare “the nation which controls the largest oil supplies could in the end dictate terms to the rest of the world”. Anglo Persian’s second Chairman, John Cadman, addressing the American Petroleum Institute in 1921, referred to “those high qualities that are preserved by our two races”; he meant the British and the Americans. Speaking of the need for “cheap power produced from cheap petroleum”, he said cheap oil must be available “in the interests of civilisation and for the good of mankind ...”25

The early British view of Arabia’s oil was clear. First, the countries of the Persian Gulf where the oil lay were “the creation of Great Britain”. Consequently, the creator had a prior right, as every parent had. Second, Britain was entitled to the oil because she used a lot of it. The third clinching, and it must be said imperialist justification, was that the oil should be given, without restriction and cheaply, to Britain because she would use it for the good of mankind and to preserve civilisation as we know it.

The philanthropic slant on Britain’s actions in the matter of oil was still being propagated in 1951 when Iran nationalised its oil industry. When Sir Anthony Eden drew up four “minimum” requirements for resolving this dispute, and forwarding them to the American mediators, he claimed to be acting to protect “all countries who had similar interests in foreign countries” as well as the Iranian people. Eden had experience in managing Britain’s oil relationships. He was Under Secretary at the Foreign Office in 1933 when the Persian Government denounced the Anglo Persian Oil Company’s concession. In his memoirs, Eden claimed it was him who advised an immediate appeal to the League of Nations and later took part in “the negotiations that followed culminating in a new agreement between the company and the Government of Persia ... John Cadman represented the company”.

25 PRO/CO/730/26, December 20th 1922, Secret Cox to Duke of Devonshire, Colonial Office “creation of Great Britain”; Hay page 18 “most benefit to the Arabs”; Owen papers, Box 1a, April 10th 1916, typed manuscript “Tribute to Sir Boverton Redwood” by Charles Greenway and Barnes, John K, “The Romance of Persian Oil”, The World’s Work magazine (nv/np) (June 1920) pages 143-152, “dictate terms to the rest of the world” and “As John Bull Views It”, an address by Sir John Cadman, American Petroleum Institute December 8th 1921 “interests of civilisation”.
26 Eden page 199 four “minimum” requirements, pages 191-192 “took part in”
The British claim to a moral right to Arabia’s oil, on the basis of a superior intention to use it to make the world a better place, was very much to the fore following the oil embargo imposed by the Arabs in response to the West’s support of Israel in the 1973 war. British writer Leonard Mosley in the viciously anti-Arab 1974 bestseller, *Power Play: Oil in the Middle East*, advised of “the need” to place the Arab’s oil resources under “some sort of international control”. In return, Mosley said, the Arabs should be given “raised standards of living and freedom for all [sic] their people which will turn them away from war, militancy and blackmail.” An influential work, on many university reading lists for a decade or more, was J B Kelly’s 1980 *Arabia the Gulf and West: A Critical View of the Arabs and their Oil Policy*. Kelly advocated everything from neo imperialism to western military occupation of the Arab oil fields, justifiable, he said, under something he called “the doctrine of necessity in international law ...”

The Gulf and its oilfields “are one of the great strategic prizes in the world“, Kelly declared, and could not be left in the charge of the Arabs because “no Middle Eastern state, least of all any of those bordering on the Persian Gulf, is the peer of any of the major powers of Europe”. Describing Arab oil policy as “the tactics of larceny and intimidation practised by the Middle Eastern oil producing states since 1970”, Kelly invoked the “moral right” to Arabia’s oil. Even though “desperate measures may be required to retain control over the Gulf’s oil for the West”, he advised, this was preferable to “wasting effort” endeavouring to “cajole” the “regimes of the Gulf into acting with a sense of responsibility to the world at large”.27

**The American claim examined**

The seeds of the mythology and folklore claiming an American right to Arabia’s oil on the basis of being the area’s “oil pioneers” were sown in appearances before some 20 congressional investigations into the petroleum industry. When the Americans moved into Arabia’s oil they were ideologically unable to expound a purely imperial rationale

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27 Mosley, Leonard, *Power Play: Oil in the Middle East*, USA: Penguin Books, 1974, page 427 “international control”. Mosley’s work is studded with vindictive allegations about the personal behaviour and character of the Gulf Arabs, particularly the Shaikhs, for which he provides neither source nor substantiation. There are many factual errors; Kelly page 499 “doctrine of necessity in international law”, page 500 “the major powers of Europe”, pages 502-504 “larceny and intimidation” and “to the world at large”
of their right to Arabia’s oil— in fact they repeatedly propagated the opposite. They claimed the Arabs welcomed them with open arms because of their Republican status, because they were not imperialists.  

It is true that Abdul Aziz Bin Saud never forgave Anglo Persian for their personal slights of 1922–1923. The 1933 concession signed with Standard Oil of California did contain a clause prohibiting the transfer of rights and obligations, without the written consent of the Saudi Arabian Government. And certainly in originally granting this same concession to Frank Holmes in 1923, Bin Saud had required Holmes to sign a document specifically excluding Anglo Persian from his territory. In their mythology, however, the Americans extended Bin Saud’s specific objections to the Anglo Persian Oil Company into a mistrust of the British in general.  

The American claim that Bin Saud preferred Americans because they were republicans was prominent after Standard Oil of California obtained an expansion of the original Al Hasa concession in 1939. A New York Times article quoted company executives saying the King of Saudi Arabia had personally told them no European or Asian power could be trusted because they all had “political motives”. According to Standard Oil of California, Abdul Aziz Bin Saud said he “preferred to give all rights in the entire kingdom to us— for much less than he could have had from others— because ... the United States has no political designs on his country”. Immediately the King had signed this new concession, the USA accredited the first American Minister to Saudi Arabia.

28 Yergin page 409 “twenty Congressional hearings”; Curiously, the Life Magazine article of March 28th 1949, pages 62–78, refers throughout to “American colonisers” and says “like most other colonists Aramco’s Americans spend their private lives apart from the natives” while also claiming “Aramco’s bosses have tried to avoid the odium of old style colonialism. They want Arabs to like Americans...Aramco minimum pay to its Arabs is 90 cents a day, skilled pay $270 a month, this means unprecedented fortune...skilled Arab employees do not often attain top rank...Aramco has even succeeded in tempering harsh Saudi Arabian justice with mercy...a doctor from Aramco now attends to paint the culprit’s forearm with iodine before the hand is chopped then bandages the stump...Aramco...will soon have to meet one of the chronic social questions of any venture in internationalism; whether or not to mix Arab and American students when it starts a high school, Aramco, which wants to show enlightenment, has not yet decided”  

29 Abu Dhabi Documentation Centre copy of Records of the US State Department Relating to Internal Affairs of Saudi Arabia 1930–1944, Film-T179/2, August 6th 1930, from US Consul Alexander Sloan Baghdad to Department of State, “King Bin Saud will not permit Anglo Persian to obtain any concession within the boundaries of Nejd. Furthermore (Bill Taylor, Standard Oil of California geologist visiting Bahrain) was informed the King had stated that if he gave an oil concession to any company and later found that company was affiliated in any way with APOC or had sold out to any company affiliated with APOC he would immediately cancel that concession.” Shwadran page 293 “American concession ... contained a clause”  

That Standard Oil of California and the Texas Oil Company, early partners in the American Arabian Oil Company (Aramco) did not actually believe their own propaganda claiming Bin Saud preferred them above all others becomes apparent in the events surrounding the involvement of the US Government in advancing finance to Bin Saud during World War Two.

In 1940, when the war curtailed production at Aramco and prevented travellers attending the annual pilgrimage at Mecca, Bin Saud requested financial assistance from the American oil company and, to the company's chagrin, from the British Government. The company did make some advances against future royalties, secured by a two year extension of the concession period. But they were aware the British Government was granting subsidies to the Arab Shaikhs, and to Bin Saud, that were not in the form of loans and did not have to be returned. The Americans at Aramco were concerned that Bin Saud might repay his British benefactors by bestowing on them the only thing he had of value, an oil concession in his territory. They worried that while Bin Saud may not cancel their concession outright, he might reduce it and transfer part of it to the British.

In January 1941 Aramco set out to counter British influence by promising Bin Saud a loan of US$6 million. Two months later, in March 1941, when the US Government promulgated the Lend Lease Act, a program of military and economic aid to nations warring against the Axis powers, Aramco saw a means by which it could cast its own US Government as Bin Saud's saviour, and be relieved of making the advance from its own funds. In appealing to the US Government to make this transaction under Lend Lease, the company initially played down its fear the concession may be cancelled if Bin Saud did not get the loan, or that the British might get part, or all, of the concession. Aramco professed to be humanistically concerned for the region as it warned dramatically "we believe that unless this is done, and soon, this independent kingdom – and perhaps with it the entire Arab world – will be thrown into chaos".31

agreement, known as the "supplemental agreement" covered the neutral zones between Saudi Arabia and Kuwait and between Saudi Arabia and Iraq, for which the company made a down payment of US$1.5 million with annual rent at $750,000. Compared to the terms of the company's 1933 purchase, this can hardly be construed as "much less" than Bin Saud may have been able to get from "others"; Fortune Magazine May 1947 claimed "The best ambassadors the US has in the Middle East can be the American oil companies...The west is still on trial in the Middle East among peoples under constant pressure to choose between vying ways of life. Will it be poverty, chaos, and then the heel of total authority? The Communists can offer words and propaganda. The oilman can offer a living example of what freedom and enterprise can do"; The American Minister in Cairo was instructed to add Saudi Arabia to his portfolio in June 1939.

31 The Lend-Lease deal with Saudi Arabia is covered in Shwadran pages 301-307 and Yergin 393-399.
The response to Aramco's request was lukewarm. It was suggested that “some of it” might be done under Lend Lease by shipping food aid directly to Saudi Arabia; this suggestion was accompanied by the comment “although just how we could call that outfit a democracy I don't know”. In July 1941, when a US$425 million loan was approved to the British Government, President Franklin Roosevelt requested the Administrator of the Federal Loan Agency to “tell the British I hope they can take care of the King of Saudi Arabia. This is a little far afield for us!”

Aramco was relieved they had avoided financial responsibility for Bin Saud. The British, drawing on the American loan, would take over. But they had not succeeded in their parallel aim of lessening British influence and increasing American power in the area. And, despite their claims since gaining the concession in 1933 that Bin Saud would deal only with Americans, they were anxious the British might gain ground. Appearing before the Senate Committee Investigating the National Defence Program (Part 41 Petroleum Arrangements with Saudi Arabia) Aramco executives claimed the British were “increasing their influence with Saudi Arabia at American expense”.

In a rare admission, in light of past (and future) propaganda, the Chairman of Aramco told the committee “... we have been afraid all the time over here of the encroachment of the British into the oil picture of Saudi Arabia”. In December 1942 the President of Standard Oil of California and the Chairman of the Texas Oil Company, parents of Aramco, told the US Secretary of the Interior, now acting as Petroleum Administrator for War, they feared the American concession would be cancelled and given over to British interests.

Their unrelenting three-year lobbying effort for Saudi Arabia to be granted status under Lend Lease finally succeeded. They were instrumental in the opening of America’s first legation, in Jedda, in May 1942. And on February 18th 1943, President Roosevelt declared “... to enable you to arrange Lend Lease aid to the Government of Saudi Arabia, I hereby find that the defence of Saudi Arabia is vital to the defence of the

Note that the Lend Lease Act of 1941 empowered President Franklin Roosevelt on behalf “of any country whose defence the President deems vital to the defence of the United States, to sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defence article not expressly prohibited.” This included cash amounts. When the war ended in August 1945 Lend Lease appropriations totalled about US$48 billion, repayment to the US by all countries was virtually complete by 1960; Shwadran page 304 “thrown into chaos”

32 Shwadran page 305 “call that outfit a democracy” page 306 “take care of the King”
33 Shwadran page 307 “at American expense”
Legacy 239

United States’. Standard Oil of California and the Texas Oil Company had achieved their goal; they had committed the United States to the protection of the American concession in Saudi Arabia and removed the possibility of British encroachment.34

There is a postscript to this episode. The two oil company CEO’s had deeply impressed the US Secretary of the Interior with their warning of the danger to the American national welfare if Saudi Arabian oil was lost to the British. The Secretary was convinced America was running out of oil. The argument of the two CEOs had so swayed him that he concluded that if Saudi oil was so plentiful, and so important for the American national welfare, then the only guaranteed protection must be for the American Government itself to take over the Saudi Arabian concession. He recommended to the President that the Petroleum Reserves Corporation be organised to acquire and participate in the development of foreign oil reserves. The first order of business, the Secretary of the Interior said, should be “the acquisition of a participating and managerial interest in the crude oil concession now held in Saudi Arabia by an American company”. He added that this move “will also serve to counteract certain known activities of a foreign power which presently are jeopardising American interests in Arabian oil reserves”.

The proposal was put to Standard Oil of California and Texas Oil. The CEO’s of both companies were shocked to realise just how persuasive their warnings and arguments had been. They could see that the enormous wealth producing concession they had fought so hard to protect from the British was about to slip from their grasp, hijacked by their own government. Negotiations continued from August to October 1943 with the government dropping its demand from 100% ownership to 70%, to 51%, and the company holding out for 33⅓%. Negotiations were broken off after the tide of war turned to the Allies favour in North Africa making the Middle East look secure again.35

34 Shwadran page 307 “encroachment of the British” and page 308 Standard Oil of California and Texas Oil Company December 2nd 1942 meeting with Harold Ickes Secretary of the Interior “feared that the American oil concession would be cancelled and given over to British interests”, page 309 “defence of Saudi Arabia is vital to the defence of the USA”

35 Yergin page 395 refers to an article authored by Ickes in December 1943 entitled “We’re Running out of Oil”’, Shwadran pages 310-315 “Rommel was chased out of North Africa and the concession was secure”; See “Politics Has a Part in International Oil”, Life Magazine March 28th 1949 page 78 reports that in February 1949, James A Moffett, (in 1936 Chairman of the Bahrain Petroleum Company and Caltex) a longtime friend of President Franklin Roosevelt, successfully sued Aramco in the Federal Court for services involving using his influence with Roosevelt on Aramco’s behalf in the Lend Lease deal. The jury awarded Moffett US$1.5 million. Moffett’s offer, he claimed, was obtained from Aramco at Roosevelt’s request, had included petroleum products to the US Navy at “attractive prices” in return for the US Government advancing $6 million annually for five years to the King of Saudi Arabia. A US Senate Committee,
After World War Two Standard Oil New Jersey and Socony (the old Standard Oil New
York) joined Standard Oil of California and the Texas Oil Company as equal partners in
the Saudi Arabian concession. This took place against a background of renewed claims
that Abdul Aziz Bin Saud would deal only with Americans. The US Secretary to the
Navy confidently declared that Abdul Aziz Bin Saud did not “care which American
compny or companies developed the Arabian reserves” so long as they were
“American”. And after Aramco executives put the merger proposal to Bin Saud they
reported to the American public that the King of Saudi Arabia was “interested in only
one point and on that he was insistent; he wanted to be certain neither Jersey nor Socony
were ‘British controlled’.” 36

Seemingly forgetting their panic of 1940-1943 that Bin Saud might redistribute the
American concession to the British, the oil company cast itself as super-citizens,
implying that it was through its efforts that the US was respected and admired on this
foreign shore. This story was most often spun about the countries of the Middle East
where the oil companies claimed to have won over the Arab rulers from a long
association with the British. And, as has been seen, the State Department was not averse
to claiming credit for itself for the American presence in Arabia. That even American
officials might not have actually believed the propaganda about Saudi Arabia preferring
them “above all others” was again shown by the comment of the Assistant Secretary of
State appearing before a Senate hearing in 1974. The 1951 “50-50” arrangement he had
helped negotiate in Saudi Arabia was necessary, he said, because “the threat was the loss
of the concession”. 37

Those who worked in the Arabian Peninsula, and did believe the mythology, were
sometimes pulled up short. Saudi Arabia took a 60% share in Aramco in 1974, obtaining
the remaining 40% after a further 18 months negotiating. In 1980 Saudi Arabia paid
compensation to the four American ex-owners of Aramco, based on net book value of
all their holdings within the Kingdom. After almost half a century, Saudi Arabia
reversed the situation by informing Aramco it could continue to be the operator and
service provider – “for which it would receive 21 cents per barrel”. 38

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36 Yergin page 412 “so long as they were American” and page 415 “on that he was insistent”
37 Yergin page 449 “the loss of the concession”
38 Yergin page 651-652 “21 cents per barrel”, Brown Oil/God/Gold page 366 describes Aramco after the
The Kuwait Government bought 60% of the Kuwait Oil Company in 1974, moving the next year to obtain the final 40%. The joint founders, Gulf Oil Corporation and British Petroleum (the renamed Anglo Iranian) demanded US$2 billion in compensation. Kuwait gave them US$50 million. Even so, the two companies assumed they would still have preferential access to Kuwait's oil. Gulf Oil sent one of its best men. He was shocked to learn not only would there be no preferential access, but that Kuwait now intended to sell directly into Gulf Oil's own markets, including Japan and Korea.

Apparently believing of the mythology, the American from Gulf Oil expected he could soften Kuwait's position by running through "the history, at least as he understood it, of all that Gulf Oil had done for Kuwait". After listening to this, the Kuwait official became very angry. Announcing "you never did us any favours", he walked out of the room. It appears the American could not grasp that the offence was generated by his illusory picture of the discovery and development of oil in Arabia. After reflecting on the episode, this Gulf Oil executive said, he thought maybe the misunderstanding could have been caused by "the conceit of the Americans that we were loved — because we had done so much for these people".  

**Conclusion**

The delay in developing the Arabian oil fields, until 1932 for Bahrain and 1938 for both Kuwait and Saudi Arabia, had further consequences for the economic opening up of the shaikhdoms. The time between the first oil flows and Britain's September 3rd 1939 declaration of war with Germany was not enough to get the industry up and running, particularly so for Kuwait and Saudi Arabia. The wartime shut down of the Arabian fields resulted in Kuwait, for example, not exporting oil until 1946 — 23 years after Frank Holmes had first moved to develop Kuwait's oil.

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39 This episode is recounted in Yergin page 647-648 citing an April 2nd 1975 personal interview with the Gulf Oil executive concerned; page 653 Yergin comments "in the 1950s and 1960s cheap and easy oil had fuelled economic growth and thus, indirectly, promoted social peace. Now it seemed expensive and insecure oil was going to constrain, stunt, or even eradicate economic growth. Who knew what the social and political consequences would be? ...After 1973, the very substance of power in international politics seemed to have been transmuted..."
That Arabia’s oil was then utilised as the basis for rehabilitating the non-Communist European Allies provided little compensation. As shown above, when the Marshall Plan was implemented, it was the oil companies and their respective governments that made handsome profits. The oil-producing countries were in an unequal position because the oil companies were exempt from local taxation and levies, royalties were low and the methods of calculating the profits usually favoured the companies. In the early 1950s, following the lead of Venezuela and Mexico, the Arab producers acted to obtain some improvement in the profit distribution between themselves and their oil concessionaires. In most cases, improving the royalties and gaining increased share of the production involved bitter argument and not a little struggle.

Iran’s experience when nationalising its oil – the gathering of the British Navy and threats of military action – was a scene familiar to the rulers and people in the Arab shaikhdoms. They had lived with the gunships and Sikh platoons of the Government of India for a century or more. The subsequent Anglo-American orchestrated overthrow of Musadiq’s elected government in August 1953 provided a further salutary example of what could happen should the Arabs be too aggressive in trying to gain control over their oil. When it is also considered that after World War Two the British Navy, Air Force and Political establishment had well set up bases in Bahrain – and many officials were still those originally trained and appointed by the Government of India – it is not surprising that the Arab shaikhdoms did not move to gain full control of their oil industries until after gaining independence, even though they were well aware of how poorly they were served by the arrangements reached with the oil companies in the original concessions.

The imperial view that it was the exploiter, not the territory in which the resource lay, which owned the resource being extracted remained until the United Nations resolutions of 1974. As discussed above, this view was much to the fore, along with calls for military takeovers and international control of Arabia’s oil, after the Arab oil embargo following the 1973 Arab-Israeli war.

In exploring the issue of why Frank Holmes’ achievements in discovering and developing the oilfields of Arabia has been diminished, a motivation was proposed. It was argued that the oil companies, and their associated governments, gained from obscuring Holmes’ role by removing an impediment to the advancement of claims to a “right” to Arabia’s oil, claims that can still be discerned today.
Conclusion

This thesis set out to answer the question – what was it that delayed development of Arabia’s oil, after discovery by Frank Holmes in 1922-1923, until 1932 for Bahrain and 1938 for both Kuwait and Saudi Arabia? The contention proposed was that it was rule by the Government of India in the Arabian Peninsula that prevented the development of Arabia’s oil. In pursuit of this contention it was necessary to demonstrate two main issues which were first, that Frank Holmes did identify the Arabian oil fields and second, that the Government of India did hold power in the Arabian Peninsula.

The thesis employed the device of following Frank Holmes from his 1921 entry to the area through to the granting and development of the concessions, while examining the documented hostile reaction to his activities, in order to establish the position of the Government of India.

To test the assumption that Frank Holmes did discover the Arabian oil fields, that he was in fact Abu Al Naft (Father of Oil) as the Gulf Arabs dubbed him, the thesis began with an examination of the existing literature. It was shown that the depiction of Frank Holmes as a “soldier of fortune”, an “adventurer” and a “concession hunter”, although carelessly repeated in sequential publications, rests on a dubious basis.

The unflattering depiction of Holmes was shown to be influenced by the prevailing, and effective, corporate technique of charging competitors, such as Holmes and his Eastern & General Syndicate Ltd, with being opportunistic speculators rather than reputable industrial or commercial developers. The myth that the oil companies kept secret a knowledge that there was oil on the Arab side of the Persian Gulf was also exposed as baseless. The opposite was true in that all the surveys from 1904-1932, including seven “examinations” of Kuwait, agreed the Arab shaikhdoms were of no geological value.
Frank Holmes' discoveries were then demonstrated by following a wide range of documentation through his original exploration of Al Hasa in Saudi Arabia, Bahrain and Kuwait, and again through examination of the records relating to the eventual oil strikes that occurred in these concessions. In illustrating the scope of Frank Holmes' achievements, the thesis established that, until his 1932 Bahrain oil strike shocked them all, the world oil experts were unanimous in their opinion that the Arabian Peninsula was oil-barren. Other individuals' claims to discovery were also addressed. Similarly, the discovery claims of the oil companies including the Anglo Persian Oil Company and Standard Oil of California, were discounted.

In formulating the contention of this thesis, that rule by the Government of India was the determining factor in preventing development of Arabia's oil, it was assumed that the Government of India did in fact hold that power. This assumption was explored throughout the thesis, and demonstrated particularly in chapter three, *The Gulf Raj*.

How the true dimension of the role of the Government of India in the Arabian Peninsula could have been previously obscured was a question that needed to be resolved. This study identified a number of factors as attributing to such misconception. Among these must be the frequent references by Government of India and British officials, including Churchill himself, to the need to avoid attracting attention to the "assumption" and nature of rule in the Gulf which were noted and evidenced.

Another strong contributing factor can be described as the characteristics of the Government of India's administration and that of her Political Officers. This study revealed the Government of India's frequent instructions to her Political Officers that the Rulers themselves should be persuaded to "request" certain actions. This procedural style was exacerbated by the Political Officers' own habit of authoring requests and letters that the Rulers' signed, or of writing in the Shaikhs' name whether or not they signed.

It would seem that, if previous researchers consulted only the British Government documentation (eg Colonial Office and Foreign Office), and took these at face value without cross referencing to the correspondence of the Government of India, a false impression could have been gained that the Shaikhs had more freedom of action than was actually the case.
Also identified as a factor contributing to the previous misreading of the position of the Government of India was the Political Officers’ habit of speaking for the Shaikhs. The Political Agents, and at times the Resident, forwarded reports purporting to quote verbatim the individual Shaikhs. When this study examined the record in sequence, it was noticeable how frequently the Shaikhs were quoted as expressing ideas that were remarkably similar to those contained in the Agents’ own personal correspondence. Harold Dickson in particular seems to have been a master of this.

The thesis demonstrated that this technique, as employed by the Political Officers, could continue because the arrangements reached at Churchill’s 1921 Cairo Conference restricted the British Government to communicating about, or with, the Shaikhs solely through the Government of India’s Political Resident. The same restriction applied to the Shaikhs in that they could communicate with the “High” Government in London only through the Political Agents and the Resident. As a result, officials in Britain would have had little chance of independently ascertaining what the Shaikh might, or might not, have thought or said.

It seems reasonably safe to assume that it was to the benefit of the Political Officers to report that the Shaikhs were in accord with whatever measures were currently being implemented. Perhaps because it was what they wanted to hear, the government in Britain accepted information received in this fashion. The British Government’s meetings and reports on matters relating to the Arabian Peninsula utilised and incorporated the reports of the Political Officers of the Government of India. In this way the material entered the records, and again if previous researchers took these at face value, could be assumed to be independent observations of the British Government.

It must be said that this unquestioning acceptance by the British Government of the reports of the Government of India’s Political Officers in the Persian Gulf was in keeping with the times. The belief prevailed that, as Belgrave the Bahrain Adviser is quoted in chapter eight, Legacy, these were men who understood “how to deal with” the Arabs. The Orientalist view of the “Eastern Mind” was alive and well in the offices of Whitehall.

Of equal importance in arguing this thesis was the India associations of the Anglo Persian Oil Company. That the British Government held 51% of this company may have influenced matters related to the oil of Iraq, but this was found to have little bearing on the development of Arabia’s oil.
The influential factors which this study identified were the Company's historic ties to India and the fact that, over the period of this study, the company was predominantly staffed by former members of the Indian military, or the Indian Civil Service. As has been shown, there was active collusion between the Anglo Persian Oil Company, and its personnel, with the Political Officers of the Government of India.

A coincidence of goals was shown to exist between the two in that both institutions aimed to protect their respective dominant positions. For Anglo Persian the aim was to maintain a *de facto* monopoly. In the case of the Government of India it was to keep away any outside influence that might not be sympathetic to her ideology. In pursuit of this shared goal the two institutions and their personnel combined in actions aimed first at thwarting the award of the Arabian concessions to Frank Holmes and then to prevent their development with American financial backing.

By focussing on the role of the Government of India and the accompanying opposition that prevented the Arabs developing their oil — their only economic resource — a cruel exercise in imperialism has been exposed. The people of the area were in dire economic straits, most particularly following the Depression and the coincident collapse of their alternative source of revenue, the market for natural pearls. Yet, for the purpose of maintaining her dominant position and that of the Anglo Persian Oil Company, the Government of India refused the possibility of economic relief through development of Frank Holmes' oil concessions, even more so when he secured financial backing from the Americans.

That this refusal to allow acceptance of the offered economic development engendered distrust of "foreign" governments in the general population of the Arabian Peninsula is not surprising. Also not surprising is that this distrust was compounded by the realisation that, after the concessions were developed, other governments made more money in taxes from Arabia's oil than did Arabia.

In seeking the answer to what was gained by diminishing Frank Holmes' achievements, the hypothesis was proposed that doing so allowed propagation of the British and American claims to a "right" to Arabia's oil — claims which steadily expanded to become the West in general possessing a right to Arabia's oil. Arab recognition of the denial of their economic development, and profit-taking when it was developed, generated strong suspicion of the motivation behind such claims.
This historic sense of entitlement on the one side, and deeply embedded wariness on the other, became apparent in the discussions around the final takeover by the Gulf States of full ownership of their respective oil companies. Both attitudes can be discerned today in the approach, and reaction, of each side to the subject of the Gulf States’ policies on production and pricing of their oil.

The Gulf States in maintaining their international relations must take the residual suspicion of other governments’ motivation towards them felt by the people of the Arabian Peninsula into account as public opinion. On the other hand, the Western nations’ relations with the Gulf States are frequently informed by the recognition that their general public holds the mythology-induced view of “after all we’ve done for them”.

Demonstration of the central role played by the Government of India, not previously brought out in the literature, has added another dimension to understanding of the historical experience of the Gulf Arabs. This thesis, by concentrating particularly on the 25 year period 1913-1938, and illustrating through the activities of Frank Holmes the catalyst for change provoked by his unwavering conviction that the area was rich in oil, has provided an insight into the development of the economics, politics and international relations of the modern states of the Arabian Gulf.
Appendix 1

GLOSSARY

Aba also called Bisht, formal, lightweight cloak worn by men, usually black or dark brown, frequently embroidered with gold thread along the edges (women wear abaya)

Abu Al Naft Father of Oil (honorific awarded by the Gulf Arabs to Frank Holmes)

Aghal headband worn by men over the large cotton headscarf (ghutra), nowadays this is usually a heavy black silk loop, with or without cords extending down the back; originally the aghal was a double loop of rope that could be used to hobble camels; can also be made with gold strands to denote high rank.

Amir leader of a defined area containing a number of tribes (ie. Amirate). Note that the British frequently used the English “e” to express the Arabic “a/alif”, as in Bahrein, Koweit, and most notably “Emir”, this spelling was retained, for example, in the name “United Arab Emirates”

Arabian Gulf versus Persian Gulf, both titles “Arabian Gulf” and “Persian Gulf” are now used interchangeably. Sayed Amin discusses this issue in legal and historical detail in Political and Strategic Issues in the Persian-Arabian Gulf (Royston 1984 pages 81-86) and notes that “Arabian Gulf” is the common usage in the Gulf States. He points out that by 1968 all the Arab States had passed laws and issued decrees making the use of “Arabian Gulf” compulsory in all official communications. Peter Mansfield in The Arabs (Allen Lane 1976 page 371) observes that “the Arabs of the area reject the term Persian Gulf and insist on ‘Arab’ or ‘Arabian Gulf’. Persian-Arabian Gulf would be a suitable compromise but it is cumbersome.”

Balyoz descriptive term used by the Turks for the representative of the Venetian Republic to the Court of the Ottoman Sultan in Constantinople

Bin son of (female equivalent is Bint). Note that the term Ibn was the Turkish equivalent used by the Ottoman Empire

Diwan commonly used to describe an administrative office, as in “the Amiri Diwan”, literally it is the reception room of a palace or large private house, also called Maflis

Ikhwan literally “brotherhood”, can be a group of “brothers” come together to achieve a religious or political goal. In early Saudi Arabia, the Ikhwan were men from the Bedouin tribes whom Abdul Aziz Bin Saud galvanised into missionary-warriors who fought with him in the campaigns beginning with Hasa in 1913 to the 1924 capture of Mecca and the subsequent surrender of Medina and Jedda. Bin Saud had also sought to bring the Bedouin tribes into settlements, the first was established in 1913, there were 60 within a decade. After the capture of Mecca and Jedda, the Ikhwan rebelled against Bin Saud. Successive waves of Ikhwan insurrection were only quelled, in 1930, with active British military assistance.
**Imam** a learned religious leader

**Majlis al Urif** roughly “commercial court”, a traditional meeting to resolve commercial disputes

**Mesopotamia** modern Iraq occupies most of the area of ancient Mesopotamia, the plain between the Tigris and Euphrates Rivers. Before the 7th century, Mesopotamia was the centre of the Babylonian and Assyrian civilisations. The Turks initially conquered Mesopotamia in 1534 but did not secure true control until the 17th Century when Mesopotamia was brought under the direct administration of the Ottoman Empire. Mesopotamia had three provinces, Mosul, Basra and Baghdad. The name “Mesopotamia” continued to be used by the British until, following the uprising of 1920, plans were drawn up to institute a “provisional” government for what would now be called the State of Iraq. The area had been known as Al Iraq in antiquity and the Arabs had always used both Al Iraq and Mesopotamia interchangeably. In modern history others knew only Mesopotamia; the Ottomans used Mesopotamia. The revived name came into official usage in August 1921 when Faisal was proclaimed King of Iraq.

**Qada** (Turkish, in Arabic Qarya) village, designation used by Ottoman Empire

**Shaikh** was traditionally an awarded title for a tribal or religious leader (literally an honorific meaning “old man”) has come into use as an inherited title designating close members of the Ruler’s family (female equivalent is Shaikha)

**Vilayet** (Turkish, in Arabic Wilaya) province, designation used by Ottoman Empire

**Wahhabi** originally a reformist movement led by Muhammad Bin Abd Al Wahhab (died 1787) dedicated to rooting out what he saw as the decadence of popular Islam and achieving a return to the purity of Islam as it existed in the time of the Prophet and the four Caliphs who followed. In 1806 Wahhabi fighters led by the Amir Muhammad Al Saud (ancestor of Abdul Aziz Bin Saud) occupied Mecca but were ejected by forces sent by Ottoman Sultan Mahmoud 11. When the 21 year old Abdul Aziz Bin Saud recaptured Riyadh in 1902, he set in train a revival of the Wahhabi movement that gave birth to a warrior brotherhood with which he created, by conquest, the Kingdom of Saudi Arabia. (Bin Saud’s fighting followers were known as “Wahhabi warriors” or “the Ikhwan”)
Appendix 2

FRANK HOLMES 1934-1947

There is little in the existing literature about Frank Holmes after the Kuwait concession was signed in 1934. Yet he continued to be associated with Arabian oil until after World War Two. He remained as Shaikh Ahmad’s Representative with the Kuwait Oil Company until his death in 1947, pursuing this work in the London office and frequently visiting Kuwait and the other Arab shaikhdoms.

Shaikh Ahmad made an official visit to England in 1935, sponsored by the India Office and Kuwait Oil Company. Although appreciating what he described as “the glorious programme of receptions in my honour”, Ahmad elected to spend the majority of his time with Frank Holmes including visitig Frank and Dorothy Holmes’ farm, “MillHill” in Essex. Holmes purchased this farm in 1922 because, he said, he needed to provide a home for the pedigree Arab horses given him by Bin Saud and for the Saluki hunting dogs of the Arabian Gulf which he and Dorothy bred. Dorothy had run the farm while Frank was in the Gulf, also maintaining a pedigree Fresian herd of some 30 milking cows and 20 young stock.¹

That Frank Holmes was never motivated by personal gain is illustrated by the fact that, despite the fabulous wealth generated by the oil fields he discovered, “MillHill” was almost his only asset. The value of the entire estate left to Dorothy on Frank’s death was 30,000 sterling. According to Dorothy, New Zealand always remained Frank Holmes’ “first and last love”. The year he died, Dorothy said, they were planning to visit and “he was most disappointed when he realised this could not be done.” Perhaps he would have had some reservation at being described by Archibald Chisholm as “an outstanding British personality” in an obiturary in The Times of London. Shaikh Ahmad of Kuwait outlived Holmes by three years, until 1950. Eyecatching at Frank Holmes’ funeral was a gigantic floral tribute sent by Ahmad.

¹ Interview with Archibald Chisholm, London, September 1987 for detail Holmes’ later life, his estate and Shaikh Ahmad’s 1935 visit, Scholefield collection, Dorothy Holmes to Scholefield, October 27th 1959 for detail 1922 purchase of “MillHill” and “pedigree Fresian herd” and “first and last love”.

The obituary appeared in *The Times* of February 5th 1947 and read:

"Major Frank Holmes, who died last week, was uniquely responsible for discovering the vast petroleum resources of Arabia, whose development is of such current interest today. Though avoiding publicity in this country, he was an outstanding British personality in the Middle East especially among the Arab Shaikhs of the western shore of the Persian Gulf who appreciated both the formidable personality of this rugged New Zealander, and the great riches which the initiative of "the Father of Oil" (Abu al Naft), as they called him, brought to their coffers.

"A mining engineer by profession, Holmes staked his own opinion against that of experts in petroleum geology (who had pronounced Arabia "oil-dry") when he obtained a concession for Bahrain Island in 1923. For over five years thereafter he sought in vain to find a British or American oil concern to back his fancy and exploit the concession. Eventually he succeeded and the discovery of a major oil field in Bahrain in 1932 was rapidly followed by still greater discoveries in Saudi Arabia and Kuwait (where Holmes himself was concerned in obtaining a concession from his old friend Shaikh Ahmad as Sabah in 1934). Of powerful physique, blunt speech, and great strength of character, Frank Holmes had also those qualities of generosity, friendliness and frankness which Arabia most admires." ²

² Chisholm pages 94-95 reprints this Obituary.
Appendix 3

WHO’S WHO

Biographical Details of Mentioned Personalities

Ahmad, Hashem Bin, of Kuwait, Personal Secretary and Scribe of the Diwan to Abdul Aziz Bin Saud

al Gosaibi, Abdul Aziz (d.1950), Abdul Rahman (d.1976), Abdulla, Hassan and Sa’ad (known as “the five brothers”). The family originated in Hofuf, where they were involved in agriculture and traded dates to India through Bahrain, diversifying into trade in pearls. As young men Abdul Aziz, Abdul Rahman and Abdulla spent time in Bombay, where the family had an office, learning English and the merchant trade; Abdul Rahman was frequently in Paris dealing with the family’s pearl trade. The branch of Abdul Aziz Gosaibi represented the interests of Abdul Aziz bin Saud and his territories in Bahrain from 1908 until the establishment of the Saudi Arabian Foreign Service. In Bahrain they arranged accommodation and transport for all visitors to and from Bin Saud and provided a channel of communication; the British paid their subsidy to Bin Saud through the Gosaibis. For some years, the Gosaibis in Bahrain had close to a monopoly on the carrying trade between Bahrain and the mainland, and supplied Bin Saud with foodstuff from India and general provisions.

al Hashem, King Faisal bin Husain (1885-1933) son of Sharif Husain of Mecca, 1916-1918 commanded the Hijaz Army in operations with T. E. Lawrence. 1919 represented the Hijaz in Post WW1 Paris Peace Conference. 1918-1920 Head of the British Administration in Syria before the French entrenched their Syrian Mandate. August 23rd 1921 proclaimed King of Iraq

al Hashem, Sharif Husain bin Ali of Mecca (1856-1931) father of Faisal of Iraq and Abdulla of Transjordan. 1908 became Amir of Mecca. 1914-1916 Britain’s main ally in the Middle East theatre of operations during WW1. 1916 proclaimed “King of the Arab Countries” by his own followers; the French objected to what they saw as Britain’s promotion of Hashemite leadership; in January 1917 a compromise was reached in which both Britain and France recognised Husain as “King of the Hijaz”. October 3rd 1924 forced to abdicate on Abdul Aziz bin Saud’s military conquest of Mecca and went into exile in Cyprus, 1931 died while visiting his son in Amman.

al Idrissi, Muhammad bin Ali (1876-1923) Saiyed (religious leader and Sufi) and Ruler of Assir, Tihama, Hodeidah. Allied to the British during WW1 he could muster a fighting force of 30,000 men. Signed two treaties with the British, the first in 1915 guaranteed protection of his coastal towns from foreign attack, provided a subsidy and arms. The second in 1917 related to Farasan Islands, which he had wrested from the Turks. On his death in 1923 Muhammad’s brother Hasan, then in his 40s, refused the succession preferring a Sufi spiritual life. The rule went to Ali, born in 1905. Within two years Ali had ceded Hodeidah and other towns to the Imam Yahya and lost the support of the tribes in Assir. Ali was challenged by his kinsman, Mustafa, and in 1926 was deposed. His uncle, Hasan, took up the rule but placed Assir under the “protection” of Abdul Aziz Bin Saud, shortly after formally annexed to Saudi Arabia.
al Khalifa, Shaikh Hamad bin Isa (d. 1942) although holding the title of Deputy Ruler until the death of his father in 1935, Shaikh Hamad was Ruler of Bahrain from 1923 when the Government of India forced his father to abdicate. Hamad and his brother Abdulla negotiated the Bahrain Oil Concession.

al Khalifa, Shaikh Isa bin Ali (1869-1935) signed two treaties with Britain, in 1880 and 1892, not to enter into relations with any “foreign” government, and not to cede sell or lease any part of his territories without British consent. In 1914 Shaikh Isa signed the exclusion “convention” agreeing not to grant an oil concession except to an individual, or company, approved by the British Government. The Government of India forced Shaikh Isa to hand authority to his son, Hamad, in 1923.

al Sabah, Shaikh Ahmad bin Jabir (1885-1950), succeeded his uncle Shaikh Salim following the latter’s death in February 1923 (official date of accession is March 29th 1923). Shaikh Ahmad negotiated the Kuwait Oil Concession.

al Sabah, Shaikh Mubarak bin Sabah “Mubarak the Great” (1896-1915). Kuwait signed in 1899 a treaty with Britain agreeing not to conclude treaties with any other powers, not to admit any “foreign” agents and not to cede sell or lease any part of Kuwait’s territory without British consent, Britain promised to protect both the Al Sabah Ruler and his heirs. In 1913 Mubarak signed with Percy Cox the exclusion “convention” agreeing not to grant an oil concession except to an individual, or company, approved by the British Government.

al Saud, Abdul Aziz bin Abdul Rahman (1880-1953) after a childhood spent in exile in Kuwait, in 1902 Bin Saud regained the Saudi patrimony of Nejd. In 1924-1926 he took over the Hijaz, with Mecca, driving out the Hashemite rulers. In January 1926 he was proclaimed King of the Hijaz and Sultan of Nejd and its Dependencies (soon after he annexed the Assir from Yemen), September 18th 1932 proclaimed King of Saudi Arabia. From 1926 Bin Saud dealt with waves of internal rebellion until the British and the Government of India assisted him militarily in 1929-1930. Bin Saud signed with Percy Cox the Treaty of Darin in 1915, including the usual clauses of not entering into any correspondence, agreement or treaty with any “foreign” power and agreement not to cede, sell, lease, mortgage or otherwise dispose of any part of his territory without British consent. Bin Saud granted the Al Hasa oil concession to Frank Holmes in 1923 and, after it had lapsed, negotiated it again in 1933 with Standard Oil of California.

al Thani, Shaikh Abdulla bin Qasim (d.1949), Ruler of Qatar. 1906-1913 was Governor of Doha and successful pearl merchant. 1913-1949 succeeded his father as Ruler of Qatar. Signed treaty with Britain in 1916 placing Qatar on same footing as the other Gulf Shaikhdoms. Abdulla secretly paid an annual subsidy to Abdul Aziz bin Saud to protect his territory from Bin Saud’s expansionism. In 1922, Abdulla tried to conclude an oil concession with Frank Holmes but was prevented from doing so by the Government of India’s Political Resident. In 1926, under pressure from the Political Agent, he signed a prospecting licence with D’Arcy Exploration Company (a subsidiary of the Anglo Persian Oil Company). In May 1935, in return for a formal document from the British Government guaranteeing recognition of his son and heir and protection from “outside” attack against his territory, he signed a concession with Petroleum Development (Qatar) Limited, the subsidiary of the Anglo Persian Oil Company.
**Belgrave, Sir Charles** (1895–1970). Educated at Oxford. With the British Army in Sudan, Palestine, Egypt. Joined the Frontier Districts Administration (Anglo Egyptian Civil Service). Joined the Colonial Service in East Africa. Married the daughter of Lord Bristol. 1926 hired by the India Office and served as Financial Adviser to Shaikh Hamad, Ruler of Bahrain, and on Hamad’s death, to his son Shaikh Salman, until Belgrave’s retirement in 1957. Although the Government of India recommended the appointment of a personal “Adviser” to the Shaikh because of the impropriety of the Political Agent running all the affairs of the island, Belgrave actually reduced Bahraini input. Belgrave, with the assistance of a handful of British nationals, ran the Administration, the Police, and the Judiciary, as well as controlling all commercial and financial interests. Wrote *Personal Column*, published 1960.

**British Oil Development Ltd** (BOD) registered in London 1928 with mainly British and Italian shareholding. Reorganised with increased capital after obtaining in May 1932 from the Iraq Government an oil concession west of the Tigris. Mosul Oilfields Ltd with British, Italian, German, Dutch, French and Iraq shareholding was registered in December 1932 to acquire the shares of BOD, the Iraq Petroleum Company moved to acquire the shares of BOD in 1936, dissolving both BOD and Mosul Oilfields in 1941.

**Burma Oil**, (originally Burmah Oil), the first British oil company. Founded by a group of Scottish traders and investors after the 1885 annexation of Burma to India. Burma Oil began by appropriating the oil gathering activities of Burmese village people, an appropriation on which it built a commercial industry and a refinery in Rangoon. The growth of Burma Oil was aided by the monopoly, given in 1889 by the Government of India, over the sale and extraction of oil products and protection from all foreign competitors, throughout the Indian Empire. Chairman Lord Strathcona financed Canadian Pacific Railways. Before D’Arcy was producing in Persia he called for financial assistance. The British Admiralty feared the concession might fall into the hands of American or Dutch oil trusts and so persuaded Lord Strathcona to have Burma Oil cooperate with D’Arcy. In May 1905 Concessions Syndicate Ltd was formed for operations in Persia. After the 1908 oil strike at Masjid-i-Sulaiman, on April 14th 1908, Concessions Syndicate Ltd was relegated to a subsidiary and the Anglo Persian Oil Company formed with Lord Strathcona as Chairman. Burma Oil was the majority shareholder in Anglo Persian until the British Government’s own 1914 purchase of 51% of the stock. Burma continued to hold 23% of Anglo Persian/British Petroleum until 1974 when their shareholding was taken over by the Bank of England.

**Cadman, Sir John**, first Baron Cadman of Silverdale, (1877-1941). Educated in Science at Durham University. 1902 Inspector of Mines (coal) East Scotland and Staffordshire. 1904-1907 set up the Mines & Petroleum Department for the Government of Trinidad. 1908 with the Royal Commission on Mines. 1910 Professor of Mines at Birmingham University where he established the Department of Petroleum Technology. 1913 appointed to the Admiralty Commission (with Admiral Slade) sent by Churchill to report on the operations of the Anglo Persian Oil Company, 1914 Director Petroleum Executive, Member Inter-Allied Petroleum Committee. 1921 joined Anglo Persian Oil Company. 1923 Director and 1925 Deputy Chairman, then Chairman Anglo Persian Oil Company. 1927-1941 Chairman both Anglo Iranian Oil Company and the Iraq Petroleum Company. At the time of his death he was Honorary Principal Adviser on Oil to the British Government.


Cox, Major General Sir Percy Zachariah (1864-1937). Early career included six years in India with the Indian Army, four years as Political Officer in the Indian State of Baroda, six years in Somalia. 1904-1913 Political Resident Persian Gulf. 1914 Secretary, Foreign Department Government of India. 1914-1918 Chief Political Officer Indian Expeditionary Force “D”. March 1918-1920 Acting Minister Teheran. 1920-1923 as “Sir” Percy Cox, High Commissioner Mesopotamia/Iraq (Cox was also titular Political Resident until October 1920 although absent in Baghdad. On his 1918 appointment to Teheran, Lt-Col Arnold Wilson took over as “absentee Resident” in Baghdad)

Crane, Charles R, American millionaire, heir to the Crane Bathroom Equipment Company of Chicago and colleague of Henry Ford, Thomas Edison and George Westinghouse. Was American Minister to China 1921. Crane was appointed by US President Wilson to the 1919 King-Crane Commission sent to ascertain local reaction to the proposed post WW1 mandates in Palestine, Iraq and Syria, and particularly to the Balfour Declaration granting a Jewish “homeland” in Palestine. The report was never tabled at the Versailles Peace Conference. From his travels for the King-Crane Commission, and from time spent in Egypt as a young man, Crane developed a fascination for the Arab world and an empathy for the people. He believed the two important factors that could assist the Arabs out of poverty were education and agriculture. On his own expense he educated a number of Syrian/Lebanese young men in America. He was a patron of the American Mission hospitals and schools in the Arabian Peninsula and was involved in the setting up of American higher education facilities in Lebanon. He initiated a date farm on his ranch in California devoted to researching and improving Arabian strains and propagation techniques and did similar research on the breeding of Arabian horses. He paid for a three year fact finding and development mission to Yemen, which he visited twice, and similar to Jedda which he also visited. The two programs were led by the American engineer Karl Twitchell.
Craufurd, Commander C E V Royal Navy (Retired). In WW1 commanded HMS "Minto" patrolling the Red Sea. Employed personally by Sir Edmund Davis, Eastern & General Syndicate’s Chairman and chief investor, accompanied Holmes to Aden in 1921. He became obsessed with locating the site of King Solomon's Mines eventually becoming convinced he had traced them to the port of Makalla, not far from Aden. Delivered lectures and speeches, and wrote articles, on this subject in London until the mid 1930s. Infected American engineer Karl Twitchell with a similar obsession when he came to Yemen in 1927 on a mission for American philanthropist Charles Crane; Twitchell became convinced King Solomon’s Mines were in Saudi Arabia.

Curzon, George Nathaniel; Lord Curzon of Kedleston, 1st Marquess (1859-1925); statesman and administrator. 1898-1905 Viceroy and Governor-General of India. 1915-1916 Lord Privy Seal. 1916-1918 Member of Lloyd George War Cabinet. 1916-1924 Leader of the House of Lords. 1919-1924, Secretary of State for Foreign Affairs.


Daly, (Sir) Major Clive Kirkpatrick. 1916-1920 served in the Indian Political Service as Lt. Col was Political Governor Diwania (Iraq). 1920 demoted to Major following the outbreak of the Iraqi Revolt in his area. January 1921-September 1926 Political Agent Bahrain, wounded in a local uprising against his oppressive policies and aimed, in part, at the Persians he had gathered into a police force, answerable only to him, to control the Bahrainis. The Government of India knighted Daly on his return to London.

Damlouji, Dr Abdullah, Iraqi, physician, practising in Baghdad. Medical consultant to Sir Percy Cox’s administration in Baghdad. Personal friend and frequently physician to Abdul Aziz Bin Saud

Dickson, Harold Richard Patrick (born Beirut 1881 died Kuwait 1959). 1908 with the Indian Army. 1912-1913 Tutor & Guardian to eldest son of Maharajah of Bikaner. 1914-1915 with 29th Lancers to Mesopotamia. 1915-1919 selected by Arnold Wilson as Political Officer Nasiriyyah (Iraq) press ganging Arab labourers for railway construction. November 1919-November 1920 as Major, Political Agent Bahrain. 1921 Political Adviser at Hillah (Iraq), including Karbala and Najaf until his removal in July 1922. August 1922-December 1922 in Bahrain, no official post, but loose title of “Personal Representative” of Sir Percy Cox, expected appointment as “Agent to Bin Saud”. December 1922-August 1923 pursued unfair dismissal case in London. 1924-1928 reinstated to Indian Army in Quetta then Guardian & Tutor to second son of Maharaja of Bikaner. May 1928-April 1929 Secretary to the Political Resident Bushire. May 1929-February 1936 (and temporary May 1941-August 1941) as Lt-Col, Political Agent Kuwait. 1936-1959 Chief Local Representative, Kuwait Oil Company. (His father, John, (1847-1908) born in Tripoli Libya, was British Consul Beirut 1879-82, Consul General Damascus, Homs and Jerusalem 1882-1889. Grandfather was Dr Edward Dickson (1815-1900) born in Tripoli Libya, employed by the Amirs of Western Tripoli (Al Babat), later joined the Ottoman Military Service as a doctor, died in Istanbul.)
**East India Company**, with rights and privileges granted by the British Parliament, gained control in India through conquest and the ceding to it of territories and concessions by local rulers. Its main commercial outlets, known as factories, were in Bombay, Calcutta and Madras. The status of its chartered liberties and possessions has been compared to those of the Colleges of Oxford and Cambridge and the Church of England. The 1773 Regulating Act went some way towards giving the British government the right to oversee and regulate the affairs of India. In 1774 the East India Company appointed Warren Hastings first Governor General of India. The British Parliament’s India Act of 1784 passed executive control of India Affairs to a Board of Control whose president was a member of Cabinet and answerable to Parliament (Viscount Castlereagh). Disraeli’s legislation of 1858 established the British Crown as the government of India with two sources of executive power, the Secretary of State for India who answered to Parliament, and the Viceroy who oversaw everyday administration and law making. Under the Viceroy was a hierarchy of presidency and provincial governors, commissioners, judges, magistrates etc. The Indian Government recreated most British government departments, including its own Foreign Affairs.


**Gulbenkian**, Calouste (1868-1955) Armenian. 1887-1891 graduated in Mining Engineering King’s College London, worked in the family’s oil business in Baku, wrote scholarly articles, and a book, on Russian oil, authored a report for the Turkish Sultan on oil possibilities in Mesopotamia. 1893 moved to Constantinople. 1896 moved to Egypt then London where he traded in Baku oil and acted as an oil industry broker. 1907 returned to Constantinople representing Royal Dutch Shell. 1912 formed the Turkish Petroleum Company with the Deutsche Bank and Royal Dutch Shell holding 25% each and 50% held by the Turkish National Bank; Gulbenkian held 30% of the Turkish National Bank which equated to a 15% holding in Turkish Petroleum. 1914 Anglo Persian bought into Turkish Petroleum with the Deutsche Bank and Shell each retaining their 25% and Gulbenkian holding 5%. Gulbenkian succeeded in retaining this 5% through the various incarnations of Turkish Petroleum and the subsequent Iraq Petroleum Company. He died, aged 85, in Lisbon.


**Heim**, Dr Arnold Albert, (1882-1965) Swiss. Geologist and Dozent at the University of Zurich. Commissioned in 1924 by Frank Holmes and the Eastern & General Syndicate Ltd to survey for oil and water Bahrain, Kuwait, Al Hasa and the Kuwait-Saudi Arabia Neutral Zone. In the late 1920s Arnold Heim published a number of magazine articles, and mounted lantern slide lectures, based on his 1924 visit to Arabia.

**Hirtzel**, Sir Arthur (1870-1937). In 1894 joined India Office. 1917-1921 Assistant Under Secretary of State for India. 1921-1924 Deputy Under Secretary of State for India
**Hoover, Herbert Clark** (1874-1964), 31st president of the United States (1929-1933) In 1896-1897 worked for a leading engineer in San Francisco. On his recommendation the 22-year-old Hoover got a job with a London mining firm, Bewick, Moreing and Company, to introduce California methods to the company’s gold mines in western Australia; he recommended the purchase of Sons of Gwalia gold mine in Kalgoorlie. He turned from technical work to administration, bargaining with labour and negotiating with the Australian government. His company transferred Hoover to China where he became chief engineer in the Chinese government’s imperial bureau of mines. In 1900 he held a one-fifth interest in Bewick, Moreing and Company, which then possessed gold, silver, tin, copper, coal, and lead mines in Australia, New Zealand, South Africa, Canada, and Nevada. He also owned a turquoise mine in Egypt. Hoover became a world-renowned consulting engineer, accepting commissions to revive unproductive mines and was managing director or chief consulting engineer in a score of mining companies, and he was a wealthy man. In 1917 he was U.S. food administrator and chairman of the American Relief Administration to assist in the economic restoration of Europe. President Harding appointed him secretary of commerce in 1921. In seven years as head of the Department of Commerce, Hoover extended its control over mines and patents and supported the expansion of American business overseas. For the Republicans, Hoover won the 1928 presidential election in a landslide. He was in office less than eight months when the Wall Street crash occurred. In 1932, he lost to Franklin D. Roosevelt. Herbert Hoover died in 1964, in New York City.

**Jacks, T. L.** (1884-1966). In 1909-1913 Oil Assistant Strick Scott & Co Abadan. 1917-1920 Assistant Manager then 1921-1922 joint General Manager with Arnold Wilson Anglo Persian Oil Company Abadan, 1926-1935 Resident Director Anglo Persian Oil Company Teheran

**Khazail, Shaikh of Muhammerah, (1860-1936).** The Anglo Persian Abadan refinery was built in his territory. In return for allowing the refinery, the 1909 undertaking, reconfirmed in 1914, given by Sir Percy Cox and the British to Khazail promised to protect he and his heirs against encroachment on his jurisdiction and recognised rights from the Persian Government. Until 1924 Khazail was the *de facto* Ruler of the left bank of the Shatt al Arab (Arabistan later Khuzistan). In April 1925, he was removed to house arrest in Teheran by the forces of Riza Khan who then established central government control over Khazaifs area. During a debate in the British Parliament it was claimed that no undertaking as to the personal security of Khazail had ever been given and, as his nationality was Persian, Britain’s only interest in him was one based on longstanding friendship. He was never permitted to return to Muhammerah and never regained any of his former rights. He died in Teheran.

**Lawrence, Colonel Thomas Edward, “Lawrence of Arabia”.** He was the illegitimate son of an Anglo Irish Baron. Educated at Oxford where he was mentored by D. G. Hogarth, influential author and archaeologist, associated with the Ashmolean Museum. In 1914 Hogarth took Lawrence with him to work with military intelligence in Cairo and transferred him into the Arab Bureau (of Intelligence and Diplomatic Officers) when he took over as Head. Lawrence was on the mission to Jedda in October 1916 and then joined the “Arab Revolt” financed and assisted by the British from Cairo, led by Faisal bin Husain Al Hashem, the son of the Sharif Husain of Mecca. Lawrence romanticised his own role in the Arab Revolt in the best selling *Seven Pillars of Wisdom*
Lombardi, Maurice, (b.1878) Vice President and Director Standard Oil of California. His background was in the company’s “Foreign Crude Oil Production” department. He negotiated the 1928 purchase from Gulf Oil Corporation of Holmes/E&GSynd’s Bahrain oil concession. In September 1932 Lombardi met Karl S Twitchell in New York and asked for his assistance in obtaining from Abdul Aziz bin Saud the Frank Holmes lapsed 1923 Al Hasa concession. Lombardi’s colleague, Francis Loomis, had already put the same request to H St John Philby. Eventually both Philby and Twitchell were hired by Standard Oil of California. Lombardi visited Iraq, Bahrain, Kuwait and Egypt but did not visit Saudi Arabia. He retired in 1941

Longhurst, Henry, wrote *Adventures in Oil: the Story of British Petroleum*, published 1959, for the company’s 50th anniversary. At the time Longhurst was a sports reporter, specifically Golf Correspondent, for the London Sunday Times

Longrigg, Brigadier Stephen Helmsley. In 1920 worked with H. St John Philby at Interior Ministry Iraq. 1921 as Major, was Political Officer at Kut Iraq. 1922 replaced Dickson as Political Officer at Hillah Iraq. 1925 joined Anglo Persian/Iraq Petroleum Company. Wrote *Oil in the Middle East: its Discovery & Development* published 1954

Loomis, Francis C. Was Assistant Secretary of State under John Milton Hay (Hay, who had been assistant private secretary to President Lincoln, was Secretary of State to McKinley and Theodore Roosevelt). In 1901, while Hay was ill, Loomis took part in the negotiations for the Panama Canal concession. He joined Standard Oil of California with the title of Washington Representative. He dealt with the US State Department in the matter of requesting diplomatic intervention with the British over the Bahrain oil concession. In July 1932 he approached H St John Philby in London requesting him to use his friendship with Abdul Aziz bin Saud to assist Standard Oil of California to purchase Frank Holmes lapsed 1923 Al Hasa concession and in September 1932 agreed the same thing with Karl S Twitchell who had already been approached by Loomis’ colleague Maurice Lombardi. Eventually both Philby and Twitchell were hired by Standard Oil of California.

Madgwick, Thomas George. British born engineer. During WW1 was involved in sinking water wells in Salonika and Gallipoli. Lectured at Birmingham University and set up a London based consulting partnership. 1925 hired by Holmes/E&GSynd on a four month contract for the artesian water drilling project in Bahrain. Introduced American T. E. Ward, whom he knew from Trinidad, to Holmes/E&GSynd. 1926 through Ward, obtained a short term contract as Petroleum Consultant for the Canadian Government in Calgary; this eventually became a permanent position in Ottawa. Madgwick’s claim to have discovered the oil of Bahrain became more and more elaborate over the years.

Mann, Dr Alexander, Physician. Nearing retirement on the staff of Sir Percy Cox in Mesopotamia, in 1921 he was sent by Cox on a medical visit to Abdul Aziz Bin Saud. Subsequently Bin Saud appointed him (with Cox’s approval) his Personal Representative and Agent in London. In 1922, Mann brought Frank Holmes to Abdul Aziz Bin Saud. Holmes’ personal aim was to explore for oil and also report on development and investment opportunities, eg ports. Meantime, Mann was proposing his own ideas to Bin Saud for increasing revenue, such as issuing visas and passports and a postal service. When Mann’s activities came to the attention of the Government
of India's Political Officers in the Persian Gulf they successfully lobbied the Colonial Office to have him removed from Bin Saud's service. Bin Saud was informed that HMG would not recognise Dr Mann in any official capacity, nor permit correspondence to be conducted through him. A dismissal letter was then arranged and given to Bin Saud for signature. In November 1923, the Political Officers became aware Mann was in Bombay, and were convinced he intended travelling to Bahrain and Nejd looking for oil concessions. While he was on board ship, they cabled an alert to every Gulf port describing Mann as a "notorious character". On arrival Bahrain, he was detained, his passport cancelled, and he was told to move on. In July 1924, he arrived in Teheran, representing Sir Norton Griffiths and the Phoenix Oil and Transport Company. Again he aroused the enmity of the Political Officers and quickly departed.

Morgan, C. Stuart. British born, Morgan was with Wilson's and Cox's administration in Mesopotamia where he worked with H. St. John Philby at the Ministry of Interior. He moved on to join the Anglo Persian Oil Company. T. D. Cree, also ex-Mesopotamia and one of Philby's partners in Sharqieh, recommended Morgan to the head of Standard Oil New Jersey (Teagle) which hired him as Adviser of Near Eastern work. He became Secretary of the Near East Development Corporation, the entity formed to represent the American interests in the Turkish Petroleum Company/Iraq Petroleum Company.

Muhammad, Khan Bahadur Mirza (1885-1974). From 1921-1945 was legal adviser in Basra to the Anglo Persian Oil Company. He Arabised his name to Muhammad Ahmad when he became an Iraqi subject after 1934. His colleague, Gabriel, was the attorney for Shaikh Ahmad of Kuwait. Both men played a somewhat murky role in "Traders Ltd", the entity suspected of being created by the Anglo Persian Oil Company in 1934 to deal the Gulf Oil Corporation out of the Kuwait Oil Concession.

Musadiq, Dr Muhammad Khan (b.1873). Persian, he studied law in Switzerland. 1920 was Governor General of Fars. 1921 Minister of Finance. 1922 Governor General Azarbijan. 1923 Minister of Foreign Affairs. 1925 opposed the change of regime. May 1951 became Prime Minister of Iran; presided over nationalisation of the oil industry.

Philby, Harry St. John Bridger "Jack", (born Ceylon April 1885 died Beirut September 1960). 1904-1907 educated at Cambridge 1908-1913 various jobs with Indian Civil Service including Criminal Investigation Department (CID) Simla. November 1914 Mesopotamia in response to Percy Cox's urgent demand for linguists to help with the occupation, Philby's job was to collect revenues, tax the Iraqis and set up a system of accounting. 1916 Revenue Commissioner. May 1917 Personal Assistant to Percy Cox. When Arnold Wilson moved from Basra to Cox's office in Baghdad, Philby was sent, November 1917 to October 1918, to (unsuccessfully) encourage Abdul Aziz Bin Saud to extend military assistance for British campaign against the Turks. March 1920 failed in an application to join the financial mission to Persia. May 1920 failed in an application to join the staff of Sir Herbert Samuel High Commissioner ton Palestine. On Cox's appointment as High Commissioner Iraq became British Adviser to the Iraqi Minister of Interior. Because of his active hostility to King Faisal, in July 1921 Philby was dismissed. October 1921 Chief British Representative to Amir Abdulla in Transjordan charged with setting up an administration and controlling revenues. Resigned in January 1924, just days before Sir Herbert Samuel was scheduled to dismiss him. October 1925-March 1926, backed by small group of London financiers, in Jedda scouting possibilities of concessions in Saudi Arabia. October 1926-1956
Jedda Representative of Sharqieh Ltd, “the Company of Explorers and Merchants in the Near & Middle East”, originally with London financing. February-May 1933 assisted Standard Oil Company of California to obtain Al Hasa Concession and thereafter retained as Local Consultant. Philby caused a sensation in London by converting in 1930 to the strict Wahhabi Islam of Saudi Arabia. His son was Harold “Kim” Philby, born in the Punjab 1912-died in Moscow 1988. Kim rose to Head of anti-Soviet Counterespionage in British Intelligence. Exposed as a Soviet spy in 1963, Kim was one of the most successful double agents in history.

**Rihani, Ameen F** (1876-1940) Born in Freike, Lebanon, one of six children, the eldest son of a Lebanese Maronite raw silk manufacturer. In 1888, Ameen, then aged 12, and his uncle migrated to America, the father followed a year later. In New York, he worked in the family trading business. In 1895 he joined a touring theatrical group and was stranded in Kansas City. Back in New York he attended night school for a year and in 1897 entered the New York Law School. Twelve months later, following a severe illness, he was sent to Lebanon where he taught English and studied Arabic. In 1911 he published his first book in English, *The Book of Khalid*, with illustrations by fellow Lebanese American, Khalil Gibran. In 1916 he married, Bertha, an American painter. Between 1924 and 1932 Rihani made three extensive trips through the Arabian Peninsula and Yemen and published three books on his observations and experiences. Classified as travel books, the first works on the region aimed at the general reader, the books were; *Ibn Sa'ud of Arabia His People and Land* 1928, *Around the Coasts of Arabia* 1930 and *Arabian Peak and Desert Travels in Al-Yaman* 1930

**Riza Khan/Riza Shah** (1878-1944). Rose to Colonel through the ranks of Persian Cossack Brigade, joint leader of coup d'état. 1921 Minister of War. 1923 Prime Minister. April 1926 proclaimed as Riza Shah of the throne of Persia. 1942 abdicated

**Saleh, Mullah**, of Kuwait. Personal Secretary and Secretary of the Council of State, to Shaikh Ahmad al Sabah, Ruler of Kuwait. Saleh was also secretary to the two previous Rulers of Kuwait.

**Slade, Admiral Sir Edmond** (1859-1928). 1907-1909 Director Intelligence Division of the Admiralty. 1909-1913 Commander in Chief East Indies. 1913 Head of the Admiralty Commission appointed by Churchill to report on the operations of the Anglo Persian Oil Company. 1914 appointed the British Government Director of Anglo Persian Oil Company after the British Government bought its 51% shareholding. 1916-1928 Vice Chairman Anglo Persian Oil Company

**Stevens, Guy** (d. 1945) Assistant to the Vice President (William Wallace) Gulf Exploration Company New York. February 1934 became senior Gulf Oil Director to Kuwait Oil Company, Gulf Oil’s joint venture with Anglo Persian Oil Company

**Twitchell, Karl Saben** (b.1885 in Vermont). 1908-1913 graduated the Kingston School of Mines (Canada), worked as surveyor and manager of gold property in Nevada, sampler at gold mine in Denver Colorado. 1914-1918 worked for Seeley W Mudd and his partner Carl Lindberg at a copper mine in Arizona then at the Skouriatissa (iron pyrite) Mine in Cyprus and with the Cyprus Forest Department. 1920-1925 was with a failed tin mine (the mine had been salted), and copper mining in Portugal. 1926-1927 worked at three concessions in Abyssinia held by Consolidated Gold Fields of South
Africa. 1928-1931 sent by American philanthropist Charles Crane to Yemen to report on mineral possibilities, Crane provided training in systems of irrigation and pumps so Twitchell could also advise on agricultural development using seeds provided by US Department of Agriculture. Crane ordered a bridge built as a permanent monument to American friendship. 1932-1933 sent by Charles Crane to Jedda for the purpose of finding water in Saudi Arabia. Reported negatively on water possibilities but was fascinated by ancient gold mine remains, came to believe Saudi Arabia was the site of King Solomon’s Mines. Returned to the US for the purpose of raising investment capital to develop the ancient mine of Mahad Dhahab (Cradle of Gold). 1933-1934 contacted by Standard Oil of California while in New York, appointed negotiator (along with Philby) for that company in their bid to obtain Frank Holmes’ lapsed 1923 Al Hasa oil concession. Obtained gold mining concession from Saudi Government, formed the Saudi Arabian Mining Syndicate Ltd, with British and American backing. Began production in 1937 extracted $32 million worth of gold, silver and copper before closing in 1954. Wrote *Saudi Arabia, with an Account of the Development of its Natural Resources*, published in 1947, in which he claimed to have discovered the oil of Al Hasa. In his later years developed a speaking and lecturing circuit as an American “insider” and expert on the Middle East.

**Wahba,** Shaikh Hafiz, (the Shaikh is an awarded honorific title) Originally Egyptian. In Kuwait, was active in education and played a role in local politics. Requested to come to Bahrain by the progressive Shaikh Abdulla Al Khalifa after Abdulla’s return from a tour of European and Arab capitals. Wahba became Headmaster of the first modern school in Bahrain, set up by Abdulla. In 1921 Hafiz Wahba was deported by the Political Agent Bahrain allegedly for conspiracy against the Order-in-Council. He joined the Amiri Diwan of Abdul Aziz Bin Saud, charged particularly with instituting a modern education system for Bin Saud’s territories. Shaikh Hafiz Wahba was Saudi Arabia’s first Minister (Ambassador) to Great Britain in London. Wrote *Arabian Days*, published 1964.

**Wallace,** William T, Vice President in New York of Gulf Exploration Company, Gulf Oil Corporation’s subsidiary dealing with its Bahrain and then Kuwait interests, Wallace negotiated the 1927 option on Holmes/E&GSynd Bahrain oil concession

**Ward,** Thomas E. British born, president and proprietor of Oilfields Equipment Company New York. Acted as broker in 1927 sale of option on Holmes/E&GSynd’s Bahrain oil concession to Gulf Oil Corporation and again in the 1928-1929 transfer of this concession from Gulf Oil to Standard Oil of California. Wrote *Negotiations for Oil Concessions in Bahrain, El Hasa (Saudi Arabia), the Neutral Zone, Qatar and Kuwait*. Privately published 1965

**Williamson,** William Richard also known as Hajji Abdulla Fadhil (1872-1958). From 1885-1890 was merchant seaman, gold miner California, whaling in the Artic and Pacific. 1891 joined Anglo-Indian police force at Aden and converted to Islam. 1893 transferred to Bombay. 1894 1909 trader between Basra, Kuwait other Gulf ports and the interior. 1909 settled in Kuwait as shipowner and pearl merchant. 1914-1919 with the Anglo-Indian Army in Mesopotamia. 1919 Assistant Collector of Customs at Basra. 1924-1937 Inspector of Gulf Agencies for the Anglo Persian Oil Company, translator and assistant to Archibald Chisholm during negotiations for Kuwait oil concession. 1937 retired to Basra where he remained, living as an Iraqi.
Wilson, Sir Arnold Toynbee (1884-1941). 1908 with the Political Department of the Government of India. Posted to Persia to guard the Anglo Persian Oil Company, from the native Persians. 1912-1914 Assistant Political Officer Basra. 1915-1917 Deputy Chief Political Officer. 1917-1920 Acting Civil Commissioner Mesopotamia/Iraq and Acting Resident Persian Gulf; presided over the tragic Iraqi revolt and was removed from Iraq by the British Government. In 1921 he was knighted by the Government of India and appointed as “Sir” Arnold Wilson General Manager Persia, Mesopotamia and the Gulf, Strick, Scott & Co managing agents of Anglo Persian. 1922 became Resident Director Anglo Persian Oil Company at Abadan sharing title of joint General Manager with T. L. Jacks. 1926 transferred to London head office of Anglo Persian as Managing Director D’Arcy Exploration Company. 1932 resigned from Anglo Persian. 1933-1939 Member of Parliament. 1939 joined Royal Air Force. 1940 killed in action

Yahya, bin Hamad al Din (1868-1948) Imam (religious leader) and hereditary Ruler of Yemen, estimated in the 1920s to contain a population of 3 million including Sunnis, perhaps one million Shia Zaidis, and Jews. It was believed the Imam could raise, and arm, a force of more than 300,000 men. During WW1 he was neutral against the Turks with whom he had signed a 10 year treaty in 1911. After the war the Imam shared the ardent Pan Arab ideology of Sharif Husain of Mecca. The Imam Yahya was assassinated in 1948.

Yateem, Muhammad and Ali, of the Bahrain Yateem family, influential merchants with connections throughout the Gulf and in Bombay. 1922-1934 Muhammad was personal assistant to Frank Holmes. (Frank and Dorothy Holmes took Muhammad’s nephew, Husain, for education at Brighton.) After the Kuwait Oil concession was concluded, Shaikh Ahmad of Kuwait offered the job of Chief Local Representative, Kuwait Oil Company, to Muhammad Yateem. Not anxious to deal again with the Anglo Persian Oil Company, Yateem refused it. He returned to the family business in Bahrain.
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