1. Saw [redacted] late afternoon 20 January. He was very strong in saying that he considered any representation by [redacted] on behalf of oil companies unacceptable. Would I like him to show me the [redacted] article which plainly states that this is not acceptable? I said no - if he said that is what the article said I had no doubt it did. Then referred to letter from [redacted] expressing concern about his recently enunciated alternatives. He wondered who was briefing [redacted] - obviously somebody who had not got things straight or who was "listening to companies". In any case, his position had been approved by Senate, Majlis and people. He would not change and it would be grave mistake for anyone to act on assumption he could be pressured into doing so.

2. Since I will be seeing you within next few days, I will not go into further detail here. My impression is that for
THE IMMEDIATE FUTURE AT LEAST, ANY REPRESENTATIONS BY (OR ANY OTHER WHICH APPEAR TO SUPPORT COMPANIES AND/OR PUT STATED POSITION IN QUESTION WILL TEND TO SOLIDIFY HIS POSITION RATHER THAN LOosen IT UP. HE HAS SAID TO ME BEFORE THAT HE WOULD NOT BEND AND HAS SUBSEQUENTLY MODIFIED HIS POSITION. THE CIRCUMSTANCES NOW ARE A BIT DIFFERENT HOWEVER. HE HAS SEEN YAMANI NEGOTIATE 21 PERCENT PARTICIPATION WITH 51 PERCENT TO BE WORKED TOWARD. HE ASSERTS THAT LAST YEAR AT ST. MORITZ COMPANY REPS "PROMISED" HIM THEY WOULD NEVER GO ABOVE 20 PERCENT. HE FEELS BOTH MISLED AND FOR THE MOMENT OUTSHONE. "CAN SHAYKH YAMANI ASSURE A RELIABLE FLOW OF OIL TO THE WEST -- PFFT".

SECRET