

**A NEW OIL FRONTIER: HOW THE UNITED STATES
BUILT SAUDI ARABIA'S OIL INDUSTRY**

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During World War II sufficient supplies of, and reliable access to foreign sources of oil became a strategic necessity for the United States. By the war's end the U.S. government feared domestic oil production would soon be inadequate to meet new military and economic demands on its own. American petroleum companies operating overseas provided the means to make up this shortfall – particularly a relatively new and massive source of petroleum recently accessed in Saudi Arabia. Saudi Arabia was a physically, socially, and financially challenging venture for the American company, Aramco, that took the risk of creating an oil industry from scratch in an essentially pre-modern country.

This paper examines the relationship between Aramco and the U.S. Government (particularly the Departments of State and Treasury) during the early 1950s. In 1950, the once stable relationship between Aramco and Saudi Arabia began to deteriorate and the State Department stepped in to help. Together, the diplomats and the oilmen pursued a new contract between Aramco and Saudi Arabia, negotiated tax settlements, and worked towards a new corporate governance structure for the American oil company operating in Saudi Arabia.

Sources from both corporate and government archives (some from the American Heritage Center at the University of Wyoming) demonstrate that the U.S. government and the oil company developed a particular type of relationship as they worked to build a lasting and sustainable oil industry in Saudi Arabia. The State Department provided the oil company with a necessary safety net, support, and advantages for its risky endeavor abroad. The oil company, for its part, shored up U.S. strategic interests in the volatile Middle East and provided a secure flow of oil for American military and domestic needs. The evidence reveals a unique bond, here termed “mutual insurance,” which was formed absent special interest money, party politics, or financial bailouts. Rather, each party provided indispensable insurance for the other as they each pursuing risky operations in the frontier of the Middle East.

**PETROLEUM, PIPELINES, AND POLITICS:
THE FATE OF THE NORTHERN-TIER PIPELINE,
1977-1982**

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POSTER PRESENTATION

This paper examines the Northern-Tier Pipeline Company's (NTPC) failed operations in the Northwest United States during the Carter and Reagan administrations and provides an illustrative example of the risks of ignoring local culture. Using documents from the University of Wyoming's American Heritage Center collection, it addresses the vital role of petroleum infrastructure in the United States' energy industry and the challenging regulatory structure that can make the difference between a successful and an unsuccessful venture.

NTPC's mistake was that while it accounted for what it considered reasonable political concerns in Washington, Idaho, Montana, South Dakota, Minnesota and nationally, it failed to recognize the particular pro-environmentalist culture of the Seattle area and its impact on local politics. Spurred by the worsening OPEC energy crisis and Canada's recent decision to halt oil exports, NTPC was formed in 1977 to build a pipeline and bring Alaskan oil from the Pacific to the Midwest. NTPC even undertook a special public relations effort telling of multiple benefits of the pipeline. However, the company did not address the environmentalist culture of Seattle and its pervasiveness within politics and the bureaucracy within Washington's state environmental agencies.

NTPC received immediate support from the Democratic-controlled congress, President Carter, and the northern states through which the pipeline would traverse. The company complied with all of the necessary federal and local regulations, and the federal government even expedited their permits. Company executives thought they would be able to proceed quickly. However, NTPC executives continued to ignore the environmentalist sympathies in the Pacific Northwest. Negative reports, later traced to a group of federal and state bureaucrats known as the “Muskoxen” who covertly tried to control business operations in Washington, spurred public opposition to the pipeline. Despite presidential and congressional pressure, Governor Spellman killed the plans. Ultimately, after its lengthy and expensive legal battles with Washington, NTPC could not afford a second round of planning and permitting. It could not reroute the pipeline outside of Washington, and the venture failed.