

TEAGLE OFF TO DEAL WITH SOVIET ON OIL

New Jersey Standard Head Sails to Take Up Compensation for Seizures in Russia.

TO CONFER WITH DETERDING

Other Problems Disturbing World Industry Will Be Studied, but Claims Are Paramount.

Walter C. Teagle, President of the Standard Oil Company of New Jersey, sailed last night on the Aquitania for Europe where he will take up a number of problems, including the adjustment of claims for compensation growing out of the confiscation by the Russian Soviet Government of privately owned oil properties.

This is Mr. Teagle's usual Summer trip to Europe, but it is believed to have special significance because of the many problems now pressing for solution that affect the oil industry. Foremost is that involving the sum that is to be paid to former owners of oil properties in Russia. Mr. Teagle's company holds one of the largest claims against the Soviet Government, being the controlling stockholder in the old Nobel company of Russia which was seized with other oil companies under the "nationalization-of-industry" program of the Soviets.

With the Royal Dutch Shell Company of Europe the Standard of New Jersey has been insisting that the Soviet Government grant adequate compensation to the former owners of Russian oil properties. It was over this question of compensation that the Standard of New Jersey, in alliance with the Royal Dutch, broke with the Standard Oil Company of New York and the Vacuum Oil Company more than a year ago.

Agreed on India Oil.

Recently the Royal Dutch and the Standard of New York buried their differences to the extent of calling off the price-cutting war in India which developed when the latter company ignored the Royal Dutch's protest against its purchase of Russian oil. The Standard of New York sustained its contention that it was privileged to purchase Russian oil and the Royal Dutch obtained assurances that the vexed question of compensation would be made the subject of early negotiations. The Royal Dutch and important interests in Russia that were seized by the Soviet Government.

Mr. Teagle while in Europe will confer with Sir Henri Deterding, Managing Director of the Royal Dutch Shell, with whom he is friendly. The matter of compensation of former owners of Russian oil properties will be discussed. It is expected that Mr. Teagle will see other European oil executives on the same subject. For some time it has been reported here that a conference of the various interests concerned with Soviet representatives was to be held in Paris this Summer. It was not learned yesterday whether Mr. Teagle is to attend such a conference.

The claims against the Soviet Government growing out of the seizure of oil properties in that country have been placed at \$700,000,000, but

this is considered a basis for bargaining. The former owners, it is understood, would be satisfied with a settlement that would greatly reduce that total of claims.

The most recent proposal for a settlement was that 5 per cent. of the proceeds of Russian oil bought by foreign companies such as the Standard of New York, the Vacuum and the Medway Company of England be set aside as a fund to pay off such claims as may be allowed in the contemplated negotiations. By segregating 5 per cent. of the gross of oil purchases made in Russia by foreign companies a substantial annual payment could be made on the claims.

Willing to Study Payment.

It is understood that the Soviet Government is willing to consider the question of compensation. All discussions on this subject in the past have proved futile, however, because of a wide difference of opinion as to what could be called "reasonable." Companies with large claims against the Soviet Government, such as the Royal Dutch and the Standard of New Jersey are hopeful now that something can be accomplished because they are counting on the moral support of the Standard of New York and the Vacuum, two of the Soviet naphtha syndicate's best customers.

Mr. Teagle will confer while in Europe with officials of the German dye trust, with whom he arranged last Summer to utilize in this country a new process for extracting oil from coal. In return for the use of the process in this country the Standard of New Jersey gave the German dye trust the right to use a number of its exclusive processes. The Standard of New Jersey and the German dye trust, known as the Farben Industrie, are now arranging to establish in Louisiana some time this Summer an experiment station to complete plans for the production of oil from coal. The details as to this experimental project will be worked out while Mr. Teagle is in Europe.