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“The Field of Endless Intrigue”: The Contest for North Iranian Oil, 1916–1947

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Abstract

The interwar period saw fitful attempts by British, American, French, and Russian interests to secure oil concessions for Iran’s northern provinces, in a region traditionally perceived as a Russian sphere of interest. Drawing on corporate as well as familiar state archives, this article argues that the contest over concessions in this region served political more than narrowly economic agendas. Although this contest was convoluted, repetitive, and ultimately inconclusive, it sheds light on the emergence of a world oil cartel, as well as the relations between oil-producing and oil-consuming countries before World War II. This article challenges familiar state-centered narratives of oil diplomacy and critiques the tendency to view the history of Iranian oil as one of all-out plunder by Britain and the Anglo-Persian Oil Company. It outlines the political as well as intellectual obstacles—obstacles not only to achieving a more equitable allocation of Pahlavi Iran’s oil wealth prior to Mossadegh’s 1951 nationalization, but to conceptualizing what such an equitable allocation might have looked like.

Keywords: Anglo-Persian Oil Company; Iran; oil; Soviet Union

The oil history of Iran’s northern provinces may seem insignificant compared to that of Khuzestan, in the southwest. The latter is a familiar story of Britain’s informal empire: in 1901 William Knox D’Arcy acquired a concession, striking oil at Masjed Soleyman in 1908 and establishing the Anglo-Persian Oil Company (APOC, later Anglo-Iranian, now BP). As the country’s main export earner, equivalent to 51 percent of exports in 1925, relations between Tehran and APOC were never easy.¹ Although new royalty terms were thrashed out in 1933, public opinion within Iran considered the relationship to be exploitative, sowing the seeds of the Abadan Crisis of 1951, when Mossadegh and the majlis (parliament) nationalized APOC and the Iranian army ejected Western staff from APOC’s massive refinery on the Shatt al-Arab.

Rather than a sideshow, however, the interwar rivalry for concessions in Semnan and neighboring northern provinces such as Mazandaran and Khorasan provides an important counterpoint to developments in the south (Fig. 1). As one American vice-consul in Tehran reported in 1929, “It is said that this northern territory is the field of endless intrigue.”²

¹ Gregory Brew, “In Search of ‘Equitability’: Sir John Cadman, Rezā Shah and the Cancellation of the D’Arcy Concession, 1928–33,” *Iranian Studies* 50, no. 1 (2017): 129.

² H. Villard to State, 21 December 1929, National Archives and Records Administration, Washington, DC (hereafter NARA), RG59 891.6363/650.

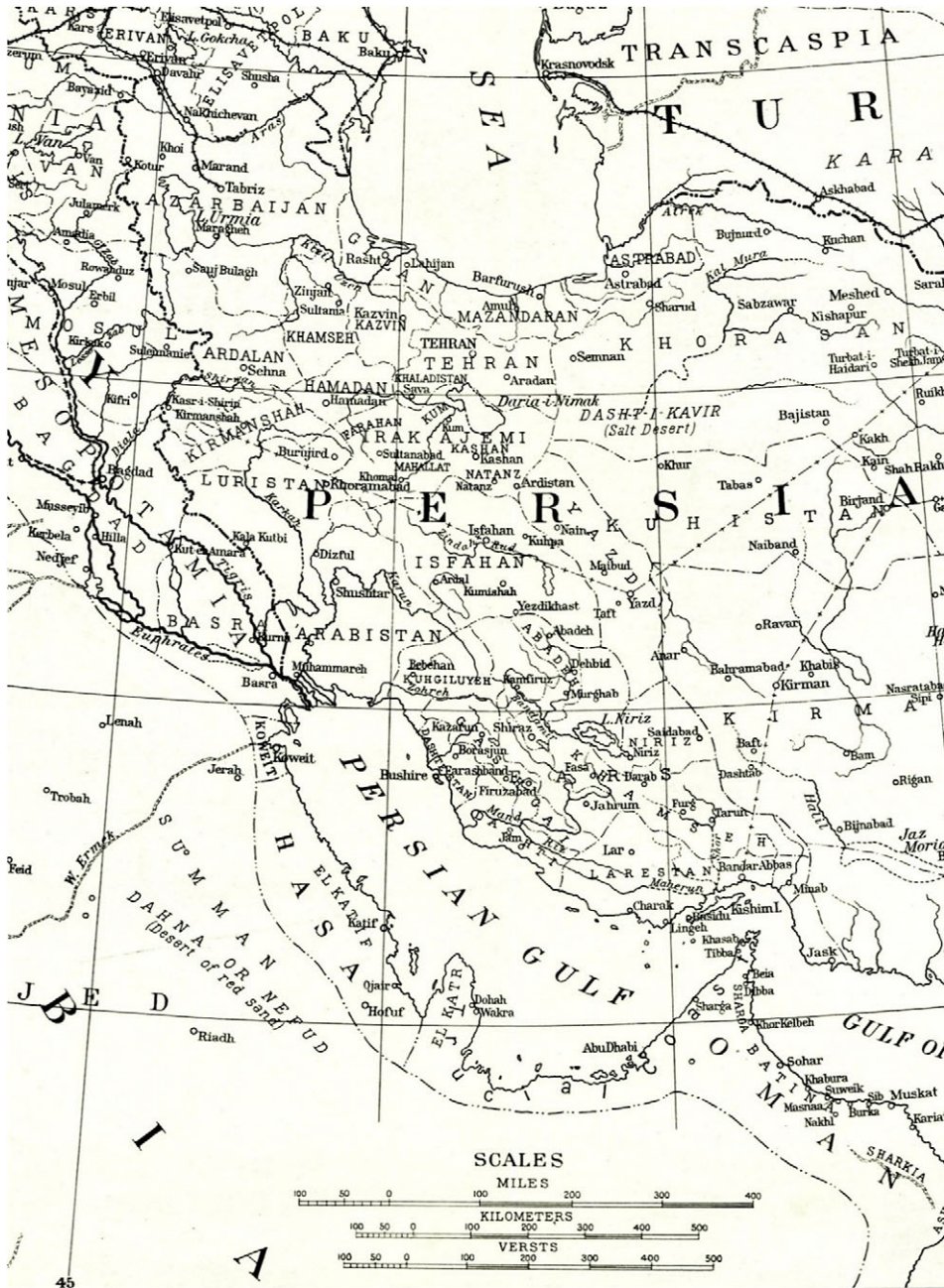


Figure 1. Detail of American Geographical Society map of the Middle East, 1918. From Library of Congress Geography and Map Division, Washington, DC, <http://hdl.loc.gov/loc.gmd/g7420.ct003825>.

For the Qajar and Pahlavi regimes, “North Oil” represented an opportunity to secure a second source of much-needed state revenue, to apply the lessons learned from their dealings with APOC—and thereby gain a greater share of their empire’s oil wealth. Even before any oil came on stream, the mere prospect of North Oil could be leveraged to limit

British domination. This could be achieved through collaboration with Russia, or by granting the concession to a company based in the United States or France.

Scholarship on what George Lenczowski called “the Northern Oil imbroglio” is patchy and underdeveloped.³ Negotiations for northern Iran’s oil are briefly touched on in corporate histories of BP, Standard Oil of New Jersey (SONJ, now ExxonMobil), and surveys of the history of “oil diplomacy” and the oil sector.⁴ It is sometimes mentioned in histories of Iranian oil and Iranian economic history.⁵ The handful of scholars to address it directly have focused either on the Khostaria Concession, named after Akaki Mefodievitch Khostaria (1873–1932), or Harry Sinclair of the American oil company Sinclair Consolidated. Khostaria acquired the firmans (land grants) underpinning his concession in 1916. A talented Georgian *brasseur d'affaires* (businessman), Khostaria sold his rights several times, including to APOC, which sought to develop them via North Persian Oil Company (NPOC), a joint venture with SONJ; and later to Kevir–Khurian, a Russian–Persian joint venture in which he retained a stake.⁶ Harry Sinclair was a maverick of a different kind, surprising observers by securing a concession from Tehran in 1923, only to retreat the following year, after his firm’s reputation was tarnished by the Teapot Dome corruption scandal.⁷

Although they have mostly been considered separately, the Khostaria and Sinclair concession areas and negotiations overlapped in space and time. Alongside Russian and American enterprises, a Franco-Belgian company, Pétrofina, also tried to push its way into northern Iran in these years, an angle that has not been considered before in the English-language literature.⁸ The aim of this essay is to set the Kevir–Khurian, Sinclair, and other

³ Abd al-Hamid Azami Zangueneh, *Le Pétrole en Perse* (Paris: Domat-Monchrestien, 1933), 195–210; George Lenczowski, *Russia and the West in Iran, 1918–1948: A Study in Big-Power Rivalry* (Ithaca: Cornell University Press, 1949), 81–86.

⁴ For discussion in corporate histories, see G. S. Gibb and E. H. Knowlton, *History of Standard Oil Company* (New Jersey): *Resurgent Years, 1911–1927* (New York: Harper, 1956), 310–13; and R. W. Ferrier, *The History of the British Petroleum Company*, vol. 1, *Developing Years, 1901–32* (Cambridge, UK: Cambridge University Press, 1982–2012), 572–80. For discussion in surveys, see Fiona Venn, *Oil Diplomacy in the Twentieth Century* (Basingstoke, UK: Macmillan, 1986), 56–58, 96–97, 114. It does not, however, appear in Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991).

⁵ Charles Issawi, ed., *Economic History of Iran, 1800–1914* (Chicago: University of Chicago Press, 1971), 315–16; Julian Bharier, *Economic Development in Iran, 1900–1970* (Oxford, UK: Oxford University Press, 1971), 156–57; Cyrus Ghani, *Iran and the Rise of Reza Shah: From Qajar Collapse to Pahlavi Rule* (London: I. B. Tauris, 1998), 105–6, 233–36; Mohammad Gholi Majd, *Great Britain and Reza Shah: The Plunder of Iran* (Gainesville, FL: University Press of Florida, 2001), 115–18, 248–51. It is not mentioned in Kaveh Ehsani, “Oil, State and Society in Iran in the Aftermath of the First World War,” in *The First World War and Its Aftermath: The Shaping of the Modern Middle East*, ed. T. G. Fraser (London: Gingko, 2015), 191–212.

⁶ A. Kocheshkov, “North Iranian Oil in World Politics,” *International Affairs* 54, no. 5 (2008): 119–27; Sara G. Brinegar, “Baku at All Costs: The Politics of Oil in the New Soviet State” (PhD diss., University of Wisconsin–Madison, 2014); Sergey Ledenev, “La politique pétrolière soviétique au nord de la Perse dans l’entre-deux-guerres” (Univ. Paris Diderot, 2015); Sara G. Brinegar, *Power and the Politics of Oil in the Soviet South Caucasus: Periphery Unbound, 1920–1929* (London: Bloomsbury, 2024). There also is Mahmoud Abdollahzadeh, “The Kavir-i Khuriān Oil Concession,” *British Institute of Persian Studies* 33 (1995): 161–64. This work appears largely plagiarized from a report in the National Archives, Kew (see note 19).

⁷ Michael A. Rubin, “Stumbling through the ‘Open Door’: The U.S. in Persia and the Standard–Sinclair Oil Dispute, 1920–1925,” *Iranian Studies* 28, no. 3 (1995): 203–29; Christopher R. W. Dietrich, “‘A Roaring Farce’: The State Department, Sinclair Oil, and Iranian Economic Sovereignty in the Early 1920s,” *International Journal of Middle East Studies* 56, no. 2 (2024): 261–69.

⁸ The only published study of Pétrofina does not mention its activities in Iran. M. Dumoulin, *Pétrofina: un groupe pétrolier international et la gestion de l’incertitude*, 2 vols. (Louvain, Belgium: Peeters, 1997). But this activity is addressed in Eric Bussièrre, “La France et les affaires pétrolières au lendemain de la première guerre mondiale,” *Histoire, Économie et Société* 1, no. 2 (1982): 325; and “La Banque de l’Union Parisienne (BUP) et l’existence d’un courant national dans les milieux pétroliers français dans l’entre-deux-guerres,” *Relations Internationales* 43, no. 1 (1985): 313, 315–16.

abortive attempts to secure North Oil within a wider context, and consider the objectives of Iranian leaders in offering those concessions.

Whereas previous scholarship has drawn exclusively on either Russian or American public records, the account presented here is the first to draw on these as well as British, French, and Iranian state archives. Crucially, it also draws on corporate archives (BP and TotalEnergies, successors of APOC and Pétrofinas) as well as those of an Iranian diplomat and oil magnate from Istanbul, Calouste Gulbenkian. Known as “Mr Five Per Cent” for his personal holding of Middle East oil production, by his own account Gulbenkian “personally took a deep interest in the North Persian concessions,” presenting himself as the ideal adviser to an empire tired of being manipulated by the oil majors.⁹ Gulbenkian (Golbangian in Farsi) first had dealings with Prime Minister Vosuq od-Dowleh, Foreign Minister Firuz Mirza Firuz Nosrat od-Dowleh, and other leading Qajar ministers in 1919, helping them to invest the 400,000-tomans (£131,000) bribe that facilitated the Anglo-Persian Agreement, which proposed to reduce Iran to a British protectorate.¹⁰ Although Gulbenkian continued to advise the Pahlavi regime on oil policy until 1944, this activity has been overlooked by historians.¹¹

The debate over Kevir–Khurian also provides new insights into relations between Tehran and Moscow, including continuities between tsarist- and Soviet-era policies toward their southern neighbor. It sheds light, too, on the response of Western oil companies to the nationalization of their Caucasus facilities by Soviet authorities, as well as Soviet Russia’s attempts to reorganize its oil industry and find Western markets. In 1917 foreign investment represented 56 percent of total investment in Russia’s oil sector (37 percent of it British, 13 percent French).¹² The Russian Civil War and the various short-lived republics established in the Caucasus in the following five years led many foreign investors to cling to the hope that “Bolshevism” would collapse and something like business as usual reemerge in this important oil-producing region.

Was Kevir–Khurian “primarily a political project intended to provide the Soviet government with eyes and ears in Persia,” useful for keeping relations warm (and others out)?¹³ The joint venture’s fitful progress was in part a function of internal Russian debates about whether Russia should be encouraging capitalist development in Iran, or rather seeking to promote a folk-revolutionary movement. Meanwhile the patchwork of Soviet agencies implicated in Kevir–Khurian squabbled over who would stump up the large sums needed to survey the region.

For the British and American oil companies interested in north Iranian oil, fears of communist infiltration of Iran were helpful in manipulating officials in London and Washington. The North Persian Oil Company played a role in ending the so-called UK–US Oil War, paving the way to the international oil cartel that carved up the region under the 1928 Achnacarry and Red Line Agreements.¹⁴ Meanwhile the third oil major, Royal Dutch Shell (RDS), encouraged the French state to offer diplomatic support to Kevir–Khurian,

⁹ C. S. Gulbenkian, “Memorandum on North Persian Concessions,” 18 September 1925, Calouste Gulbenkian Foundation, Lisbon (hereafter CGF), LDN00593.

¹⁰ For the bribes, see Ghani, *Reza Shah*, 53–55; and Philip Henning Grobien, “The Origins and Intentions of the Anglo-Persian Agreement 1919: A Reassessment,” *Iran* 62, no. 3 (2023): 290–91.

¹¹ With the exception of Vahram Gharakhanyan, *KhSHM petakan gortsich 'neri haraberut 'yunnerë Galust Kyulpenkyani het* (Yerevan: Patmutyan Institute, 2013), 30.

¹² C. M. Lisichkin, *Ocherki po istorii razvitiya otechestvennoi neftyanoi promyshlennosti: dorevolutsionnyi period* (Moscow: State Scientific-Technical Publishing House of Petroleum and Mining Fuel Literature, 1954), 374.

¹³ Brinegar, “Baku,” 172. See also Kocheshkov, “North Iranian Oil,” 127.

¹⁴ John A. DeNovo, “The Movement for an Aggressive American Oil Policy Abroad, 1918–1920,” *American Historical Review* 61, no. 4 (1956): 854–76; William Stivers, “International Politics and Iraqi Oil, 1918–1928: A Study in Anglo-American Diplomacy,” *Business History Review* 55, no. 4 (1981): 517–40; Annie Tracy Samuel, “The Open Door and U. S. Policy in Iraq between the World Wars,” *Diplomatic History* 38, no. 5 (2014): 926–52.

exploiting the French state's energy security concerns. A reliance on state archives has led historians such as Michael A. Rubin to tell the story of North Oil as one driven by intergovernmental agendas, when we need, as Gregory Nowell's work has shown, to recognize how multinational oil companies yoked state-centered mantras of "control" and energy security and independence to their own commercial profit.¹⁵

This article is divided into five sections. The first introduces Akaki Khostaria and explains the successive confirmations and annulments of his concession between 1916 and 1921 as related to the rivalry between APOC and Royal Dutch Shell. The second section takes the story into the 1920s, when Jersey Standard and Sinclair Consolidated burst on the scene, raising (and then dashing) Iranian hopes of establishing a more equal partnership to develop northern oil with American help. The French then returned as part of a tripartite Franco-Russian-Iranian consortium (Kevir–Khurian), focus of the third section. This venture stalled thanks to incoherent Soviet policy and the Great Depression. The penultimate section considers renewed Russian attempts to claim north Iranian oil in the 1940s, this time on their own. When that attempt triggered a minor Cold War crisis, Gulbenkian and other Iranian diplomats argued that the orderly development of the world's oil could no longer be left to a world oil cartel, but needed to be coordinated by international bodies such as the United Nations. The article concludes by considering how North Oil might change our approach to Iranian oil generally, replacing a state-centered narrative of one-sided plunder with one that gives greater agency to both oil companies and Iranians.

Khostaria and Friends

As with other *brasseurs d'affaires* of the Caucasus like Leon Mantachev (also from Tiflis), pinning down the origins and biography of Akaki Khostaria is a challenge. Apparently educated in Saint Petersburg, in January 1916 Khostaria acquired oil rights originally granted to Sipahsalar Azam in 1896 by Nasr al-Din Shah (r. 1848–96). Two months later Sipahsalar (then prime minister) granted Khostaria a seventy-year concession for the provinces of Gilan, Esterabad (now Golestan), and Mazandaran. Ardabil was added in January 1917.¹⁶

An APOC report described Khostaria as "a self-made Russian millionaire of Georgian origin from Trans-Caucasia."¹⁷ A Soviet report described him as a nobleman who had "fallen" in his home country, working as a coal miner and gardener before moving to Iran in 1908. Having arrived "penniless," within a year he held several million rubles' worth of shares in "typical American-style phoney enterprises, designed to catch fools by promising untold dividends."¹⁸ Communist and capitalist alike seem to have considered Khostaria a necessary evil, seeking to buy him out of any stakes he retained in his companies.

Khostaria's concessions were not the only ones granted at the turn of the century. Concessions for the Dasht-e-Kavir (the salt desert southeast of Tehran) had been granted to Mirza `Ali Khan Macdanchi and Paul de Reuter, in 1880 and 1889. Whether they referred to *naft* (oil) or simply "minerals," firmans and concession agreements were "capable of a very elastic interpretation both in time and space."¹⁹ By using the portmanteau term "north Iran,"

¹⁵ G. P. Nowell, *Mercantile States and the World Oil Cartel, 1900–1939* (London: Cornell University Press, 1994), 2–3.

¹⁶ For a copy of the concession, see BP Archive, University of Warwick, Coventry, UK (hereafter BP Archive), 126302.

¹⁷ "Memorandum on North Persian Oil," January 1937, 1, BP Archive, 129248.

¹⁸ Undated memo [1926?], Russian Federal State Archives, Moscow (hereafter GARF), f. 5446, op. 71, d. 125, l. 30.

¹⁹ G. Barnett, "An Account of the Kavir-i-Khourian Oil Concession in North Persia," 13 June 1945, National Archives, London (hereafter TNA), FO371/45506. This report appears to have been plagiarized by Mahmoud Abdollahzadeh, who reproduced much of it verbatim in his 1995 article, "The Kavir-i Khuriān Oil Concession."

this essay reflects a truth universally acknowledged by all parties to these negotiations: that paper rights were worth little without financial, diplomatic, and political backing. Therefore, although the focus of exploratory drilling in this era was focused on the Dasht-e-Kavir, it seems prudent not to dwell too much on the respective borders of the Khostaria, Semnan, and other concessions, when it was far from clear if, say, Semnan was part of Khorasan province or “an independent governorate.”²⁰

Unsurprisingly, almost all the concessions granted in north Iran before 1918 were open to challenge. Article 24 of the 1906 Fundamental Law ordained that any concession required majlis approval. Yet few of these concessions had been submitted to the majlis for ratification. In some cases, as with Khostaria’s 1916 concession, this had not been possible, as the majlis did not sit between 1915 and 1921. Iranians and Soviet Russia also could challenge any concession they disliked on the grounds that it had been granted by the Iranians under duress, or in return for bribes, similar to those that sank the Anglo-Persian Agreement of 1919.²¹ In 1919 Leon Trotsky renounced any interest in tsarist-era concession agreements, while his successor as foreign minister, Georgi Chicherin, declared to the people of Iran that he considered the Anglo-Persian Agreement “a scrap of paper ... by which your rulers have sold themselves and sold you to the English robbers.”²²

Because control of the Russian Caucasus was still contested by Allies-supported White forces, however, there was little immediate sign that the new Russian government (the Red one) might help Tehran exploit its oil on a more equal basis. On the contrary, the British had sought to fill a perceived power vacuum by moving military detachments into the Caucasus and north Iran in 1917 (Dunsterforce) and 1918–19 (Norperforce), seeking to contain the Ottomans and prevent German penetration by training the armed forces of Armenian, Azeri, and Centro-Caspian states, states that sought to bankroll themselves by selling oil concessions. These forces were among those who fought the Ottomans for control of the oil center of Baku in 1918. Although the British were unable to hold Baku, the Anglo-Persian Agreement of August 1919 made it clear that they now dominated all of Iran, not merely the southern half.

It therefore made sense for Khostaria to seek British partners to join him and the Russian Persian Mining and Trading Company (Rupento) in which he had vested some of his rights. In June 1918, J. A. Farran Leech of London agreed to set up a London-based holding company to be split between Leech (55 percent), Khostaria (20 percent), and the Iranian government (25 percent). A 7-percent royalty would be paid to the Iranian government, along with 18 percent of net profits. “The Oil deposits are proved, the Coal deposits, situated as they are alongside the enormous Iron deposit, are inexhaustible.” Leech put up 7 million rubles to get the ball rolling, money he never saw again.²³ A month later the majlis in Tehran annulled Khostaria’s concession. It was not the last time that would happen.

The irrepressible Khostaria kept coming back. Having received a refusal in January 1918, in late 1919 he went back to APOC. This time they bit, perhaps because of Khostaria’s claims that Royal Dutch Shell was interested. Under an agreement of March 25, 1920 Rupento received £200,000 cash and a 25-percent shareholding in a new holding company established

²⁰ For a discussion, including excerpts from 1926 majlis debates on the question, see Lucien Bellan, “Pétroles de Khouryân,” Archives de la Ministère des Affaires Étrangères, La Courneuve (hereafter AMAE), 292PAAP/4, ff. 199–203.

²¹ Firuz Kazemzadeh, *Russia and Britain in Persia: Imperial Ambitions in Qajar Iran* (London: I. B. Tauris, 2013), 502. See also Maysam Behraves, “The Formative Years of Anglo-Iranian Relations (1907–53): Colonial Scramble for Iran and Its Political Legacy,” *Digest of Middle East Studies* 21, no. 2 (2012): 386–400.

²² Homa Katouzian, “The Campaign against the Anglo-Iranian Agreement of 1919,” *British Journal of Middle Eastern Studies* 25, no. 1 (1998): 13.

²³ Firebrace, “The Persian Proposal,” 6 June 1918, TNA, MUN4/6585; Leech and Firebrace to Lurgan, 18 March 1919, CGF, LDN00430.

on May 20, North Persian Oil Company (share capital: £3 million). Khostaria himself also received an unspecified number of shares.²⁴ Having told Tehran in December 1919 that they concurred with the Iranian government's view that the Khostaria concession had lapsed, five months later the Foreign Office performed a volte-face. They now held the concession to be valid and would support APOC in north Iran.²⁵ When Iran declared the Khostaria concession null and void, therefore, British Foreign Secretary Curzon protested to the Iranian minister in London.²⁶

APOC's great rival, Royal Dutch Shell, was not going to sit quietly and let APOC enter northern Iran unchallenged. The managing director of RDS, Henri Deterding, had fleetingly considered Khostaria's concession in 1916, but decided against acquiring it.²⁷ Deterding had been impressed as well as disgusted by the success with which APOC had lobbied the British government. In 1914 First Lord of the Admiralty Winston Churchill had bought a 51-percent share of APOC on behalf of the British Treasury. Churchill's action continues to be viewed as a master stroke, motivated by a prescient concern for Britain's energy security.²⁸ The purchase is better seen as a government bailout of a company that (unbeknownst to Churchill) was in "a dangerous financial position," largely thanks to its own incompetence.²⁹ During World War I APOC told the British government that RDS was German-controlled. Thanks to this tendentious lobbying campaign the British government allowed APOC to acquire the sequestered assets of Deutsche Bank's subsidiary for oil sales within the UK, an entity confusingly named British Petroleum Company, at friendly prices. This gave APOC a ready-made distribution and sales network in the UK, further strengthening its position vis-à-vis RDS.³⁰ As RDS supplied the Allies with oil from its Mexican fields, APOC's Abadan refinery struggled to make deliveries to the Admiralty. What little fuel it did supply turned to jelly unless heated.³¹ RDS had learned the value of bribing governments.

Meanwhile the French state had come to recognize the costs of its prewar reliance on Standard Oil for the majority of its oil supply and was eager to diversify. This created an opportunity for RDS. Having paid a heavy price for its failure to present itself to the British government as a British "national champion," RDS now sought to present itself as a French one. Together with his close confidant, Calouste Gulbenkian, Deterding set up a French subsidiary, the Société pour l'Exploitation des Pétroles (SEP), which presented itself to the French state as a would-be national champion.³² First director of the French state's oil agency and alleged father of French *politique de pétrole*, Henri Bérenger, had "ascended rapidly in oil policy because of his association with Gulbenkian," who bribed him lavishly.³³ The French ambassador in Tehran, Charles Bonin, was set to work lobbying Iranian

²⁴ Ferrier, *Developing Years*, 570–71.

²⁵ "North Persian Oil," 3, 5, BP Archive, 129248; "The North Persian Oil Fields," 29 May 1929, NARA, RG59 891.6363/643.

²⁶ Ghaffar Jalal to Minister of Foreign Affairs, 8 August 1920, Iranian National Archives, Tehran, 360-7755.

²⁷ Ferrier, *Developing Years*, 571.

²⁸ For an example, see Marian Jacks, "The Purchase of the British Government's Shares in the British Petroleum Company, 1912–14," *Past & Present* 39 (1968): 139–68.

²⁹ Ferrier, *Developing Years*, 190.

³⁰ British Petroleum Company was a subsidiary of the Europäisches Petroleum Union, a conglomerate of Deutsche Bank, Nobel, and Rothschild Frères' oil interests, established in 1906 and controlled by Deutsche Bank. Ferrier, *Developing Years*, 218, 241, 291. The best account of this episode remains Geoffrey Jones, *The State and the Emergence of the British Oil Industry* (London: Macmillan, 1981), chs. 6–7.

³¹ Ferrier, *Developing Years*, 199.

³² Bussière, "La France," 314–17; Nowell, *Oil Cartel*, 113–41; Jean-Maire Bouguen, *Le Pétrole en France: genèse et stratégies d'influence (1917–24)* (Paris: L'Harmattan, 2013); Jonathan Conlin, "An Oily Entente: France, Britain, and the Mosul Question, 1916–1925," *Diplomacy and Statecraft* 31, no. 2 (2020): 231–56.

³³ Nowell, *Oil Cartel*, 100 (quote), 149 (malfeasance).

officials.³⁴ Having helped to grease the Anglo-Persian Agreement, Gulbenkian now put on his French hat, negotiating with Firuz, Iranian foreign minister, for the entry of nominally “French” investment into north Iranian oil. The “Iranian body politic ... viewed France as a disinterested and friendly power,” and Firuz was eager to attract French investment in another important project, the Trans-Persian Railway.³⁵ This in stark contrast to the Anglophobia inspired by the 1919 Anglo-Persian Agreement, which led to Vosuq being denounced in Tehran as “a traitor and a British lacky.”³⁶ Bonin helped to rouse the Iranian press against that agreement, part of his campaign to secure north Iran’s oil for France and SEP (in other words, RDS).³⁷

Gulbenkian may have had family connections to Iran on his mother’s side. But his appointment as financial adviser to the Iranian legation in Paris was a case of Iranian diplomats agreeing to a proposal from the French foreign ministry.³⁸ According to Gulbenkian, the French minister of finance supported the idea, “so that I could put my long experience of Oriental business at the disposition of France.” Gulbenkian explained how he envisioned his role:

If France refuses to play her part in Persia’s development, she will never be able to realize her economic aspirations in southern Russia, and certainly not in the Caucasus. I will strive to see that France plays a big role in the development of north Persia, which was previously monopolized by Russian banks. We are beginning to see the bankers and industrialists of other nations recognize the importance of the Caucasus and the East, but their understanding of these countries and the working methods of their banks and companies are not always effective... . An economic expert must be above politics; his only goal should be to accomplish his mission, in the greater interest of the countries concerned.³⁹

Although Gulbenkian certainly worked hard for Deterding and RDS, at least until their relationship soured in 1927, his multiple loyalties do seem to have allowed him to see how the exploitation of north Iranian oil could serve Iran, as well as the French state and RDS. Although he never visited Iran, Gulbenkian subsidized the expenses of the Iranian legations in both Paris and London and remained an Iranian diplomat until a few years before his death in 1955.

French oil policy sought to use Iranian nationalism to secure an oil concession, but also to limit British influence. In June 1920 Bonin told the president of the Council in Tehran that “the approach from the French group gave him an unexpected opportunity to stymie a British monopoly.” The president explained that, even though the government wanted French investment, their room for maneuver was curtailed by the conflicting Khostaria and North Persian Oil Company claims. But he promised that he would inform Bonin’s British counterpart of the French *démarche*, and of the need to submit all concessions to the *majlis* for approval.

³⁴ SEP to Ministère des Affaires Étrangères (hereafter MAE), 17 May 1920; Charles Bonin to MAE, 17 June and 28 July 1920, AMAE, CP Perse-Iran 49, ff. 27, 40, 41.

³⁵ Katouzian, “Campaign,” 7. For the railway, see Oliver Bast, “‘Sheer Madness’ or ‘Railway Politics’ Iranian Style? The Controversy over Railway Development Priorities within the Persian Government in 1919–20 and British Railway Imperialism,” *Iran* 55, no. 1 (2017): 62–72.

³⁶ Grobien, “Anglo-Persian Agreement,” 289.

³⁷ Katouzian, “Campaign,” 8. For SEP’s lobbying of the French foreign ministry, see Eric Bussière, “La France,” 314–15.

³⁸ Moshaver al-Mamalek report, 1918, Iranian Ministry of Foreign Affairs, Tehran, GH1338-K66-P752.

³⁹ Calouste Gulbenkian to MAE, 24 September 1920, CGF, PRS03446.

SEP wanted a 75-year concession for the provinces of Khorasan, Astrabad, Mazandaran, Gilan, and Azerbaijan, and offered the Iranian government up to 10 percent of the shares (paid up), with a royalty of 10 percent. In July 1921, Firuz told Bonin's colleague at the French legation, Henri Hoppenot, that it was "the right moment to make an appeal to a third power." All that was needed was for such a group to offer 500,000 tomans a month, funds urgently needed to pay salaries.⁴⁰ Unfortunately SEP did not send someone to Tehran to negotiate, did not pay off the Iranian press, nor was Deterding keen on paying advances, "seeing that Persia is now another word for Bolshevism."⁴¹

Along with APOC, Bolshevism was another of Deterding's obsessions. He told Walter Teagle of SONJ that "what happened to oil in Russia" was "the beginning of an attack ... on all industries in the world."⁴² In May 1920 Soviet troops landed at Anzali, forming a coalition with insurrectionists of what became the Republic of Gilan, then abandoning them just as hastily after signing a treaty of friendship with Tehran. Article 13 of the 1921 Irano-Soviet Friendship Treaty prohibited any third power from holding concessions in the north. The article "compromised Persian sovereignty to rent out or contract the exploitation of any part of its northern frontier region," while "Russia reserved the right to exploit Persia's northern resources for itself." As one American diplomat noted, "The Persian Foreign Office discovered with dismay that the new Russians were almost as exacting as ... the old Russians," and "bent upon regaining their former predominant position in North Persia."⁴³

Standard vs. Sinclair

This stipulation was among the reasons that so many observers were caught off guard when, at 5 p.m. on Saturday, November 21, 1921, the government suddenly presented a bill to the majlis granting north Iran to Standard Oil. The bill passed into law the following day. "This *coup de théâtre* elicited the greatest surprise in all circles," Henri Hoppenot reported.⁴⁴ The deal had been negotiated in great secrecy in Washington. It gave SONJ an exclusive right to the five northern provinces for fifty years, with a 10-percent royalty.⁴⁵ An embarrassed president of the council explained that SONJ had agreed to pay the advances his fellow ministers had demanded, with the US State Department sweetening the offer by promising to send advisers.⁴⁶

After investigating further, Hoppenot submitted a full report to the French prime minister, Aristide Briand. No Iranian government, he claimed, had ever acted with such audacity, rapidity, or discretion. If other American firms followed the path blazed by SONJ,

A second Mexico or a second Cuba may be in the making, in a region of exceptional importance thanks to its location, where the United States, thus ensconced in the heart

⁴⁰ Charles Bonin to MAE, 6 and 17 June 1920; S. Kammerer to Bonin, 9 October 1920; Hoppenot to Ministère de la Guerre, 10 July 1921, Centre des Archives d'Economie et des Finances, Savigny Le Temple (hereafter CAEF), B0032866, folder 6.

⁴¹ Henri Hoppenot to MAE, 20 February 1921, AMAE, CP Perse-Iran 49, f. 64; Henri Deterding to Calouste Gulbenkian, 28 July 1921, CGF, LDN00430; Georges Ducrocq diary, 3 September 1921, in Richard Yann, ed., *Regards français sur le coup d'État de 1921 en Perse: Journaux Personnels de George Ducrocq et Hélène Hoppenot* (London: Brill, 2014), 342.

⁴² Henri Deterding to Walter Teagle, 16 November 1925, BP Archive, 68864.

⁴³ Cosroe Chaqueri, *The Soviet Socialist Republic of Iran, 1920–1921: Birth of the Trauma* (Pittsburgh: University of Pittsburgh Press, 1995), 284, 392.

⁴⁴ Henri Hoppenot to MAE, 22 November 1921, AMAE, CP Perse-Iran 49, f. 87. See also Yann, *Regards français*, 525–26, 560.

⁴⁵ Schuster draft, 28 November 1921, BP Archives, 69461.

⁴⁶ Henri Hoppenot to MAE, 23 November 1921, AMAE, CP Perse-Iran 49, f. 88.

of Asia, in the midst of oppressed peoples, might one day be tempted to capture this Far Eastern world from behind, a region they are already laying siege to on the Pacific rim.⁴⁷

For the Tehran press, however, American investment was investment without strings. “The procurement of money from our neighbors [i.e., the Russians and Britain] without political considerations attached was impossible,” noted the newspaper *Ittihad* (Unity), adding that “such conditions were prejudicial to our independence.” But now the “great and sagacious” Ahmed Qavam (al-Saltaneh) had turned the tables.⁴⁸ The majlis archive in Tehran contains a number of telegrams from across Iran, congratulating the majlis as well as Qavam.⁴⁹

A few weeks after the majlis awarded it the concession, SONJ decided that rather than entering Iran alone it preferred to do so in a joint venture with APOC. The Iranian press changed their tune. Instead of SONJ rescuing Iran from APOC, SONJ was now accused of being in league with APOC to exploit Iran. This about-face was significant, as it created an opening for a rival, much smaller American company, Sinclair Consolidated Oil Corporation. In December 1921 Sinclair Consolidated’s representative Ralph Soper arrived in Tehran looking for a concession, promising to lend millions of dollars in exchange. Sinclair Consolidated was a company willing to take a punt on areas larger oil companies would not touch. In January 1923 it signed a concession for the north of Sakhalin, territory claimed by Russia but occupied by the Japanese.⁵⁰

As Gulbenkian was fond of saying, oil men are like cats: “You never know, listening to them, whether they are fighting or making love.”⁵¹ This was certainly true of SONJ and APOC in these years, when the US–UK Oil War saw rival British and American oil companies become partners in an emerging world oil cartel. To understand what was really at stake in the SONJ–Sinclair rivalry in north Iran, we need to take a step back and consider the bigger picture.⁵² This bigger picture includes the role of oil diplomacy around the 1922–23 Lausanne Conference as well as the Oil War.⁵³

The Oil War was a public relations campaign masterminded by SONJ, which exploited short-lived American fears of dwindling domestic reserves and planted press stories claiming that RDS and APOC were part of a British government conspiracy to monopolize the world’s oil.⁵⁴ Given the aforementioned rivalry between RDS and APOC as well as SONJ’s own

⁴⁷ Henri Hoppenot to Aristide Briand, 28 November 1921, AMAE, CP Perse-Iran 49, f. 94.

⁴⁸ *Ittihad*, 24 November 1921, cited in Rubin, “Stumbling,” 210.

⁴⁹ Documentation Centre of the Iranian Parliament, Tehran, 4-14-5-1-7, 14-109-42-25-46.

⁵⁰ Floyd J. Fithian, “Dollars without the Flag: The Case of Sinclair and Sakhalin Oil,” *Pacific History Review* 39, no. 2 (1970): 205–22.

⁵¹ Jonathan Conlin, *Mr Five Per Cent: The Many Lives of Calouste Gulbenkian, the World’s Richest Man* (London: Profile Books, 2019), 161.

⁵² Rubin’s failure to consider the Oil War combined with his reliance on American public archives may explain why his account of the Sinclair–SONJ rivalry in north Iran is a mirror image of that presented here. It was, I argue, less a case of the Foreign Office bullying the State Department to put “its” APOC ahead of SONJ, as Rubin would have it, as a case of SONJ successfully bullying the State Department to bully the Foreign Office to bully APOC into letting SONJ into APOC’s concessions in the Middle East. Rubin, “Stumbling.”

⁵³ The Oil War has received a good deal of attention from historians, but see in particular John DeNovo, “The Movement for an Aggressive Oil Policy Abroad, 1918–1920,” *American Historical Review* 61, no. 4 (1956): 854–78; Michael J. Hogan, “Informal Entente: Public Policy and Private Management in Anglo-American Petroleum Affairs, 1918–1924,” *Business History Review* 48, no. 2 (1974): 187–205; and Annie Tracy Samuel, “The Open Door and U.S. Policy in Iraq between the World Wars,” *Diplomatic History* 38, no. 5 (2014): 926–52. For Lausanne, see Jonathan Conlin, “Fouled By Oil? Oil Diplomacy and the Lausanne Conference, 1914–1928,” *International History Review* 2024: 1–19. <https://doi.org/10.1080/07075332.2024.2393642>.

⁵⁴ A 1919 report of the US Geological Survey warned that “America is running through her stores of domestic oil and is forced to look abroad for future reserves.” Cited in Giuliano Garavini, *The Rise and Fall of OPEC in the Twentieth Century* (Oxford, UK: Oxford University Press, 2019), 23.

dominant position in world oil markets, SONJ's success in persuading officials as well as American public opinion of a British plot for a global oil monopoly was remarkable. Such lobbying led the State Department to send a series of diplomatic notes accusing the Foreign Office of excluding American firms from territories under British imperial or military administration.⁵⁵ These in turn led the Foreign Office to put pressure on APOC and RDS to make room for American firms in Mosul (through the Turkish Petroleum Company) and, as we shall see, in Iran as well. Once room was found, the diplomatic notes stopped. They had achieved their purpose.

The secret diary of John Cadman, recording his visit to the United States in 1921–22, at the height of the Oil War, reveals how this campaign worked. Having moved from academia to serve as first director of His Majesty's Petroleum Executive (the British state oil agency), Cadman was now a technical advisor to APOC, where he became managing director in 1923. A "fine diplomat" (like Gulbenkian, but unlike Deterding), the trip was APOC's charm offensive, intended to work out what SONJ wanted and so bring the Oil War to an end.⁵⁶ Before his departure APOC's Charles Greenway had sent A. C. Bedford of SONJ a memo on the North Persian Oil Company, adding that APOC was "prepared to discuss the question of friendly cooperation."⁵⁷

Shortly after arriving in Washington in December 1921 Cadman met Secretary of Commerce Herbert Hoover to discuss north Iran. Hoover "confirmed that the Standard were the strong string and if AP Co. and Stand[a]rd could understand each other there would be an end to anti-British oil propaganda." Bedford told Cadman he was happy to go fifty-fifty in north Iran, provided the collaboration did not end there, but was extended to other areas where APOC operated (of which Mosul was the most important). Cadman also met newspaper editors and public relations agents, who confirmed that "the whole of the anti-British activity was entirely ... done at the instigation of the Propaganda Department, 26 Broadway [SONJ head office in New York]."⁵⁸

During the Oil War, the public and diplomatic rhetoric in the United States was bellicose, but that was simply SONJ's tactic for getting into a Middle East bed made by APOC and RDS.⁵⁹ "If [as] a result of this wedding [i.e., the joint venture in north Iran] we became more in love with each other's methods," one SONJ executive wrote to Greenway, "further contact would certainly be the result."⁶⁰ Cadman was happy not only to let SONJ into NPOC; he wanted them to manage it, so as to limit any Anglophobic blowback in Tehran. Not that he told SONJ as much. As Cadman noted in his secret diary: "I did not tell them of course that for political reasons we should like to see them operating there as a buffer to the general Bolshevik tendency which is naturally more active in that part than in the South."⁶¹ Although this was first and foremost a commercial concern for APOC, British diplomats and ministers soon came on board. As the British ambassador in Washington, Auckland Geddes, noted, the joint

⁵⁵ These notes were subsequently printed as British parliamentary Command Paper 1226: *Correspondence between His Majesty's Government and the United States Ambassador Respecting Economic Rights in Mandated Territories* (London: HMSO, 1921).

⁵⁶ H. S. Torrens, "Cadman, John, first Baron Cadman (1888–1941)," *Oxford Dictionary of National Biography*, 23 September 2004, <https://doi.org/10.1093/refodnb/32233>.

⁵⁷ Charles Greenway to A. C. Bedford, 15 November 1921, BP Archive, 69461.

⁵⁸ Cited in John Cadman to Charles Greenway, 20 (Hoover) and 12 (Bedford) December 1921; Cadman memo, 26 November 1921 ("Propaganda"), BP Archive, 78128. These sources contradict Rubin's claim that Hoover supported Sinclair Consolidated in north Iran. Rubin, "Stumbling," 204.

⁵⁹ A collection of clippings can be found at BP Archive, 71220.

⁶⁰ SONJ to Charles Greenway, 12 December 1921, BP Archive, 69461. As Ferrier notes, the NPOC concession was "largely instrumental in creating a better understanding between the two companies and their respective governments over oil affairs, not least over Mesopotamia." Ferrier, *Developing Years*, 580.

⁶¹ Cadman memo, 26 November 1921, BP Archive, 78128.

venture would “give the US government a practical stake in stable conditions in the Near East.”⁶²

President of the British Board of Trade Philip Lloyd-Greame and Colonial Secretary Winston Churchill agreed that it set up things nicely for SONJ to enter the Turkish Petroleum Company (TPC). Founded by Gulbenkian in 1912, TPC had begun as a joint venture of APOC, RDS, Deutsche Bank, and Gulbenkian. Deutsche Bank’s stake was sequestered during World War I and given to the French government, who passed it to a private French company, the *Compagnie Française des Pétroles* (CFP, now known as TotalEnergies). From the very beginning TPC was intended to unite would-be rivals in the Ottoman Empire in a cartel, and APOC and RDS were eager to accommodate American interests. Doing so would mean that the State Department would stop questioning TPC’s prewar concession for the former Ottoman provinces of Mosul and Baghdad and stop complaining that British oil companies were not respecting the “Open Door,” the principle that American capital should be welcome anywhere.

On February 6, 1922 Bedford and Cadman signed an agreement under which SONJ agreed to take a 50-percent stake in North Persian Oil Company, retaining the option to exit if the concession was not confirmed by Tehran. APOC bought back most of the NPOC shares that had been given to Rupento and Khostaria, so they could be given to SONJ.⁶³ Under the new joint venture NPOC would extend a \$5-million loan once Tehran confirmed the concession. APOC agreed that this loan (5-year, 7-percent gold notes issued by J. P. Morgan of New York) could be secured against the royalties APOC paid on its operations in the southwest of the country.⁶⁴ A \$1-million advance would, however, be paid immediately. These funds were urgently needed to allow the Iranian army to continue its work “checking Bolsheviks.”⁶⁵ The new Iranian minister in Washington, Hosain ‘Ala (Mo’in al Vezareh), expressed his frustration that SONJ would not issue the loan until the concession was confirmed.⁶⁶

Unfortunately, the Iranian legation in London issued a statement in mid-December 1921 declaring the Khostaria concession invalid and indicating that Tehran favored Sinclair’s bid. Vosuq od-Dowleh wrote to *The Times* of London with further explanation. As prime minister back in 1917 he had confirmed the concession, Vosuq conceded, but after the Russian Revolution Tehran had canceled it, “on the ground that this, together with other concessions, had been obtained under coercion by the late Tsarist Government and without the consent of the Persian National Assembly.”⁶⁷

Sinclair’s promise of larger advances, a greater share in profits and a \$10-million loan as well as local press resistance to any British investment in the north of Iran led Tehran to demand changes to the APOC–SONJ joint venture in February 1922. Although NPOC was to be rebadged “Perso-American,” that was not enough. The firm needed to look exclusively

⁶² Auckland Geddes to FO, 15 January 1922; Philip Lloyd-Greame to Winston Churchill, 12 January 1922; Winston Churchill to G. N. Curzon, 1 February 1922, TNA, CO730/27, ff. 784, 789, 796. Curzon’s views on American investment in Iranian oil shifted between April 1920 and July 1921, from warning Firuz that “the British Government could not be expected to regard with favour” any attempt “to introduce the Standard Oil Company in Persia,” to comforting himself with the thought that the Americans were “after all ... on our side against the Bolsheviks who are the real peril”; Ferrier, *Developing Years*, 764–65n192). We need to question Cyrus Ghani’s assumption that the British government “grudgingly accepted the joint venture” in north Iran. Ghani, *Reza Shah*, 236.

⁶³ Katouzian’s claim that the British government had a majority shareholding in NPOC is incorrect; Homa Katouzian, *The Political Economy of Modern Iran: Despotism and Pseudo-Modernism, 1926–1979* (London: Macmillan, 1981), 94.

⁶⁴ “North Persian Oil,” App. E; Sadler memo, 6 January 1922; J. P. Morgan to Sadler, 4 February 1922, BP Archive, 129248 and 69461.

⁶⁵ Cadman memo, 26 November 1921, BP Archive, 78128.

⁶⁶ Rubin, “Stumbling,” 212.

⁶⁷ “North Persian Oil Concessions: Official Statement,” *The Times*, 15 December 1921; Vosuq to Editor, *The Times*, 6 January 1922.

American and increase its loan.⁶⁸ Future shah Reza Khan (r. 1925–41, then minister of war) told the *Chicago Tribune* that Iran wanted “the northern concessions operated by an all-American company.”⁶⁹ In May APOC agreed to eliminate its shareholding, taking 50 percent of the oil instead. NPOC now offered a \$10-million loan, matching Sinclair’s offer.⁷⁰ In August 1922 Prime Minister Qavam presented both SONJ and Sinclair concessions to the majlis, without recommending either. Whether out of a desire to seek better terms or simply to avoid taking a decision likely to rile Russia (who claimed exclusive rights to North Oil under the Irano–Soviet Friendship Treaty), the majlis rejected both, and appointed a committee to draft a substitute set of concession terms, to be presented to both SONJ and Sinclair Consolidated.⁷¹

By this point the \$1-million advance paid by APOC–SONJ had been spent. For the *Wall Street Journal*, the story “might form the basis for a comic opera”: “the good American dollars had gone up in an enthusiastic carnival of wine, woman [sic] and song.”⁷² But Tehran was by no means in the dark about how the proposed APOC–SONJ “wedding” in north Iran fit into the bigger picture. As Hosain`Ala perceptively noted, “Standard Oil was chiefly interested in Mesopotamia” (i.e., Mosul, part of the British mandate of Iraq). Tehran was “being made a cat’s paw for the Anglo-Persian and the British government,” with SONJ “trading their rights in the Persian situation for a better place in the Mesopotamian situation.”⁷³

Kevir–Khurian

Recognizing that APOC was now unable to do anything with his concession, Khostaria decided that the rights he had sold to APOC had reverted to him, and set about selling them for a third time, this time to the Soviets. In November 1922 he contacted Leonid Krasin (soon to be appointed commissar for foreign trade) in Berlin, offering 50 percent of his rights in return for diplomatic and financial support. After three weeks of talks Krasin urged V. I. Lenin to proceed with the plan. January 1923 saw Khostaria in Moscow, presenting the plan to Gosplan, the state economic planning committee.

Gosplan’s vice president was Giorgii Piatakov, who had served as commissar of Gosbank, the Russian State Bank, before joining the VSNKh (Supreme Soviet of the National Economy) in 1923, by which point he had swapped his “revolutionary past” in Ukraine and Germany for “bureaucratic construction,” driven by “a centralist, administrativist and efficientist view” in which heavy industry was prioritized.⁷⁴ Piatakov argued that Khostaria’s concessions were of interest “only as a means to block the English in northern Persia.”⁷⁵ There also was a concern that the proposal was not in keeping with the 1921 Irano–Soviet Friendship Treaty.

As usual, Khostaria came back with an alternative proposal: to exploit what he presented as a separate concession for Semnan, which he claimed to have high hopes of acquiring.

⁶⁸ “North Persian Oil,” 9, BP Archive, 129248.

⁶⁹ “Persians Want Americans to Develop Oil; British Still Control Situation,” *Chicago Tribune*, 2 July 1922.

⁷⁰ “North Persian Oil,” 10–11, BP Archive, 129248.

⁷¹ Rubin, “Stumbling,” 220.

⁷² “Standard Oil in Persia,” *Wall Street Journal*, 7 September 1922.

⁷³ Cited in Rubin, “Stumbling,” 214. It is hard to explain why SONJ, a few days after the final obstacles to the joint venture (regarding the loan) were cleared away in January 1922, suddenly demanded the right to withdraw from the venture after just one year if unsatisfied with the concession’s geological potential. As the Iranians pointed out, such a condition “was more suitable for a prospecting license than a concession”; Ferrier, *Developing Years*, 578–79.

⁷⁴ Andrea Graziosi, “Building the First System of State Industry in History: Piatakov’s VSNKh and the Crisis of the NEP, 1923–1926,” *Cahiers du monde russe et soviétique* 32, no. 2 (1991): 545, 546. See also Graziosi, “G. L. Piatakov (1890–1937): A Mirror of Soviet History,” *Harvard Ukrainian Studies* 16, no. 1 (1992): 102–66.

⁷⁵ Cited in Brinegar, “Baku,” 186.

As this was a “newer” concession, it was less likely to fall foul of the spirit of the treaty, especially if Khostaria served as cutout, setting up a special joint stock company, Kevir–Khurian, and a bank, Ruspersbank. This met with a warmer reception, particularly from Russian Foreign Minister Georgy Chicherin, who asserted that, unlike the “tsarist policy” toward investment, intent on keeping Iran “at a low level of development,” “our policy” sought “the possible expansive development of Persia’s productive forces in the fight against the encroachment of western capital on her economic and political independence.” Soviet Russia’s “*historical role*” was to serve as intermediary “between eastern producers of raw materials and the highly industrialized western consumers whose factories refine the materials, since our industry is not yet up to the task.” In the “economic fight” against Western (particularly British) capital, “*We have no one besides Khostaria.*”⁷⁶

In 1923, therefore, Tehran was being courted by SONJ–APOC, Sinclair, the French and RDS, and Soviet Russia. Rumors of bribery swirled around all these concession-hunters.⁷⁷ On June 13, 1923 the majlis passed a bill under which the north Iranian concession could be granted to one of the American companies, conditional on a \$10-million loan, a royalty on net profits of at least 20 percent (rising to 28 percent), and the right for Iranians to subscribe to up to 30 percent of share capital.⁷⁸ In September SONJ told APOC they were out. The Iranian government signed a provisional contract with Sinclair Consolidated on December 22, 1923.

After the revelations of large-scale bribery of US officials (including Secretary of the Interior Albert Fall) in January 1924 (a scandal named after Teapot Dome, a geological feature in Wyoming), Harry Sinclair ended up in jail, his company’s reputation in tatters.⁷⁹ Along with rumors in the *Washington Herald* that Soper had been paying bribes in Tehran, the Teapot Dome scandal gave Allen Dulles of the State Department the cover he needed to justify his reluctance to see Sinclair enter Iran.⁸⁰ The majlis may have confirmed Sinclair’s concession in September, but the firm was unable to lend the promised \$10 million. The murder of American Vice-Consul Robert W. Imbrie in July 1924, the elevation of Reza Khan to shah in 1925–26, and his subsequent abrogation of capitulations in 1927–28 inspired APOC and SONJ to adopt “a policy of passivity” in north Iran.⁸¹ This left an opening for a three-way joint venture between Soviet Russia, Iran, and France: Kevir–Khurian.

France’s interest in Iranian oil needs to be viewed as an extension of its purchase of Soviet oil, intended to diversify its sources of supply. In January 1925 a new state agency for oil, the Office Nationale des Carburants Liquides (ONCL) was established. Unlike previous bodies led by Henri Bérenger, this was not under the sway of RDS. Its director, Louis Pineau, sought to assign separate spheres of influence to two national champions: the aforementioned Compagnie Française des Pétroles and Pétrofina, a Franco-Belgian firm established in Antwerp in 1920 by Léon Wenger. Whereas CFP was to seek concessions in Iraq and Venezuela, Pétrofina was to focus on Romania, Russia and, by extension, north Iran as well.

Buying Soviet oil in this period was politically sensitive, given that many dispossessed Western investors and oil companies considered it to be stolen oil. Many of these investors had associated in Paris to form the “Front Uni” (Groupement International des Sociétés

⁷⁶ Emphasis in the original. *Ibid.*, 186–89, 191–92.

⁷⁷ Majd, *Plunder*, 116–18; Rubin, “Stumbling,” 221.

⁷⁸ Firuz to Majlis, 15–18 June 1923, Iranian National Archives, Tehran, 293–6373.

⁷⁹ Yergin, *Prize*, 211–16.

⁸⁰ Dietrich, “Sinclair Oil,” 265, 267.

⁸¹ “North Persian Oil,” 18, BP Archive, 129248. See also Michael Zirinsky, “Blood, Power, and Hypocrisy: The Murder of Robert Imbrie and American Relations with Pahlavi Iran, 1924,” *International Journal of Middle East Studies* 18, no. 3 (1996): 275–92; and “Riza Shah’s Abrogation of Capitulations, 1927–1928,” in *The Making of Modern Iran: State and Society under Riza Shah, 1921–1941*, ed. Stephanie Cronin (London: Routledge, 2003), 84–102.

Naphtifères), with the aim of enforcing an unofficial embargo. Deterding headed the Front Uni, but also purchased oil from the Soviets. American oil companies expressed shock, but they were doing much the same.⁸² Although French investment in Caucasus oil fields was largely made up by Rothschild Frères, tsarist bonds had been a mainstay of French rentiers' portfolios for years (13-billion gold francs' worth in total).⁸³ The Front Uni and bondholder associations argued that any Soviet oil exports should include compensation for their losses during the revolution.⁸⁴

Proposals that French investors help construct a new trans-Caucasus pipeline from Baku to Batumi were part of such schemes, supported by Piatakov and Trotsky.⁸⁵ The proposed pipeline also offered a possible solution to the obvious problem with north Iranian oil, the challenges of bringing it to market. As one APOC executive noted in 1925, this was "a very inaccessible field for a very limited market, and obviously in strenuous competition with Baku."⁸⁶ There was very little domestic demand for oil in Iran, where the market was in any case dominated by APOC. The nearest seaboard was on the Caspian, but so was Baku, whose fields had been exploited for fifty years. Sinclair's proposal to export north Iranian oil in tanker trucks had been ludicrously naive, even had the roads existed.⁸⁷ The French plan proposed that investors receive oil at Batumi equivalent in value to the oil lifted in north Iran.

In December 1924 the French ambassador in Tehran, Bonzon, reported that a recently arrived Soviet official had told him that Leonid Krasin, Russian commissar for foreign trade, was happy for French entities to invest in Iranian oil, in collaboration with Russia. Krasin also let Pineau of the French state oil agency know that Russia was eager to sell mazut (the heavier fraction of crude oil, used in train and ship engines) to the French navy.⁸⁸ A contract between Neftsyndikat (the Soviet oil export agency) and the French navy was drawn up in February 1925. The contract was renewed at intervals until 1936, when deliveries ceased.

For Russia, French participation was welcome as a source of the large sums needed to survey and develop north Iran's oil. In 1925 the VSNKh sent a geologist named Golubiatnikov to survey the desert. He found the area promising, but also noted the challenges of operations when food and water had to be transported from Semnan city, thirty-five miles away. In December 1925 Kevir-Khurian was registered in Tehran, with a capital of 5-million tomans. The announcement led Mohammad Mossadegh, then a delegate for Tehran, to demand explanations in the majlis from the minister of public works, `Ali-Akbar Davar.⁸⁹ Ruspersbank held 3.25-million shares and Khostaria 1 million, with the rest distributed among dignitaries such as Reza Shah and the powerful court minister Abdol Hosein Teymurtash.⁹⁰ But none of these shareholders had paid for their shares, meaning that funds to survey needed to be found somewhere else.

⁸² Joost Jonker and Jan Luiten van Zanden, *A History of Royal Dutch Shell*, vol. 1, *From Challenger to Joint Industry Leader, 1890–1939* (Oxford, UK: Oxford University Press, 2007), 274–77.

⁸³ Michael J. Carley, "Five Kopecks for Five Kopecks: Franco-Soviet Trade Negotiations, 1928–39," *Cahiers du monde russe et soviétique* 33, no. 1 (1992): 24.

⁸⁴ Nowell, *Oil Cartel*, 152–57, 169.

⁸⁵ Jean Herbette to MAE, 30 April 1925, AMAE, 117CPCOM/528.

⁸⁶ H. E. Nichols to Guy Wellman, 3 November 1925, cited in "North Persian Oil," 18, BP Archive, 129248.

⁸⁷ Rubin, "Stumbling," 214. As Clawson notes, the cost and speed of transport increased between 1920 and 1940 not thanks to any expenditure on road construction, but due to reduction of brigandage and the arrival of heavier trucks; Patrick Clawson, "Knitting Iran Together: The Land Transport Revolution, 1920–40," *Iranian Studies* 26, no. 3 (1993): 235–50.

⁸⁸ Bonzon to MAE, 18 December 1924; "Note sur l'importation en France du pétrole Russe," 20 December 1924, AMAE, 117CPCOM/528.

⁸⁹ For a summary of the debate, see Bellan, "Pétroles de Khouryân," AMAE, 292PAAP/4 ff. 200–1.

⁹⁰ Undated memo. GARF, f. 5446, op. 8a, d. 84, l. 7.

In 1925 there were more than five Soviet agencies with overlapping responsibilities for gathering economic data and for economic planning.⁹¹ In the Caucasus separate entities had been set up for drilling, storing, and transporting oil. The establishment in 1926 of Persazneft, the Iranian subsidiary of Azneft, the Baku-based oil production agency, only added to the confusion.⁹² Then there was the political question. For Soviet officials the advent of Reza Shah supposedly marked the shift from “feudal monarchy to bourgeois monarchy.” A February 1926 meeting of the Russian Persian Commission outlined a set of somewhat conflicting policies: supporting Reza in his fight against feudalism (even though it was “dangerous to trust him”), supporting the majlis, democratization, and laying the foundations of a “folk-revolutionary party.”⁹³ The Soviets decided to support Reza Shah’s regime rather than undermine it, which explains their “self-restraint” when Iran granted concessions in north Iran to non-Russians, in defiance of the 1921 Irano–Soviet Friendship Treaty. Although the Soviets sent diplomatic notes protesting the grant of concessions to SONJ and Sinclair Consolidated, they did nothing to escalate the situation.⁹⁴

In October a special Commission on Semnan Oil was convened, attended by Georgy Chicherin, Commissar for Foreign Affairs. It lowered the annual budget for Semnan from 60,000 to 50,000 rubles. It resolved “to instruct Chicherin and Commissar for External and Internal Trade Anastas Mikoyan to take steps for the possible involvement of foreign capital, with whose help it would be possible to start developing the concession.”⁹⁵ Given the lack of resources available, Russian officials admitted (among themselves, at least) that it was not a question of finding funds to set to work in earnest, but rather a question of finding enough money “to create the impression of works having started.” That would ensure that firman owners or rival concession-hunters could not accuse Kevir–Khurian of squatting, which might put the concession back in play.⁹⁶ It was ominous that two British geologists were spotted touring the Dasht-e-Kavir.

Management of the project had been transferred from Ruspersbank to the VSNkh, but they had no in-country representative, and recommended that management be passed on to Azneft. But Azneft did not want the responsibility either. In February 1927 one of its officials, Y. Lavrentiev, was asked to visit Iran and report back to Sergo Ordzhonikidze of Rabkrin (the Workers’ and Peasants’ Inspectorate). “I will try to be brief,” Lavrentiev began, before going on to give a potted history of the concession and everything that had gone wrong. The aforementioned 50,000-ruble budget was far too small to keep up appearances of activity. Having hoped to get straight answers back in Moscow, Lavrentiev had only got more confused: “Who, at the end of the day, is in charge of Semnan oil: VSNKh, the Bank, the People’s Commissariat? And, finally, what is Azneft’s role in this?” he asked. “We are not rich enough to develop business in foreign countries,” he argued, “we need the funds for our domestic industry.”

Lavrentiev seemed nonplussed rather than excited by a private conversation he had with Aleksandr Pavlovich Serebrovskii of VSNkh, who had reorganized Baku’s oil industry at Lenin’s request back in 1920, and who now controlled the Soviet oil industry. Serebrovskii’s advice was gung ho: “Give me a bottle of Semnan oil, and I’ll get you the French money for works there.”⁹⁷ Gulbenkian was waiting in the wings. The previous year he had cut ties to

⁹¹ Graziosi, “Building,” 557.

⁹² For Soviet trade policy toward Iran, see N. M. Mamedova, “Russia ii. Iranian–Soviet Relations (1917–1991),” *Encyclopaedia Iranica*, 20 July 2009, <http://www.iranicaonline.org/articles/russia-ii-iranian-soviet-relations-1917-1991>.

⁹³ Protocol of Persian Commission meeting, 2 February 1926, GARF, f. 495, op. 60, d. 74.

⁹⁴ Lenczowski, *Russia and the West*, 87–90.

⁹⁵ Protocol 2 of Meetings of Commission on Semnan Oil, 5 October 1926, GARF, f. 5446, op. 71, d. 125, l. 1.

⁹⁶ Karahan to Rukhimovich, 28 November 1926, GARF, f. 5446, op. 8a, d. 84, l. 3.

⁹⁷ Y. Lavrentiev to S. Ordzhonikidze, February 1927, GARF, f. 5240, op. 18, d. 2631, l. 27. For Serebrovskii’s career, see Brinegar, “Baku,” 25–30.

RDS after a painful and very public business disagreement with its managing director, Henri Deterding. Although Deterding predicted that Gulbenkian would vanish into the wilderness, instead his standing as an “Oriental” who knew how the oil majors thought only increased his appeal to the French, Russian, and Iranian governments.

In 1927 Gulbenkian was already meeting regularly with Piatakov in Paris, thanks to his investments in the Russian mining ventures Lena Goldfields and Tetiuhe Mining. Although Deterding’s “spectacular anti-Communist press campaign” in Paris scuppered a Franco–Soviet conference intended to find a way around the tsarist debt impasse in 1927, Gulbenkian persisted in efforts to help Russia gain a place at oil’s top table, rather than remain the pariah that the majors went to for oil whenever they wanted to cheat on each other.⁹⁸ “Gulbenkian is a very important figure,” Chicherin noted. “He is the best card we hold.”⁹⁹

In January 1927, the executive secretary of the Concession Commission met with Pineau to discuss how the joint venture might work. He proposed Kevir–Khurian, and Pineau proposed Pétrofina, who had been doing business with Neftsyndikat since 1924.¹⁰⁰ Soviet oil was now providing 15 percent of French imports, rising to 29 percent four years later.¹⁰¹ Unlike CFP, Pineau noted, Pétrofina was not “related to the Anglo-Saxon oil trust.” The executive secretary duly met with Léon Wenger of Pétrofina.¹⁰² In October 1927 Wenger established the Syndicat d’Études Franco-Persanes, to which a third of Kevir–Khurian’s shares were transferred. The Syndicat brought the oil companies Pétrofina and Pechelbron together with French banks and the French engineering firm Batignolles.¹⁰³

One of Batignolles’ engineers, René Batigne, led a survey party to Semnan and Mazandaran in 1930. Although the results were promising, administrative hurdles, the recall of Piatakov, and the arrival of new concession-hunters from Japan led the Syndicat to stall.¹⁰⁴ It did not help that the French foreign and finance ministries were working at cross-purposes on Soviet trade talks, with strong opposition from the right-wing press and the Banque de France to any warming in relations.¹⁰⁵ Further survey parties were sent in the following years, but had achieved little by 1937, when an American firm, Amiranian (a joint venture of Texaco and Seaboard Oil) won the concession.¹⁰⁶ Amiranian abandoned it in 1938. After 1927 oil companies were becoming interested in Bahrain. As Iran reasserted its claim to the island that same year (and refused to have dealings with any would-be concessionaire that did not recognize its sovereignty), oil companies had to choose. Given Bahrain’s favorable position in the Gulf, it was not a tough decision.¹⁰⁷

⁹⁸ Carley, “Franco-Soviet Trade,” 24.

⁹⁹ Conlin, *Gulbenkian*, 178. See also Geoffrey Jones and Clive Trebilcock, “Russian Industry and British Business, 1910–1930: Oil and Armaments,” *Journal of European Economic History* 11 (1981): 61–104; V. Veeder, “The Tetiuhe Mining Concession, 1924–32,” in *Liber Amicorum Claude Reymond: Autour de l’arbitrage*, Piero Bernardini et al. (Paris: Éditions de Juris-Classes, 2004), 325–42.

¹⁰⁰ TotalEnergies (Petrochemicals and Refining) Archives, Brussels, Minutes of Compagnie Financière Belge des Pétroles (1920–1936), meetings 31 March 1924; 30 January 1925; 10 November 1926; 9 October 1929.

¹⁰¹ Carley, “Franco-Soviet Trade,” 26.

¹⁰² H. Rakowskii to Karklin, 27 January 1927; Perlin to H. Rakowskii, 5 February 1927 (Pineau quote), GARF, f. 5240, op. 18, d. 2631, l. 130 and l. 94.

¹⁰³ Poincaré to MAE, 8 November 1927, CAEF, B0032866, folder 6.

¹⁰⁴ Sercey to MAE, 13 and 31 March 1930; Jean Herbetto to MAE, Wenger to Batigne, 22 October 1930, AMAE, 19RC/48.

¹⁰⁵ Carley, “Franco-Soviet Trade,” 36, 44.

¹⁰⁶ For annual reports, see TotalEnergies (Petrochemicals and Refining) Archives, Brussels, 3/2/2/794. For the concession text, see Iranian National Archives, Tehran, 240-13014.

¹⁰⁷ BP Archive, 70946. For context see Yossef Bilovich, “The Quest for Oil in Bahrain, 1923–30: A Study in British and American Policy,” in *The Great Powers in the Middle East, 1919–39*, ed. Uriel Dann (New York: Holmes and Meier, 1988), 252–68.

The Kavtaradze Mission and Azerbaijan Crisis

August 1941 saw Iran partitioned yet again between Russia and Britain. In 1943 the Soviets sent an oil mission led by Assistant Commissar for Foreign Affairs Sergey Ivanovich Kavtaradze, asking for oil rights in northern Iran and making heavy play of Russia's "prior rights" in the region. Tehran had already invited SONJ and Sinclair to reopen negotiations for North Oil, while Washington urged Socony to enter the field.¹⁰⁸ Recognizing that he was out of his depth, in June 1944 Iranian Prime Minister Mohammad Sa'ed summoned Gulbenkian to Tehran to advise. Sa'ed also hired the American firm United Geophysical (founded by Herbert Hoover Jr., son of former president Hoover) to undertake an oil survey of the country. By July 1944 Hoover was negotiating for a joint RDS–Socony concession for north Iran, to be held on the same terms as APOC's in the south.¹⁰⁹

Once again the French hoped to use their ties to Gulbenkian as an entrée to north Iran's oil. Gulbenkian was "an advisor on financial and economic questions to which the Iranian government pays close attention." Gulbenkian told Sa'ed to stop negotiating, lest the Soviets intervene. Sa'ed disregarded this advice. In September 1944 Kavtaradze duly returned, just as Gulbenkian had warned, again demanding a concession. In response Tehran announced that it would postpone any discussion of new concessions until after the war, "giving reasons which were the same as Gulbenkian had given, word-for-word."¹¹⁰ Kavtaradze responded by summoning the editors of Tehran's newspapers to the Soviet embassy, denouncing Sa'ed's behavior as "disloyal and unfriendly" to Russia, inviting Iranians to express their opposition. The communist Tudeh party and its newspaper *Rahbar* demanded Sa'ed's dismissal, encouraged covertly by the Soviets, who made Russian army trucks and funds available to transport and pay protestors. Although Tudeh's plans to hold a mass demonstration in Tehran, Tabriz, and other cities on November 7, 1944 were disrupted when their head offices were raided by the police, Sa'ed resigned the following day. In the ensuing interregnum Mossadegh proposed a law prohibiting any minister from granting concessions without prior majlis approval. This bill passed the majlis on December 2, 1944. Although Kavtaradze summoned the editors again to make his opposition to this bill known, he returned to Russia a week later.¹¹¹

North Oil continued to be a matter of politics rather than business, playing a key role in resolving the Iran crisis of 1946, one of the earliest Cold War standoffs. The crisis resulted from Stalin's failure to withdraw Soviet troops from Iran by March 2, 1946, the deadline for evacuation that Russia, Britain, and the United States had set at the Tehran Conference. Russia also had sponsored two Gilan-style separatist states, in the Iranian provinces of Azerbaijan and Mahabad. Whereas an American ultimatum to Moscow provided "the stick" needed to end the crisis, oil provided "the carrot."¹¹² On April 4, 1946 one of Sa'ed's successors, Qavam, agreed to a "joint Irano–Soviet oil company" to exploit oil in northern Iran, a twenty-five year concession in which Russia would hold a controlling 51 percent stake. The joint venture was conditional on ratification by the majlis before a deadline of late

¹⁰⁸ E. M. Mark, "Allied Relations in Iran, 1941–1947: The Origins of a Cold War Crisis," *Wisconsin Magazine of History* 59, no. 1 (1975): 53–56; Stephen L. McFarland, "A Peripheral View of the Origins of the Cold War: The Crises in Iran, 1941–47," *Diplomatic History* 4, no. 4 (1980): 338, 343; Louise Fawcett, *Iran and the Cold War: The Azerbaijan Crisis of 1946* (Cambridge, UK: Cambridge University Press, 2009), 94–95.

¹⁰⁹ For these negotiations see NARA RG59 Petroleum Policy Staff, Subject File Relating to Iranian Oil, box 5 (lot 78D442).

¹¹⁰ "Memorandum concernant des possibilités de participation française à l'exploitation du pétrole en Perse (Mission de M. de Montaignu à Lisbonne)," 20 December 1944, TotalEnergies Archive, La Défense, Paris, 80.3/134.

¹¹¹ Lenczowski, *Russia and the West*, 219.

¹¹² Katouzian, *Iran*, 153, 155.

October 1946. The fifteenth majlis only convened in August 1947, however. After fierce discussion it refused to ratify, sparking protests in Maragheh, in the northwest.¹¹³ Qavam had been negotiating for an oil concession without prior majlis approval, something punishable by imprisonment under the aforementioned law of December 2, 1944 proposed by Mossadegh. The majlis voted not to punish Qavam.¹¹⁴

Russian ambassador Ivan Sadchikov and the Tudeh Party collaborated in intimidating the government, with the former warning Qavam that delay in ratification would constitute a “return to the policy of enmity towards and discrimination against the Soviet Union.”¹¹⁵ Unlike in 1944, this collaboration backfired: opposition deputies denounced the oil agreement in the majlis, and the Tudeh party’s sycophantic support of the deal fatally weakened it.¹¹⁶ Taken as a whole, 1941 to 1947 seemed an accelerated repeat of 1916 to 1938, complete with renewed American rhetoric contrasting their Open Door with alleged British imperialism.¹¹⁷ Britain seemed less willing than the United States to stand up to Russia over North Oil, perhaps fearing that the rhetoric of American Ambassador George V. Allen might have repercussions harmful to APOC’s interests in southern Iran. “Iran’s resources belong to Iran,” Allen declared, in a speech delivered at the Irano–American Cultural Relations Society on September 11, 1947, adding that “patriotic Iranians” could “rest assured that the American people will support fully their freedom to make their own choice.”¹¹⁸

On October 22, 1947 the majlis voted 102 to 2 to reject the Russian–Iranian oil agreement. At the same time it instructed the government to negotiate with APOC to “secure Iran’s national rights.” Here the debate around North Oil took a new turn. Instead of debate focusing on how North Oil could be used to pursue what Qavam called a “policy of equilibrium,” resistance to the 1946 Irano–Soviet Company had united disparate opposition parties behind a “notion of Iran’s playing its own role in developing its oil resources.”¹¹⁹ Rather than one offsetting or compensating for the other, North Oil and the oil of southwest Iran coalesced into a single pursuit for “national rights.” The 1946–47 debate over Irano–Soviet collaboration in exploiting north Iran’s oil resources laid the foundations for the Abadan Crisis.

The Abadan Crisis is beyond the scope of this article. It is nonetheless worth considering one path not taken, one proposed by Gulbenkian. Recognizing the Cold War tensions expressed in the 1946 Azerbaijan crisis, Gulbenkian proposed to Qavam that all Iran’s oil (north and south) be pooled in a single National Iranian Oil Company, which would negotiate with the oil majors through the United Nations. Gulbenkian hoped this might prevent the formation of what he called “a united opposition front on the part of the Middle East countries.”¹²⁰ The Iranian minister in Washington, Hosain `Ala, floated the idea in a letter to the *New York Times*, as well as at the State Department: “Why should not

¹¹³ For a report on Maragheh protest, see National Library and Archives of the Islamic Republic of Iran, Tehran, 293–2143.

¹¹⁴ Rouhollah K. Ramazani, *Iran’s Foreign Policy 1941–1973: A Study of Foreign Policy in Modernizing Nations* (Charlottesville, VA: University Press of Virginia, 1975), 169.

¹¹⁵ Lenczowski, *Russia and the West*, 309.

¹¹⁶ Ramazani, *Iran’s Foreign Policy*, 170. For the Tudeh’s campaign, see National Library and Archives of the Islamic Republic of Iran, Tehran, 240–789.

¹¹⁷ Simon Davis, “‘A Projected New Trusteeship’? American Internationalism, British Imperialism, and the Reconstruction of Iran, 1938–1947,” *Diplomacy and Statecraft* 17, no. 1 (2006): 51–52.

¹¹⁸ Lenczowski, *Russia and the West*, 310.

¹¹⁹ Ramazani, *Iran’s Foreign Policy*, 173 (rights), 182 (resources), 183 (equilibrium).

¹²⁰ Cited in Skliros to Hacobian, 17 March 1948, BP Archive, 164055.

oil, which is just as explosive as the atomic bomb, be dealt with by a special committee of the United Nations?"¹²¹

APOC considered the suggestion "fantastic" (as in, a fantasy).¹²² The company was now chaired by the "tough, uncompromising" William Fraser, who lacked his predecessor John Cadman's diplomatic skills.¹²³ Fraser did not foresee how the Venezuelans would turn the tables. Under a 1948 amendment to the Hydrocarbons Law of 1943 the Venezuelan government was guaranteed revenues equivalent to half of the concessionary company's net revenues. The fifty-fifty model was born and went on the road. In late 1949 a Venezuelan delegation toured the Middle East, preaching a solidarity among oil-producing nations that profoundly reshaped the mindset of, among others, Manucher Farmanfarmaian, director-general for hydrocarbons in the Iranian Ministry of Economy. Farmanfarmaian would attend the first National Oil Conference held in Caracas in 1951, a conference that laid the groundwork for the formation of OPEC in 1960.

Giuliano Garavini considers it "highly debatable (if not altogether impossible) to suggest that OPEC could have been created in the early 1950s, given the prevailing political climate in the Arab world at the time."¹²⁴ Gulbenkian's trial balloon, however, is a salutary reminder that not all roads led to OPEC. A number of embryonic international institutions emerged in these same years, all of which considered (however briefly) addressing the "orderly development" of the world's oil. Such discussions began in 1944, when it was proposed that France, Russia, and other countries might join an International Petroleum Commission established under the Anglo-American Petroleum Agreement.¹²⁵ Similar ideas were floated in discussions around the International Trade Organization, the Coal and Steel Community, and even NATO.¹²⁶ Gulbenkian-style plans for the World Bank to act as intermediary in the resulting Abadan Crisis would be rejected by Mossadegh, in what Katouzian has described as "the greatest mistake of his career."¹²⁷ A rather different outcome might have been achieved had Iran's leaders listened to Gulbenkian. Instead Mossadegh stripped him of his diplomatic rank and Iranian citizenship in June 1951.¹²⁸

History or Histrionics?

If all the "endless intrigue" between 1916 and 1947 led nowhere, one might ask why we as historians should bother with North Oil at all. A century on from Khostaria's concession, north Iran has yet to reveal oil and gas in commercial quantities.¹²⁹ Integrating the full

¹²¹ Hosain `Ala to Gulbenkian, 27 June 1946, TotalEnergies Archive, La Défense, Paris, 80.3/134; "International Oil Pool Urged by Ala for Iran," *New York Times*, 12 July 1946; State Department memo, 21 August 1946, NARA, RG59, Office on International Trade Policy (Petroleum Division), box 5, "Iran Oil Concessions, 1944–46," 250/46/9/5.

¹²² Jackson to Fraser, 25 March 1949, BP Archive, 60502.

¹²³ James Bamberg, "Fraser, William Milligan, first Baron Strathalmond (1888–1970)," *Oxford Dictionary of National Biography*, 23 September 2004, <https://doi.org/10.1093/ref:odnb/33256>.

¹²⁴ Garavini, *OPEC*, 66–67.

¹²⁵ Michael B. Stoff, "The Anglo-American Oil Agreement and the Wartime Search for Foreign Oil Policy," *Business History Review* 55, no. 1 (1981): 59–74. Russia is mentioned in Hervé Alphand to René Massigli, 10 June 1944, Archives of the French Embassy, Washington, DC, 4045 DE.4.2.

¹²⁶ For the European Coal and Steel Community and NATO, see Henri Bonnet to French Foreign Ministry, 16 January 1951, Archives of the French Embassy, Washington, DC, 4123 CE.1.2. For the ITO, see Garavini, *OPEC*, 61.

¹²⁷ Katouzian, *Iran*, 175. See also Reza Ghasimi, "Iran's Oil Nationalization and Mossadegh's Involvement with the World Bank," *Middle East Journal* 65, no. 3 (2011): 442–56.

¹²⁸ Conlin, *Gulbenkian*, 278–79.

¹²⁹ For a survey aimed at oil industry experts, see M. Q. Morton, "The Khostaria Concessions: Oil and the Northern Provinces of Iran," *GEO EXPRO*, September 2020, 22–26.

history of north Iranian oil into broader narratives might have a salutary effect on the way in which historians of Iran write about oil. Claims that APOC and the British government were “indistinguishable” after 1914, that APOC killed American Vice-Consul Robert Imbrie, that the 1933 settlement was “a complete sellout” (with APOC supposedly manipulating Reza Shah into canceling their own concession), and that the British sought to pump as much Iranian oil as possible are at best tendentious, at worst foolish. Every businessperson knows that glutting the market with one’s product is not prudent.¹³⁰ From Lord Curzon in the 1920s to Ernest Bevin in the 1950s, British foreign secretaries found their ability to command APOC to be limited, compared to APOC’s ability to command them.¹³¹

This has been obscured by the tendency of historians of Iranian oil to follow Fiona Venn and other historians in considering oil companies as the tools of nation–states, rather than powerful non–state actors for whom “control” and “energy security” meant very little, except as a means by which oil executives persuaded statesmen to give them what they wanted. As Robert Waley Cohen put it to a fellow RDS executive in 1923, “the whole question of control” was “very largely nonsense. It is a matter of sentiment, but if by transferring control to the Hottentots we could increase our security and our dividends, I don’t believe any of us would hesitate for long.”¹³² Historians such as Leonardo Davoudi are strong on “the tactics used to subjugate the Persian government’s interests in the D’Arcy Concession,” but weak on the tactics by which APOC subjugated the British as well as the Iranian governments. And so the Mossadeghian rhetoric of “gross inadequacies” and “enormous profits” continues to be trotted out, without much consideration of whether the concession terms or the profits were in fact gross or enormous for the oil industry at the time, a period when there was no spot market for oil (making calculating royalties an inexact science, even for the most scrupulous).¹³³

Understanding attempts to gain control over North Oil also invites historians to view the history of Iranian oil from a comparative perspective. The terms under which APOC allegedly plundered Iran in the period addressed here do not seem very different from those that operated in Venezuela, where oil-fueled venality, separatist movements, and tax evasion under mercenary-turned-president-for-life Juan Vicente Gómez (1908–35) were even more evident than in Reza’s Iran.¹³⁴ Romania under the Brătianu clan was not much better.¹³⁵

It would be interesting to compare the concerns of striking oil workers at Abadan in 1929 with those of fellow oil workers during strikes at, say, Bayonne (New Jersey) in 1915–16, or Maracaibo (Venezuela) in 1925, or Kirkuk in 1946.¹³⁶ Although Stephanie Cronin and Kaveh Ehsani have published innovative research about the class consciousness of APOC’s workers,

¹³⁰ Majd, *Plunder*, 242, 250, 259. As Katouzian notes, the 1933 agreement was “a fiasco; but it is both simplistic and tautological to blame it all on the British imperialist power”; Katouzian, *Iran*, 119.

¹³¹ Yergin, *Prize*, 453.

¹³² Cited in Jones, *Emergence*, 223.

¹³³ Stephanie Cronin, “Popular Politics, the New State and the Birth of the Iranian Working Class: The 1929 Abadan Oil Refinery Strike,” *Middle Eastern Studies* 46, no. 5 (2010): 708; Leonardo Davoudi, *Persian Petroleum: Oil, Empire and Revolution in Late Qajar Iran* (London: Bloomsbury, 2022), 149.

¹³⁴ See B. S. McBeth, *Juan Vicente Gómez and the Oil Companies in Venezuela, 1908–1934* (Cambridge, UK: Cambridge University Press, 1983). Compare also Lorenzo Meyer, *Mexico and the United States in the Oil Controversy, 1917–1942* (Austin, TX: University of Texas Press, 1972).

¹³⁵ G. Buzatu, *A History of Romanian Oil*, trans. L. Christruuga-Schneider (Bucharest: Mica Valahie, 2011), chs. 6–8.

¹³⁶ See George Dorsey, “The Bayonne Refinery Strikes of 1915–1916,” *Polish American Studies* 33, no. 2 (1976): 19–30; Domingo Alberto Rangel, *Qué Molleja de huelga! La huelga petrolera de 1936-7* (Maracaibo: Universidad del Zulia, 2007); and Arbella Bet-Shlimon, *City of Black Gold: Oil, Ethnicity and the Making of Modern Kirkuk* (Stanford, CA: Stanford University Press, 2019).

the parameters remain Iranian.¹³⁷ And so we have a situation in which historians of oil in Iran in the pre-Abadan Crisis decades are approaching their subject within a national framework, whereas the oil companies they are attempting to understand were operating within a global framework.

Meanwhile the morality behind these accusations of plunder—the question of what a more equitable relationship might have looked like—is rarely addressed. Yet, as Gregory Brew has shown, “equitability” meant different things to each side of these negotiations.¹³⁸ Breathless accounts of some historians might lead one to believe that bribery of government officials by oil companies was a British disease with which Iran was infected by Machiavelian British officials. Yet this essay has pointed to similar examples of bribery and lobbying in Britain (APOC’s bailout in 1914), France (RDS and Bérenger), and, most spectacularly, the United States (Sinclair and Teapot Dome). As an explanation for Iran’s oil history, this does not carry us very far, and overlooks deep-seated Iranian traditions of gifting.¹³⁹ This article also has demonstrated that Tehran’s press was hardly unusual in selling itself to the highest bidder; the press in New York and Paris were equally biddable. We need a history of Iranian oil that gives more agency to Iran and to the oil majors, rather than assuming that both were the puppets of all-powerful criminal masterminds sitting in Whitehall. Such a history would chime with recent scholarship by Oliver Bast challenging the traditional view of post-World War I Iran as characterized by chaos, venality, and decline.¹⁴⁰

The failure to develop north Iran’s oil can be blamed partly on a tendency to view it as a means to an end, the containment of British influence (for the Soviets) and the formation of a global oil cartel (for SONJ and APOC). But Iran’s “suffocating socio-political atmosphere” and “paranoid style of government” under Reza Shah also are to blame.¹⁴¹ The Iranian press view of the Sinclair concession shows analogies with the Turkish press view of the equally abortive Chester concession. In both cases, private enterprise and government fused into one improbable savior (America). Oil meant profit without risk or investment.

Iranian ministers told John Cadman that they wanted a partnership. Yet Iran’s negotiators were too ignorant and too intimidated to take concession revision seriously. In February 1933 two APOC executives held discussions in Paris with `Ala and `Ali Akbar Khan Davar. The latter were nervous of making any comments, noting that “any Persian who was openly prepared to report to his Government that there was anything in any point made by the Company” would be “at once considered to have been suborned by the Company and no question of reason would ever enter into Persian minds on that subject.” When it was remarked that over 56,000 APOC debenture holders and shareholders from thirty-six countries had subscribed millions to pay for surveys, drilling, pipelines, and refinery construction, “this information appeared to be entirely novel to them and to make a distinct impression.”¹⁴²

In 1929 Abdol Hosein Teymurtash had been offered a 20-percent stake in APOC, but insisted at the same time that “the worst of future years must not be less favourable than the best of past years.”¹⁴³ Iran’s leaders either did not understand, or refused to accept, a

¹³⁷ Cronin, “Abadan Oil Refinery Strike”; Kaveh Ehsani, “Social Engineering and the Contradictions of Modernization in Khuzestan’s Company Towns: A Look at Abadan and Masjed-Soleyman,” *International Review of Social History* 48, no. 3 (2003): 361–99.

¹³⁸ Brew, “Equitability,” 127.

¹³⁹ Davoudi, *Petroleum*, 5.

¹⁴⁰ Oliver Bast, “Disintegrating the ‘Discourse of Disintegration’: Some Reflections on the Historiography of the Late Qajar Period and Iranian Cultural Memory,” in *Iran in the 20th Century: Historiography and Political Culture*, ed. Touraj Atabaki (London: I. B. Tauris, 2009), 55–68.

¹⁴¹ Katouzian, *Iran*, 122; Zirinsky, “Abrogation,” 86.

¹⁴² “Iran Concession Revision, Paris Discussions, 1933,” BP Archive, 069363.

¹⁴³ Cited in Brew, “Equitability,” 135.

partnership in which they would be exposed to the same risks as well as the same rewards as other shareholders. Katouzian has noted the infantilizing effects of such “pseudo-modernism,” which views modern technology as “not as an objective but as an object.” Oil became a magical substance, “capable of performing miracles which would solve any and all socio-economic problems,” a substance cruelly withheld by apparently all-powerful Western interests.¹⁴⁴

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¹⁴⁴ Katouzian, *Iran*, 103.

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