

2 Ex-Officers Testify on Navy Oil Deal in '45

Say Refusal of Aramo to Compromise Resulted in Sale at \$1.05 a Barrel

By Raymond J. Blair WASHINGTON, Nov. 4.—Two former Navy officers testified today that the Navy, "desperate" for crude oil in 1945, was forced to yield to the uncompromising demand of the Arabian-American Oil Company that it pay \$1.05 a barrel for the fuel, which the same company had offered in 1941 to sell for 40 cents a barrel.

The former officers told the Senate special war investigating committee that the war emergency, the refusal of the oil company to submit any data on its production costs, and pressure from high-ranking Navy officers forced them to negotiate for 850,000 gallons of the oil at the \$1.05 figure, even though they knew the price would set a precedent for future sales.

The two were D. E. Bodenschatz, former lieutenant, and A. A. MacKritche, former lieutenant commander. Mr. MacKritche was in charge of the fuel and lubricants division of the Navy's Bureau of Supplies and Accounts in 1945. Mr. Bodenschatz worked under him.

The two testified that Aramo insisted on his price of \$1.05 throughout the six weeks of negotiations, while Navy tankers waited at Saudi Arabia ports. "We had reached an impasse in the negotiations," Mr. Bodenschatz recalled. "It was a question of taking the price or not getting the oil."

Senator Owen Brewster, Republican of Maine, the committee chairman, noted that Aramo sold crude oil to the Japanese before the war for 70 cents a barrel. Aramo is owned jointly by Standard Oil of California, the Texas Company, Standard Oil of New Jersey and the Socony-Vacuum Company. The latter two concerns recently bought interests in Aramo.

Senator Brewster said after today's session, which ended the hearings for the present, that he would turn over to the Treasury Department evidence that Aramo and other oil companies operating abroad make large profits which the United States cannot tax. Evidence on the 1945 Navy contract, he said, will be given the Navy, which may explore the possibility of recovering part of the money it paid Aramo if it can show the improper representations. The Senator said he had discussed the case with James Forrestal, Secretary of Defense, who asked that it receive "utmost consideration."

Both Mr. MacKritche and Mr. Bodenschatz said they had no knowledge of the 1941 Aramo offer, nor of an offer Aramo made in 1943 to sell the Navy Arabian oil below the world price and for a "nominal" profit. They said, however, that they knew the Petroleum Administration for War had decided that 84 cents a barrel was the highest price which should be paid for Arabian oil.

They testified that they asked Aramo repeatedly for its cost data, but that H. G. Denham, company sales manager, said he had no time to do so. Mr. Denham said today that he never was asked for this information. Mr. MacKritche said that he told Captain A. W. Rutter, head of the Navy fuel section, that Aramo's price was "unfair," but that Captain Rutter told him the contract would have to be signed, since the Navy was "desperate" for oil.

Rear Admiral Horace D. Nuber, retired, who was then second in charge of the Bureau of Supplies, told him the same thing, he testified. Senator Brewster charged heatedly that Mr. Denham and an Aramo lawyer were guilty of "unusual" conduct in calling on Mr. MacKritche at his home in New York Sunday morning to discuss his memory of details of the 1945 negotiations.

Mr. MacKritche had contradicted a statement by Mr. Bodenschatz that Aramo told the Navy one reason why it had to charge \$1.05 was that it had been forced to double its royalty payments to King Ibn Saud of Saudi Arabia from 21 cents a barrel to 42 cents. A memorandum dictated by Mr. MacKritche to Mr. Bodenschatz said the company had made such a statement, but Mr. MacKritche said he had been told by Aramo only that the royalty "might" have to be increased. The royalty is still 21 cents.

Aramo officials have denied they made such a representation, and Charles Evans Hughes Jr., Aramo counsel and son of the former Chief Justice of the United States, denied today that there was anything improper in approaching Mr. MacKritche prior to his appearance before the committee.

Rain Suspends Sculptor Buys Mountain for Huge Carving

Air and Sea 'Assault' Is Put Off After Midway's Hellicats 'Strafe' Force

HAMILTON, Bermuda, Nov. 4 (UP)—A combined air and sea "assault" on the United States Naval operating base here was halted this morning after four Hellicat planes made strafing runs on the base.

The "attacking" planes were based on the carrier Midway 200 miles south of Bermuda, but further "attacks" were suspended due to low ceiling and poor visibility. American Army authorities closed Kinley Field to all but planes participating in the exercises.

B-29s "Bomb" Task Force LANGLEY FIELD, Va., Nov. 4 (UP)—Twenty-two B-29 Superfortresses left here today to "bomb" a United States Naval task force "attacking" Bermuda in the first big post-war maneuvers of the unified armed forces. Air Force commanders announced the mission successful despite bad weather and high clouds which forced the B-29s to do their "bombing" from an altitude of nearly 27,000 feet.

The bomber crews said the mission was simplified by the absence of any fighter plane opposition from the task force but the flyers had trouble enough with the bad weather. As they neared the target, the pilots had to abandon advance plans calling for "bombing runs" at 12,000 feet, since storm clouds at that altitude posed the danger that the B-29s would collide in the almost-zero visibility.

Duchess of Montoro in Canada NIAGARA FALLS, Ont., Nov. 4 (AP)—The Duchess of Montoro, whose father spent an estimated \$300,000 on her recent wedding in Spain, planned to leave the resort with her husband today for California. The duchess, as daughter of the Duke of Alba, is heirress to forty-nine Spanish titles. Her husband is Luis Martinez de Irujo y Artaza.

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Sculptor Buys Mountain for Huge Carving

Ziolkowski, 39, Who Aided Borglum, Will Devote Life to Honoring Sioux

CUSTER, S. D., Nov. 4 (UP)—A thirty-nine-year-old sculptor announced today that he has purchased a mountain in the Black Hills and plans to dedicate his life to the carving of it into a colossal memorial honoring the Sioux Indians and Crazy Horse, their warrior-chief.

The memorial will be carved from a granite mountain five miles north of here. It will dwarf even the huge busts of Washington, Jefferson and Theodore Roosevelt at Mt. Rushmore, ten miles away.

Korczak Ziolkowski, the sculptor, was born in Boston and came to the Black Hills from West Hartford, Conn., where stands his most famous work, a statue of Noah Webster.

He said that his idea developed while he was giving in the combat sector of the European front and that he decided then to devote his life to it. The memorial was conceived by Henry Standing Bear, one of the leaders of the Pine Ridge Sioux, while serving as an interpreter for the late Gutzon Borglum, the sculptor of Mt. Rushmore. Mr. Ziolkowski passed a year at Mt. Borglum's assistant at Rushmore.

He said his memorial, depicting an Indian astride a wild stallion and with an outstretched arm pointing over the horse's head, "will express the universal thought that 'my lands are where my dead lie buried.' " "It will honor a race and a man," he said, "who never surrendered, even in defeat."

The mountain is 400 feet high, 500 wide and 750 thick. Mr. Ziolkowski did not disclose the price. Crazy Horse was the Sioux's greatest warrior. He resisted the white man's westward movement and turned the Sioux into "the scourge of the plains." He led the tribe in two battles of the Indian wars that ended with the annihilation of the enemy—the massacre of General George A. Custer and his troops at the battle of the Little Big Horn and the Fetterman massacre at Fort Phil Kearney, near the present site of Sheridan, Wyo.

As chief of the Ogala band, which now lives on the Pine Ridge Reservation in South Dakota, he was second in command of all the Sioux under the medicine-man chief, Sitting Bull.



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