FOREIGN CLAIMS SETTLEMENT COMMISSION
OF THE UNITED STATES
WASHINGTON 25, D. C.

IN THE MATTER OF THE CLAIM OF

SOCONY MOBIL OIL COMPANY, INC.

Under the Polish Claims Agreement of 1960 and the International Claims Settlement Act of 1949, as amended

Claim No. PO-2650

Decision No. PO-1769

Counsel for Claimant: Philip Levy, Esquire

Appeal and objections from a Proposed Decision entered October 23, 1963; oral hearing requested and scheduled for January 30, 1964.

FINAL DECISION

The Commission issued its Proposed Decision in this claim on October 23, 1963 granting claimant an award in the amount of $5,652,544.00 plus interest.

A copy of the Proposed Decision was duly served upon claimant's attorney who filed objections and requested a hearing. Subsequently, claimant's counsel filed a comprehensive brief and additional evidence in support of the objections. A hearing was held before the Commission on January 30, 1964 at which claimant's attorney introduced testimony of an accounting expert, Mr. John H. Boland, and presented argument.

Claimant's objections are limited to the Commission's determination concerning the value of (a) the underground reserves of crude oil and (b) equipment and machinery used in the production of crude oil which was owned by claimant's subsidiary, the VACUUM

OIL COMPANY S.A. of Poland (VOC). Claimant fixed the value of the crude oil reserves at $1,289,743.00 and the value of the equipment, machinery, pipelines, etc. at $293,983.00. The Commission allowed a total of $373,691.00 plus interest for these two items.

In asserting the claimed value of the underground reserves of crude oil, claimant relied mainly on the expert opinion of Eng. Bohdan Trzesniowski, the former chief geologist of VOC, and presently an employee of claimant's subsidiary in Paris, France. That expert states that he employed engineering (analytical) methods of evaluating crude oil reserves of claimant's subsidiary in Poland and summarized his findings concerning the size and value of the reserves at the time of the nationalization.

With respect to the claim for the equipment and machinery used in the production of the crude oil, claimant relied on the prewar balance sheets of VOC, after deduction of 50% for depreciation for the period from 1939 to 1946.

In arriving at the value, the Commission in the Proposed Decision used as the basis for the calculation of the crude oil reserves, the cost of investments made by VOC shortly prior to 1939 when the leases and the subject properties were acquired. From such cost, which is evidenced in the balance sheets of VOC, a deduction was made for the depletion of the reserves and depreciation of the equipment and machinery at the cumulative rate of 10% per annum. The claimant objected to the cumulative rate of 10% per annum adopted by the Commission.

It was further contended that should the Commission decline to use the analytical method and give preference to the cost-investment calculation, (1) the investment costs should be calculated in accordance with figures in the balance sheets for September 1939 rather than from balance sheets of subsequent years; and (2) that the cumulative over-all depreciation and depletion rate should be reduced from 10% to 5% per annum.

The Commission has considered claimant's objections, the testimony of Mr. Boland, and claimant's argument presented in his brief and at the oral hearing.

The Commission reiterates its findings that the cost of investment method should be applied in arriving at the values of the subject oil wells. However, such findings are not necessarily to be interpreted as precedents in determining the value of crude oil reserves elsewhere where current conditions prevail and standard appraisal methods are applicable.

At the hearing, Mr. Boland testified that the figures showing the investments in the producing property of VOC amounted to $1,034,691 as of September 1939 and not to $913,115 as established by the Commission in its Proposed Decision. He further testified that in arriving at the cost of investment, the balance sheets for September 1939 should be applied. This would result in a net worth of the producing property of $1,034,691. However, the Commission has before it later figures of 1940 and 1942, respectively, which reflect that the net worth was $913,115. The Commission is of the opinion that the later figures should be adopted since they are closer to the date of nationalization.

As indicated previously, the Commission deducted 10% per year for depletion and depreciation of the producing crude oil property. However, on the basis of all of the evidence submitted in support of the objections, the Commission finds that the allowance for depletion and depreciation in this claim should be limited to a deduction of five percent (5%) per annum.

In view of the foregoing, the Commission finds that the aggregate value of the crude oil reserves and crude oil production equipment of the VACUUM OIL COMPANY S.A. of Poland was $643,404 as specified below:

Oil Fields	Cost Expressed in Dollars	Deduction of 5% per Annum	Net Value
"Lipa"	$ 646,783	30% 1940/45	$ 452,748
"Paszowa"	116,481	20% 1942/45	93,185
"Rajskie" East	60,210	45% 1942/50	33,116
"Rajskie" West	16,056	20% 1942/45	12,845
Rzepiennik	73,585	30% 1940/45	51,510
TOTAL	$ 913,115		$ 643,404

The Commission also considered one additional matter raised at the oral hearing. In the claim as originally filed, the claimant referred to two oil fields: Lipnica-Wojnorowa and Stara Wies; but no loss was claimed because these oil fields were written off in the books of claimant's subsidiary as worthless. In the objections, claimant requested that the purchase price for the leases of these two oil fields in the amount of $50,349.00 ought to have been included in the final award.

The Commission finds that this request is unfounded because these oil fields leased for exploration purposes and containing no crude oil reserves were for all practical purposes worthless.

SUMMARIZATION

Summarizing the findings and conclusions as stated above, claimant is entitled to an increase of the award for crude oil reserves and production equipment owned by its subsidiary, the VACUUM OIL COMPANY S.A. of Poland, from $373,691 plus interest as granted in the Proposed Decision, to $643,404 plus 6% interest per annum from September 30, 1946 to July 16, 1960.

In all other respects the Proposed Decision is affirmed.

It is, therefore,

ORDERED that the Proposed Decision of October 23, 1963 be modified in accordance with the foregoing and as modified entered as the Final Decision in this claim, and it is further

ORDERED that the award granted hereinafter be certified to the Secretary of the Treasury.

AWARD

An award is hereby made to SOCONY MOBIL OIL COMPANY, INC. in the principal amount of Five Million Nine Hundred Twenty-two Thousand Two Hundred Fifty-seven Dollars ($5,922,257.00) with interest on the amount of $5,692,823 from September 30, 1946, and on the amount of $229,434.00 at 6% per annum from September 5, 1947 to July 16, 1960, the date of the Polish Claims Agreement, in the aggregate interest amount of Four Million Eight Hundred Eighty-eight Thousand Eight Hundred Sixty-two Dollars and Eighty-five Cents ($4,888,862.85).

Dated at Washington, D. C.
and entered as the Final
Decision of the Commission.

MAR 4 1964

Edward D. Re, Chairman

Theodore Jaffe, Commissioner

LaVern R. Dilweg, Commissioner

FOREIGN CLAIMS SETTLEMENT COMMISSION
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IN THE MATTER OF THE CLAIM OF

SOCONY MOBIL OIL COMPANY, INC.

Under the Polish Claims Agreement of 1960 and the International Claims Settlement Act of 1949, as amended

Claim No. PO-2650

Decision No. PO- 1763

Counsel for Claimant: Philip Levy, Esq.

PROPOSED DECISION

This claim in the amended amount of $13,092,559 by the SOCONY MOBIL OIL COMPANY, INC. is based upon the asserted ownership and loss of the following property:

I. Assets of Vacuum Oil Company S. A. of Czechowice, Poland (sometimes hereinafter referred to as VOC), a Polish corporation, whose shares of stock were owned by the claimant in their entirety;

II. Assets of Standard Nobel of Poland S. A. of Warsaw, (sometimes hereinafter referred to as SNP), a Polish corporation, whose shares of stock were owned by the claimant to the extent of 97.81%;

III. Assets of Norddeutsche Mineraloelwerke Stettin, G.m.b.H., (sometimes hereinafter referred to as NDM), a company which has its seat in Szczecin, Poland, prior to 1945 known as Stettin, Germany, which was owned by the claimant to the extent of 50%;

IV. Assets of Deutsche Vacuum Oel A.G. in Hamburg, Germany, (sometimes referred to as DVOAG), a corporation organized under the laws of Germany, whose shares of stock are owned by the claimant in their entirety;

V. Mortgages owned by Vacuum Oil Company S. A. placed on property nationalized by the Government of Poland; and

VI. Debts owed to the claimant by Vacuum Oil Company S. A. and by Standard Nobel S. A. of Poland.

Under the Polish Claims Agreement of 1960, claims by nationals of the United States are settled and discharged for

(a) the nationalization or other taking by Poland of property and of rights and interests in and with respect to property;

(b) the appropriation or the loss of use or enjoyment of property under Polish laws, decrees or other measures limiting or restricting rights and interests in and with respect to property, it being understood that, for the purpose of this clause, the date of appropriation or the loss of use or enjoyment is the date on which such Polish laws, decrees or other measures were first applied to the property; and

(c) debts owed by enterprises which have been nationalized or taken by Poland and debts which were a charge upon property which has been nationalized, appropriated or otherwise taken by Poland. (Agreement with the Government of the Polish People's Republic Regarding Claims of Nationals of the United States, July 16, 1960, 11 U.S.T. & O.I.A. 1953, T.I.A.S. No. 4545 (1960), Article 2.)

The Agreement further defines "claims of nationals of the United States" as including

rights and interests in and with respect to property nationalized, appropriated or otherwise taken by Poland which, from the date of such nationalization, appropriation or other taking to . . . /July 16, 1960/, have been continuously owned . . .

(a) directly by natural persons who were nationals of the United States;

(b) directly by juridical persons organized under the laws of the United States or of a constituent State or other political entity thereof, of which fifty per cent or more of the outstanding capital stock or proprietary interest was owned by nationals of the United States;

(c) directly by juridical persons organized under the laws of the United States or of a constituent State or other political entity thereof, of which fifty per cent or more of the outstanding capital stock or proprietary interest was owned by natural persons who were nationals of the United States, directly, or indirectly through interests in one or more juridical persons of any nationality;

(d) indirectly by natural persons who were nationals of the United States or by juridical persons organized under the laws of the United States or of a constituent State or other political entity thereof, through interests in juridical persons organized under the laws of the United States or of a constituent State or other political entity thereof which are not included within category (b) or (c) above;

(e) indirectly by persons within category (a), (b) or (c) above through ownership of capital stock or direct proprietary interests in juridical persons organized under the laws of Poland, any part of whose property has been taken by Poland, or in juridical persons organized under the laws of Germany, a major part of whose property has been taken by Poland;

(f) indirectly by persons within category (d) above through ownership by juridical persons to which reference is made in the last clause thereof, of capital stock or direct proprietary interests in juridical persons organized under the laws of Poland, any part of whose property has been taken by Poland or in juridical persons organized under the laws of Germany, a major part of whose property has been taken by Poland and which have ceased their activities; or

(g) indirectly by persons within category (a), (b), (c), or (d) above through interests which collectively are substantial in amount, through any number of juridical persons organized under the laws of any country, a substantial part of whose property has been taken by Poland, excepting, however, interests which are compensable through any other international agreement to which Poland is a party. (Polish Claims Agreement of 1960, supra, at Annex, Paragraph A. See also 14 FCSC Semiann. Rep. 186 (January-June 1961).)

The record shows that claimant was incorporated under the laws of the State of New York under the name STANDARD OIL COMPANY of NEW YORK on August 10, 1882; that a certificate of change of name to SOCONY-VACUUM CORPORATION was filed on July 30, 1931; that a certificate of change of name to SOCONY-VACUUM OIL COMPANY, Incorporated, was filed on May 31, 1934; and that a certificate of change of name to SOCONY MOBIL OIL COMPANY, INC. was filed on April 29, 1955. Further, since 1939 at least 95% of claimant's outstanding shares of stock were held directly or indirectly by nationals of the United States. Accordingly, the Commission concludes that claimant qualifies as "a national of the United States" within the meaning of Section (b) of Paragraph A of the Annex to the Polish Claims Agreement of 1960, supra.

Based upon the evidence submitted by the claimant, the Commission finds that since 1919 claimant has been the owner of all the outstanding

50,000 bearer shares of Vacuum Oil Company, S.A., Czechowice, a corporation organized under the laws of Poland, engaged in the production, refining and marketing of crude oil, natural gases and their derivatives. The company had its principal place of business in Warsaw.

The Commission further finds that this enterprise was nationalized by the Government of Poland pursuant to Article 3 of the Law of January 3, 1946 relating to the policy of key branches of the national economy (Dz. U. 1946, No. 3, it. 17). Under Article 3 of this law, provision was made for the nationalization of certain enterprises, effective on the date of publication by administrative officials of a notice of such nationalization. From the evidence presented to the Commission, such notice regarding the nationalization of Vacuum Oil Company S.A., Czechowice, was published in Monitor Polski No. 98 on September 30, 1946. The Commission, therefore, finds that claimant's interest in the assets of the enterprise was taken on that date.

The record shows that the operations of VOC consisted of three main phases: (1) the producing of crude oil; (2) the manufacture of finished petroleum products, and (3) the distribution and marketing of the finished products.

The crude oil producing fields were located in the southern and southeastern part of prewar Poland (known as Central and Eastern Galicia). After the transfer of sovereignty on August 16, 1945 from Poland to the Union of Soviet Socialist Republics of certain Eastern Territories of Poland, the major part of the oil fields owned or leased by VOC came under the control of the Soviet Union. However, under an Agreement between the Soviet Union and Poland, signed February 15, 1951, an area of approximately 180 square miles was

retroceded to Poland and a certain number of claimant's oil wells again came under the sovereignty of the Polish People's Republic.

The manufacturing of finished petroleum products took place in the refinery at Czechowice, pow. of Bielsko-Biala, Silesia. The refinery used between 6,000 to 7,000 metric tons (approximately 43,500 to 50,750 barrels) of crude oil each month. The crude oil requirements were covered to the extent of from 20% to 25% by its own production in claimant's oil fields, and the rest was purchased from crude oil producers in Poland. Such crude oil was transported to the refinery in company-owned tank railroad cars. The equipment of the refinery consisted of units for the treating and finishing of gasoline, kerosene, and lubricating oils. The annual capacity amounted to approximately 500,000 barrels of finished petroleum products. In addition to the plant structures and tank facilities, the refinery consisted of an office building, living quarters for the works superintendent and staff, a tankcar loading rack, and large railroad sidings.

VOC sold aviation and motor gasoline, kerosene, lubricants and other derivatives of crude oil from its own production and occasionally merchandise produced by other suppliers. Prior to June 1937, certain refinery products (gasoline and kerosene) were sold to Standard Nobel of Poland, which in turn sold them to consumers through its own marketing facilities. However, in or about June 1937, claimant acquired more than 97% of the shares of stock of Standard Nobel and relegated the latter firm to a status of liquidation. Claimant, in carrying out the liquidation of SNP's assets, transferred to VOC the oil fields, a number of bulk plants, all of the pumps, stations, and the entire sales equipment of Standard Nobel. Several bulk stations which could not be transferred

because of legal difficulties were leased from Standard Nobel to VOC. Thus, since June 1937, VOC had been active in the retail marketing of gasoline and kerosene as well as in the sale of lubricating oil and other petroleum products.

Claimant states, that as a result of this merger with SNP, since 1937 the marketing department of VOC operated the following facilities:

(a) eight bulk plants (warehouses) controlled directly by the company, namely in Warsaw-Pelcowizna, Warsaw-Wola, Bydgoscz, Krakow, Kalisz, Lodz, Poznan and Sosnowiec; however, title to the plants in Warsaw-Pelcowizna, Warsaw-Wola, Kalisz, Lodz and Sosnowiec remained in SNP;

(b) five bulk plants (warehouses) controlled indirectly through commissioned agents in Ciechanow, Kutno, Mlawa, Plock and Wloclawek; but title to the plants in Ciechanow, Kutno and Plock remained in SNP;

(c) about 80 tank stations located near railway stations or on freight tracks;

(d) 17 service stations located in Warsaw (5), Bydgoscz, Inowraclaw, Poznan (3), Zakopane, Katowice (2), Lodz, Gdynia, Wloclawek, and Lublin;

(e) about 460 curb pumps and portable pumps;

(f) about 22,000 shop tanks with pumps and measuring glasses

Additionally, VOC owned prior to World War II;

(g) about 500 railroad tank cars;

(h) about 13 motor tank trucks;

(i) 5 stake body motor trucks;

(j) 3 Chevrolet trucks;

(k) about 220 horse-drawn tank wagons;

(l) 5 passenger automobiles; and

(m) 27 horses.

During the occupation of Poland by Germany, the refinery in Czechowice was taken over by the German Army and subsequently

operated by officials of the German petroleum industry. During the military operations some parts of the refinery were damaged, but such damage was generally repaired. In February 1945 the plant was occupied by the Red Army. Some of the machinery and the entire power plant equipment were moved to the Soviet Union. However, by July 1945, the power plant facilities were replaced, new equipment was installed, and the production of oil resumed. By November 1945, the plant operated at 50% of its prewar capacity.

Some of the warehouses including buildings and equipment were destroyed during the war. The majority of the tank stations, the tanks and service stations survived the war either undamaged or sustained only lesser damage.

A considerable part of the movable property operated by the marketing department (railroad cars, tracks, motor tanks, vehicles, and the like) was lost during the occupation of Poland.

I. Assets of Vacuum Oil Company S.A. of Czechowice

The Commission finds that at the time of nationalization (September 30, 1946), the individual assets of VOC consisted of the following items:

(1) Land of the Refinery in Czechowice

The refinery was located on land registered at the end of World War II in the Land Register's Office of Bielsko-Biala under Liber No. 572 of the Community of Czechowice, lots Nos. 604/1 through 604/37, 637, 727, 728, 729, 783, 784, 843/3, 3787/62, 3742/3, 3762/3, 3762/4, 3765/4, 3777/2, 3787/61 and 3788/15, measuring 561,981 square meters; and on land registered under Liber No. 788 of the Community of Czechowice, lots Nos. 810 and

and 3633/4, measuring 3,044 square meters, totalling 565,025 square meters. Since World War II some of the above lots have been renumbered, but the area of the refinery grounds remained the same.

Claimant values this land at an average of $0.60 per square meter, following the Commission's award of refinery land located at Bosanski-Brod, Yugoslavia (Socony-Vacuum Oil Company, Inc., Proposed Decision No. Y-993-A, Docket No. Y-304 of November 15, 1954). There the refinery of claimant's subsidiary was situated on land measuring 181,150 square meters and the value of the land was established for the purpose of the award at $109,409.00, or at approximately $0.60 per square meter. However, in Czechowice the grounds of the refinery were more than three times as large as the ground in Bosanski-Brod and the evidence discloses that more than 294,000 square meters of land were acquired and attached to claimant's land in the summer of 1941 during the occupation of Czechowice by Germany and while the plant was operated by representatives of the German petroleum industry. It may be assumed that this property was purchased with claimant's funds for the account and benefit of claimant's subsidiary, but it is obvious that the value of these 294,000 square meters of land is not the same as the value of the remaining approximately 271,000 square meters of the operating area of the refinery. The Commission, therefore, concludes that the land in the operating area of the refinery at $0.60 per square meter at the time of taking had a value of $162,600.00; and that the land acquired in 1941 not in use for the industrial operations of the refinery, at $0.30 per square meter, had a value of $88,200.00, or, together the 565,025 square meters of land of the refinery without improvements thereon had a total value of $250,800.00.

(2) Land with Improvements in Lodz, Poznan and Bydgoscz

The record shows that on May 30, 1938 the Vacuum Oil Company S.A. acquired by purchase ownership of real property located at No. 109 November 11th Street in Lodz; at No. 4 Wrzesinska Street in Poznan; and at 67 Promendada Street in Bydgoscz. The property in Lodz, registered under No. 2256, had an area of approximately 4,738 square meters; the property in Poznan, registered under No. 295, had approximately 13,000 square meters; and the realty in Bydgoscz, registered under Nos. 27, 31 and 33, had 16,000 square meters. All these properties were improved with buildings and facilities for the marketing of petroleum products and were purchased from Standard Nobel of Poland S.A., then in the process of liquidation. The purchase price for these three pieces of real estate with improvements thereon was fixed at a total of 216,066 zlotys.

There is no evidence that the improvements sustained any damage during the war, and the Commission finds that the value of the land and structures thereon for marketing purposes (bulk plants, office buildings, garages, stables and warehouses) at the time of taking was substantially the same as at the time of purchase, because the depreciation of the structures and appreciation of real estate values during the years 1938 through 1946 had balanced out each other. The amount of 216,066 zlotys in 1938, at the rate of exchange of 5.30 zlotys for $1.00 corresponds in U.S. currency to $40,767.00.

Consequently, the Commission concludes that the value at the time of taking of the three pieces of real estate in Lodz, Poznan and Bydgoscz was $40,767.00.

(3) Refinery and Equipment in Czechowice

The plant and equipment in Czechowice consisted at the beginning of World War II of approximately 70 structures on the refinery grounds. Such structures consisted of two Foster-Wheeler pipestills; a Cross-thermal cracking unit; treating plants for the refining of gasoline, kerosene and lubricating oils; Sharpless centrifuges for dewaxing lubricating oils; an Ethyl mixing plant; a power house; tank storage facilities for approximately 750,000 barrels; condensing and filling plants; a laboratory, an office building, living quarters for the management; shops, auxiliary buildings, garages, sheds, and various other structures.

The plant sustained some slight war damage in 1939, but this was quickly repaired. More extensive damage was inflicted to the plant on August 20, 1944, but by January 1945, the refinery was restored to its previous production capacity and only comparatively minor damage due to military destruction was still in evidence at the end of the hostilities. Even this damage was repaired by the end of July 1945.

However, as stated above, additional damage was sustained after February 1945 when the plant was occupied by units of the Red Army. Some equipment, and especially the entire machinery of the power plant and part of the dewaxing plant were removed to the Soviet Union. The evidence indicates that the power plant of the refinery was not yet in operation in 1946 and that the refinery had to purchase the necessary current for its operations from a neighboring power station (in Wilno). On the other hand, the dewaxing plant was restored and became operative early in 1946.

Claimant asserts that the value of the refinery as of June 30, 1939 was recorded in claimant's books in the amount of 20,195,099 zlotys; included in this amount were: the value of the manufacturing

plant in the sum of 20,082,082 zlotys, the value of floating equipment in the sum of 50,726 zlotys, and the value of an office building on the refinery grounds in the sum of 62,291 zlotys.

Claimant further asserts that additions and improvements made during the years 1940-1942 increased the value of the plant in the additional amount of $555,750.00.

An analysis of the financial records taken from the books of the refinery which were kept during the German occupation indicates that the increase in the property values as of January 31, 1945 originated from the following sources:

Additions to the refinery plant	RM	781,747.16
Additions to office furniture		101,600.45
Additions to laboratory equipment		3,769.58
Additions to motor vehicles		50,496.04
Additions to constructions (incomplete)		451,763.79
Total increase	RM	1,389,377.02

It is apparent that these additions, which were made during the occupation by the German management, were not entirely in the nature of new investments, but to a great extent in the nature of replacement for destruction sustained as a result of the bombing of the plant on August 29, 1944.

This view is strengthened by a memorandum dated April 30, 1948 in which members of the wartime management of the refinery report about the substantial reconstruction of the destroyed installations, machinery and equipment. The reconstruction costs are reflected in the financial statements indicating that additions in the amount of RM 1,389,377.02 increased the prewar value of the refinery. Nevertheless, the new installations, machinery and equipment, replacing the old ones which were destroyed by the bombing, may have increased the value of the plant as a whole, but only to the extent that the equipment was more modern, more efficient, and less worn out than the old facilities in the refinery.

Taking into consideration (1) the depreciation of the installations, machinery, structures and equipment of the refinery from 1939 through 1946; (2) the general appreciation of values from 1939 to 1946; (3) the damage sustained as the result of bombing in 1944; (4) the damage sustained as the result of removal to the Soviet Union of machinery and equipment from the electric power plant of the refinery; and (5) the increase in values as a result of the reconstruction of the plant in 1944 and 1945, the Commission finds that the values of the refinery, including office building, and floating equipment at the time of taking was $3,022,165.00.

In arriving at this value the Commission took as its basis the valuation figures for the refinery in claimant's financial statement for June 30, 1939, expressed in zlotys; namely, Zl. 20,195,099, or at the exchange rate prevailing in 1939 of

5.30 zlotys for $1.00		$ 3,810,396.00
Deducting 1/3 for depreciation, wear and tear from 1939 to 1945.		1,270,132.00
The above value of the refinery is reduced to.		$ 2,540.264.00
A general appreciation of value for the postwar period of 10% on the depreciated value results in an increase of		254,026.00
Replacement for war damaged equipment and additions to the plant amounted to . . .		555,750.00
Sub-total		$ 3,350,040.00
Deductions:		
War damage sustained by the refinery as a result of destruction during air raid of 1944 (1/2 of $555,750, supra)	$277,875.00	
Loss for the removal of a turbine, a generator and other equipment of old vintage to the Soviet Union, estimated at	50,000.00	327,875.00
Total		$ 3,022,165.00

(4) Tank Railroad Cars

The evidence before the Commission indicates that on June 30, 1939 VOC was the owner of 509 railroad cars for the transportation of crude oil and refinery products. However, during the war a large number of such cars were either destroyed or became unfit for the operations so that the last known inventory of the refinery, prepared as of January 31, 1945, by the then German management, shows a total of 357 cars still in operation, of which 16 cars were newly acquired.

After the war 157 railroad cars owned by VOC were recovered outside of Poland (in Western Europe) and turned over to other affiliates of the claimant. Consequently, 200 cars remained under the jurisdiction of the Polish railroads and it is fair to assume that all of them passed into the ownership of the Government of Poland when VOC was nationalized.

Claimant's financial statement of June 30, 1939 expressed in zlotys reveals that the value of 509 railroad cars was carried in the claimant's books in the total amount of 3,718,422.33 zlotys, or approximately 7,305 zlotys per car. At the official rate of exchange of 5.30 zlotys per $1.00, the average value in 1939 of a railroad car appears to have been approximately $1,378.00 per unit.

Taking into consideration that depreciation of the cars during the years 1939-1946 and general appreciation of this very scarce railroad material during and immediately after the war, may have balanced each other out, the Commission finds that the official value of 200 tankcars nationalized by Poland at $1,378.00 per unit, was $275,600.00, and that claimant is entitled to compensation for this item of the claim in that amount.

(5) Underground Reserves
(Oil Drilling Equipment, Pipelines, Etc.)

VOC had investments in lands, through purchases and long-term lease agreements, in four producing oil fields known as Lipa, Paszowa, Rajskie and Rzpiennik. Claimant furnished the following figures of allegedly proved underground reserves of crude oil in the various oil fields, and of their values in prewar zlotys:

Name of Well Area	Reserves in Barrels (42 Gals.)	Value in Prewar Zlotys
Lipa	781,814	5,550,309
Paszowa	121,412	677,630
Rajskie	73,307	342,300
Rzpiennik	36,509	264,400
Total	1,013,042 bbls.	6,835,639 Zl.
		or $ 1,289,743.00

Claimant further asserts that installations in the oil fields consisting of various equipment and pipelines, at the time of nationalization, had a value, after deduction of 50% for depreciation, of $293,983.00.

Thus, the total claim for the underground reserves and for the fixed assets (installations, equipment, pipelines) is stated in the amount of $1,583,726.00.

An analysis of the material submitted by the claimant in connection with the claim for proven underground reserves and equipment reveals that the oil wells were not damaged during World War II and that they consisted of the following oil-producing fields.

A. Lipa

Until 1939 the oil-producing wells known as "Lipa" near the town of Lipinki, were owned by one Bernard Doregger. On February 2, 1939 an agreement was concluded whereby Doregger transferred to VOC ownership of the installations, oil and gas wells, pipelines and other equipment and the right to use certain leases. The record shows that

VOC paid for the acquisition of the lease of the "Lipa" oil and gas fields a total of 1,805,348 zlotys, and for the equipment an additional 1,622,601 zlotys, or a total of 3,427,949 zlotys; the equivalent of the latter sum in American currency was $646,783.00. The record further shows that the lease was to expire in 1964.

The evidence indicates that the "Lipa" oil fields had an area of 498 hectares, of which 62 hectares were subject to drilling operations; that 134 oil wells were in production in 1936 and 148 in 1939; and that three (3) power plants were furnishing the electricity for the oil production; and that the average production of crude oil of the "Lipa" fields during the period from 1925 to 1935 was 5,000 metric tons or approximately 36,300 barrels[1/] per year; that in 1939 the production was increased by about 20% due to the installation of new equipment and machinery; and that such increased production was maintained during the first years of the German occupation of Poland. In 1943 and 1944 the production decreased to an average of 4,000 metric tons per year.

Information made available by the claimant from postwar publications indicates that after 1945 the output of crude oil increased to some extent in the Western Galician area (where Lipinki is situated), but by 1953 the production of crude oil in the area of Lipinki and in all other Polish oil fields showed a decreasing trend.

The information made available by the claimant further discloses that after the war the operations in the oil fields were improved by new methods ("mining") and water flooding, which were not used by the VOC prior and during the war. These methods required considerable new investments and it is probable that VOC, if the company had not been nationalized, could not have continued its drilling operations in a profitable way without spending large sums for new operational methods.

1/ 1 metric ton of crude oil in this oil field is equivalent to approximately 7.42 barrels (at 42 gallons).

In view of the foregoing, the Commission is unable to estimate the underground reserves of crude oil in the area of Lipinki on the basis of the expected production for the years after nationalization.

The Commission, in evaluating the oil wells including reserves as part of the nationalized property of VOC, gives preference to the method of estimating the value of the wells by using as initial point of valuation the investments made by the claimant in 1939. These investments amounted, as stated above, to the equivalent of $646,783.00.

Deducting from the investment value an amount equivalent to 10% per year depreciation of the wells and equipment for the years 1940 to 1945 (6 years), results in a value of the "Lipa" investments at the time of nationalization in 1946 in the sum of $258,713.00.

It should be noted that the 10% depreciation value takes into consideration the fact that certain equipment, drilling material, etc., may have been added to the operations during the wartime years; and that there was a considerable appreciation of value of the material during this same period of time.

The Commission, therefore, concludes that the "Lipa" oil fields, with all the equipment used for drilling purposes at the time of nationalization had a value of $258,713.00.

B. Paszowa

The oil field "Paszowa" is located within the territory of the communities Paszowa and Stankowa. VOC purchased the field in 1938. At the moment of the outbreak of the war, there were in operation 50 producing wells with an average yearly production of approximately 1400 metric tons. The record shows that on December 31, 1941, the claimant evaluated the investments in the Paszowa oil fields at 617,350 zlotys (prewar) or $116,481.00.

Applying the method used for the evaluation of the "Lipa" fields, namely, deducting from the 1941 figures a depreciation of 10% per year, or 40% for the years 1942 through 1945, the Commission finds that at the time of nationalization the "Paszowa" oil fields had a value of $69,889.00.

C. Rajskie

The record shows that the oil fields "Rajskie" were located on both sides of the river San and that they consisted of 4 oil producing wells West and 15 wells East of that river. The western wells were separated from the eastern wells in 1945, when the river San was established as the boundary line between Poland and the Soviet Union. The 4 western wells remained under Polish sovereignty, while the 15 wells East of the river San became part of Soviet territory. These 15 wells again came under the sovereignty of Poland in 1951, when this territory was retroceded to Poland.

As of December 1941, the Rajskie fields were evaluated by the claimant at 404,212 zlotys, or $76,266.00. No separate figures were furnished for the individual wells, but it appears fair to allocate 4/19 of the above aggregate figure or $16,056.00 to the western wells, and 15/19 or $60,210.00 to the eastern wells.

Applying the method used for the evaluation of the "Lipa" and "Paszowa" fields, namely, a depreciation of 40% for the four wells nationalized in 1946, and 90% for the 15 wells physically taken by Poland in 1951, we find that at the time of taking the wells had the following value:

4 wells west of the San River	$16,056.00	
less 40% depreciation (for the years 1942-1945)	6,402.00	$ 9,634.00
15 wells east of the San River	$60,210.00	
less 90% depreciation (for the years 1942-1950)	54,236.00	6,021.00
	Total	$ 15,655.00

D. Rzepiennik

The Rzepiennik oil field was located near Rzepiennik Stryzevski and consisted of two wells. The yearly production of these two wells did not exceed 72 tons of crude oil per year.

VOC acquired a lease of the Rzepiennik wells in 1939 at a cost of 390,000 zlotys, or $73,585.00. Applying the method used above for the other oil fields, the Commissions finds that the value of the wells, after deducting a 10% yearly depreciation for the years 1940-1945 (6 years) or 60% was $29,434.00.

Summary

The Commission, therefore, concludes that claimant is entitled to compensation for the oil wells, underground reserves including equipment, nationalized or taken by Poland, as follows:

A.	"Lipa"	$ 258,713.00
B.	"Paszowa"	69,889.00
C.	"Rajskie"	15,655.00
D.	"Rzepiennik"	29,434.00
	Total	$ 373,691.00

(6) Marketing Assets

Claimant contends that VOC owned plants, equipment and vehicles as well as other fixed assets used in the marketing department of VOC the value of which, after deduction for war losses, at the time of nationalization was $252,700.00.

Part of these marketing assets are included in the assets described above under (2) - Land with Improvements in Lodz, Poznan and Bydgoscz. The remainder consisted of bulk plants and warehouses in Bielsko, Krakow, Mlawa, Wadowice and Zywiec, of storage tanks and equipment; of service stations in Bydgoscz, Gdynia, Katowice, Krakow, Lodz, Mlawa, Nowy Targ, Poznan, Warsaw, Wloclawek, Zakopane, and other locations; of tank stations near railroads at 71 localities; of curb pumps, in part with

underground tanks, in 420 places, and of other equipment, such as motor vehicles, horse-drawn tank wagons, trucks, office furniture, instruments, stable equipment, horses, and miscellaneous items.

The claimant furnished balance sheets and exhibits showing that in February 1940, the entire marketing assets of the company, situated in the territory then occupied by Germany, had a value after depreciation of 1,751,579 prewar zlotys. The claimant admits that at least 50% of this equipment was lost during the war or through wear and tear, and it may be reasonably assumed that after the war few of the vehicles, little of the equipment, and none of the horses remained intact and in operating condition.

The Commission, therefore, concludes that after deduction of 50% for war damage and wear and tear, the value of the above-described marketing assets of VOC was 875,790 zlotys, or $165,243.00.

(7) Inventories

The inventories consist of crude oil, petroleum products, containers, material and supplies on hand at the time of nationalization. Since claimant does not have any records of these inventories as of the time of nationalization (September 30, 1946), it relies on the last balance sheet dated January 31, 1945, which was set up by the German managers of VOC shortly before they left Poland and which was made available to the claimant.

It is obvious that the inventory on January 31, 1945 cannot reflect the status of the inventory on the date of nationalization, approximately 20 months later, inasmuch as it is evident from the record that VOC's facilities were first seized by the Red Army and

and only a few months later turned over to agents of the Polish Government. Nevertheless, the inventory might be used as an initial point of evaluation. It reveals that the merchandise inventory in the refinery at Czechowice and in various warehouses amounted to RM 2,928,759 or 5,857,518 zlotys (at the established rate of exchange of 1:2 between the Reichsmark and Zloty during the occupation of Poland). The inventory consisted of comparatively small quantities of crude oil (worth approximately 526,000 zlotys), of a large quantity of petroleum products and containers (worth approximately 4,350,000 zlotys), and of warehouse material and equipment (worth approximately 1,226,000 zlotys).

The Commission is of the opinion that none of the crude oil existed on September 30, 1946; that the petroleum products, the warehouse material and equipment are included in the marketing assets of VOC disposed of above under (6); and that the petroleum products at the time of nationalization, had a value of approximately 2,175,000 zlotys in prewar currency, or 50% of the inventory of January 31, 1945. This figure of 50% is based upon the fact that the production of petroleum products in the Czechowice refinery around the end of 1945 amounted to approximately 50% of the wartime production.

In view of the foregoing, the Commission concludes that the petroleum products on hand at the time of nationalization in the refinery and in the marketing stations of VOC had a value of 2,175,000 prewar zlotys, or $410,378.00.

(8) Other Current Assets of VOC

Claimant seeks further compensation for other current and miscellaneous assets of VOC in the amount of $3,552,300.00. These assets consist of

A. Cash on hand and in banks
B. Securities
C. Accounts receivable and miscellaneous advances, not secured by mortgages
D. Intercompany accounts receivable
E. Other assets.

The assets are partly set off by liabilities.

In support of this portion of its claim, claimant submitted, among other evidence, balance sheets in Reichsmarks set up by the managers of VOC at the time the refinery in Czechowice was still under German control (January 31, 1945). No evidence has been submitted to establish that the cash and securities were deposited with banks situated in the present territory of Poland, and that such cash and securities came under the control of the Government of Poland. While it is likely that certain cash was placed in local banks (Czechowice and vicinity), and small amounts of money may have been held in the vaults of the refinery and in the warehouses, the Commission is not in a position to ascertain what specific amounts of cash and of securities were still in existence at the time of VOC's nationalization. Additionally, in 1945 the Reichsmarks were converted into postwar Polish zlotys at the rate of 1 Polish zloty for 2 Reichsmarks,[1/] and that such zlotys rapidly depreciated, so that by the end of 1946, approximately 425 Polish zlotys had the purchasing power of only one United States dollar.

1/ Decree of February 5, 1945 (Dz. U. No. 5, it. 17).

With respect to the claim for accounts receivable, advances and for other current and miscellaneous assets, the evidence submitted by the claimant indicates that their aggregate value on January 31, 1945 was 5,339,156 zlotys, while the aggregate value of the liabilities amounted to 6,077,576 zlotys. The Commission, therefore, finds that the miscellaneous assets and the accounts receivable were balanced out by the accounts payable, and that it has not been established that claimant is entitled to compensation for this portion of the claim.

In view of the foregoing, the claim for cash, securities, accounts receivable, and other miscellaneous assets is denied.

Accordingly, claimant is entitled to compensation for the assets of VOC as follows:

Land of refinery in Czechowice	$ 250,800.00
Land and facilities in Bydgoscz, Lodz and Poznan	40,767.00
Refinery and Equipment in Czechowice	3,022,165.00
Railroad Tank Cars	275,600.00
Underground Reserves & Equipment	373,691.00
Marketing Assets	165,243.00
Inventories	410,378.00
Total	$ 4,538,644.00

II. Assets of Standard Nobel of Poland, S.A. of Warsaw

As stated above, SNP was in liquidation, and all current and most of the fixed assets were transferred during the period 1937 through 1939 to VOC. However, legal difficulties prevented claimant from transferring certain real estate from SNP to VOC, and title remained in SNP. Such properties were leased to VOC, and the record shows that several warehouses and bulk plants were still owned by Standard Nobel of Poland S.A. at the time when the latter company was nationalized. The notice of nationalization appeared in Vol. 98 of the Monitor Polski on September 30, 1946.

The evidence submitted by claimant indicates that at the time of nationalization the following land with bulk plants and warehouses erected thereon were owned by SNP:

Bialystok - Ul. Lakowa 6	11,843 Sq. Mtrs.
Ciechanow - Ul. Sienkiewicza 14	3,744 " "
Kalisz-Noskow - Ul. Zachodnia 4	5,727 " "
Kutno - Ul. Leczynska	8,544 " "
Leszno	55 " "
Lodz - Ul. Wierzbowa 34	7,529 " "
Lublin - Ul. Leczynska 38	6,270 " "
Nasielsk - Ul. Brukowa	2,986 " "
Ostrow Wlkp. - Ul. Filipow 9	4,470 " "
Radom - Ul. Zeromskiego 114A	2,180 " "
Sosnowiec - Ul. Naftowa 5	9,282 " "
Swiecie n/Wisla	2,535 " "
Warszawa-Pelcowizna - Ul. Torunska 15/17	43,700 " "
Warszawa-Wola - Ul. Sowinskiego 4	5,808 " "
Wloclawek - Ul. Plocka 130	13,871 " "
Ul. Torunska 53A	9,379 " "
Zdunska-Wola	1,225 " "
Total Area	139,148 Sq. Mtrs.

Claimant placed a value of $278,296.00 on the land and $162,728.00 on the improvements. The value of the land is based upon an over-all average value of $2.00 per square meter, and the value of the improvements is calculated on the basis of prewar cost prices of 1,724,912 zlotys, reduced by 50% for wear and tear and for estimated war damage.

The record shows that the bulk plant and warehouse at Warsaw-Pelcowizna were totally destroyed during World War II and that severe war damage was sustained by some of the other stations, and particularly by the plant in Warsaw-Wola.

The Commission has compared the value of the three bulk plants owned by VOC in Lodz (No. 109 November 11th Street), Poznan (No. 4 Wrzesinska Street), and in Bydgoscz (No. 67 Promendada Street) on land measuring 33,720 square meters for which compensation of $40,767.00 was granted with the bulk plants and warehouses listed above and located on an area of 139,148 square meters. In comparing the values, the Commission finds that land measuring approximately 49,500 square meters owned by SNP in Warsaw had a value of $2.00 per square meter or $99,000.00, while land totalling

approximately 90,000 square meters in 14 smaller cities and towns had an average value of $1.00 per square meter, or a total value of $90,000.00. The Commission further finds that the improvements on the land, after deduction of 50% for war damage and wear and tear had a prewar value of 850,000 zlotys or $160,377.00.

Summarizing, the total value of the land and of the bulk plants and warehouses owned by SNP at the time of taking in the cities listed above was $349,377.00.

The record shows that claimant had a 97.81% interest in the capital stock of SNP. Accordingly, claimant is entitled to compensation for the assets of SNP in the amount of $341,726.00.

III. Assets of Norddeutsche Mineraloelwerke Stettin, G.m.b.H.

The record shows that NDM was organized in 1939 with a total capital of RM 10,000,000 of which 50% was subscribed and contributed by Deutsche Vacuum Oel A.G., Hamburg, claimant's wholly-owned subsidiary. The assets of NDM included, among other things, a synthetic lubricating oil refinery, tank cars, pipelines, and other equipment. The seat of the oil refinery was in Police near Szczecin; during World War II the refinery was heavily damaged, but remained in operating condition until April 1945 when it was occupied by the Red Army. Subsequently, the plant was dismantled and the technical equipment transferred to the Soviet Union. Pursuant to a Decree of the Polish Ministry of Industry and Trade of July 31, 1947, the company was nationalized and the Decree of Nationalization published in No. 115 of the Monitor Polski of September 5, 1947.

Claimant has submitted a balance sheet dated December 31, 1945, which purports to show the net value of NDM as of that date. This balance sheet was prepared by the former German managers of NDM some time after the Germans had left the plant and it does not take into

account that the plant subsequently had been dismantled and the equipment carried away to the Soviet Union. The war damage sustained by the refinery is recited in a global amount which includes not only the value of the fixed assets but of all the other assets as well.

A tabulation of the fixed assets consisting of the land, improvements, plant buildings, structures, storage tanks and installations reveals that the German managers placed the value of these assets, after deduction for damages, at 1,215,834 RM as of the time they had left the refinery. The remainder of the fixed assets consisted of machines, equipment, tools, vehicles, and tank cars. The current assets consisted of cash, finished and semi-finished goods, new material, merchandise, and of accounts receivable including mortgage claims.

The evidence submitted by the claimant is sufficient to induce us to assume that the machinery, equipment, tools, vehicles and tank cars of the NDM were no longer in existence when the Government of Poland nationalized the Szczecin refinery. This view is fortified by the fact that claimant's attorney in July 1947 petitioned the Government of Poland to undertake an examination and appraisal of the "objects or materials and products which have been left of Nord-Deutsche Mineraloelwerke", and that his interest was concentrated on real property, pipelines, cables and other material which was not removed from the premises.

With respect to current assets, the Commission is of the opinion that all the cash, finished and semi-finished goods, raw material, merchandise, and tank cars had been disposed of by transfer to the Soviet Union before the refinery was taken over by the Polish Government. With respect to the accounts receivable, the Commission finds that these accounts including mortgage claims and the accounts payable balanced each other out.

In view of the foregoing, the Commission concludes that the only assets of NDM which were nationalized by Poland were the land, improvements, plant buildings, structures and storage tanks, in damaged condition, which remained on the premises of the refinery; and that the value of these assets after deduction for damages, was 1,216,000 Reichsmarks or 2,432,000 zlotys in prewar currency, or the latter converted into dollars, $458,868.00.

Accordingly, claimant is entitled to compensation for its one-half (50%) interest in Norddeutsche Mineraloelwerke in the amount of $229,434.00.

IV. Assets of Deutsche Vacuum Oel A.G., Hamburg

Claimant's wholly-owned subsidiary, the Deutsche Vacuum Oel A.G. in Hamburg, Germany, had certain assets in territory which, after World War II, came under the administration of Poland. These assets were confiscated by Poland as German property pursuant to the Decree of March 8, 1946 on Abandoned Property and Property Owned by German Nationals (Dz. U. 1946, No. 13, it. 87). Such assets consisted of office furniture, vehicles, and warehouse equipment in Breslau (Wroclaw), of merchandise inventory in various towns and cities of prewar Germany, now under the administration of Poland, of cash on hand in banks in Breslau (Wroclaw), and of DVOAG's participation in 50% of the assets of NDM, discussed and disposed of above under III. The total value of these assets, excluding the participation in NDM, is stated by the claimant as having amounted at the time of taking to 468,487 Reichsmarks, or $187,395.00.

The evidence on record reveals that in 1939 the Deutsche Vacuum Oil A.G. had assets in excess of 42,000,000 Reichsmarks; that the same company, now called Mobil Oil A.G., had, in 1939, a capital

stock of 90,000,000 Reichsmarks; and that the business consisted primarily of the production, refining and marketing of petroleum products in the entire territory of Germany. The Commission finds that at the time of confiscation (1946) of the property by the Government of Poland, the overwhelming majority of the assets of DVOAG was not within the reach of the Polish Government and, therefore, was not subject to confiscation by Poland.

As stated above, subsection (e) of Section A of the Annex to the Polish Claims Agreement, provides that in the case of a juridical person organized under the laws of Germany, a claim asserted by United States nationals or corporations, who are otherwise eligible claimants, is compensable only if a major part of the property of such juridical person has been taken by Poland.

It is obvious from the foregoing, that DVOAG's property confiscated by Poland and valued by the claimant at 468,487 Reichsmarks, did not constitute a major part of DVOAG's assets.

This part of the claim, therefore, is not compensable under subsection (e) of Section A of the Annex, and it is hereby denied.

V. Debt Claims Secured by Mortgages

Prior to World War II, the Vacuum Oil Company S.A. of Czechowice made advance payments to various suppliers of crude oil. In order to assure repayment in the form of crude oil or cash, VOC secured the claims by recorded mortgages on the suppliers' properties; mortgages were expressed in "gold zlotys", which we consider to have retained the value of prewar zlotys.

The suppliers were without exception producers of crude oil; their names, the names of the oil fields and locality, and the zloty balances still open on January 31, 1945, are listed as follows:

Oil Well Owner	Oil Field and Locality	Balance of Unpaid Advance (Gold Zlotys)
"Lubatowka" Sp. Naft. z o.o.	Lubatowka, Lubatowka	11,669.91
Ska. Komand dla Przemysl Naft. w. Lozinski	Lozinski, Potok	279,368.45
T-wo Przemysl Naft. "Jozef"	Jozef, Potok	4,743.29
Kopalnia Naft. "Alma"	Krosno, Wietrzno	35,550.26
Jacek Longchams	Klimkowka, Klimkowka	2,833.51
Kopalnia Naft. "Janina"	Janina, Wola Jaworowa	22,878.47
Zarzad Kop. "Ignacy"	Ignacy, Lipinki	354,004.02
Julian Walterian Tokarski	Wanda, Iwonicz	5,035.00
Jantas Kop. Nafty	Jantas, Ropica Polska	50,613.25
Faworyt Ska. Naft. z o.o.	"Faworyt", Lipinki Kryg Jutrzenki Henryk	183,661.61
L. Fellner i Ska.	Fellnerowka, Kryg/Mecina	55,825.37
Jacob Schmer, Izydor Morgenstern	Zgoda, Ruzyca, Jerzy, Lipinki Kryg	433,285.86
Jacob Schmer	Szmerowka, Kryg	221,182.30
Jacob Schmer	Maria, Kinga, Wladyslaw, Kryg	612,429.21
Jacob Schmer, Izydor Morgenstern	Anna, Lipinki Kryg	1,657.54
Ska. Naft. "Mazowsze" Sp. z o.o.	Mazowsze, Kryg	37,750.49
Zarz. Masy Spadk. po Sp. W. Dlugoszu	Wladyslaw Clugosz, Zalawie	265,791.31
Nadzieja Sp. Naft. z o.o.	Nadzieja, Krosno	46,852.00
Henryk Stiefel	Stefan, Mokre	143,996.54
Jerzy Strzelecki i Steniczka, Jaslo	San, Hlomcza	14,170.08
Sanocka Ska. Naft. z o.o.	Sanocka, Brzezowiec	28,734.66
Zarz. Kop. Nafty. "Ropienka" Sp. z o.o.	Ropienka, Ropienka	53,023.70
Total amount of debt claims secured by mortgages-gold zlotys		2,865,056.83

Claimant has submitted evidence that the properties of all the above-mentioned debtors were nationalized on or about September 30, 1946, pursuant to notices published in Monitor Polski, No. 98 of that date.

The Commission finds that these debt claims secured by mortgages are within the scope of Article 2, Subdiv. (c) of the Polish Claims Agreement and that claimant is entitled to compensation for the loss of 2,865,056.83 zlotys converted into U. S. dollars at the prewar exchange rate of 5.30 zlotys for $1.00, or $540,577.00. Claim is also made for a mortgage placed on the property of the Rafineria Nafty Iwonicz Sp. z in Iwonicz in favor of Standard Nobel of Poland S.A. in the amount of 83,635.12 zlotys. However, claimant has failed to submit supporting persuasive evidence that this item was, in fact, still owed to the company in liquidation.

In view of the foregoing, this item in the amount of 83,635.13 zlotys is denied.

VI. Unsecured Debt Claims

Certain debts in the aggregate amount of $492,210.00 of the Vacuum Oil Company S.A. of Czechowice payable to Socony Vacuum Oil Company, Inc. in New York, to Vacuum Oil Company, Ltd. in London, and to Vacuum Oil Co. A.G. in Vienna, Austria, and a debt in the amount of $172,750.00 payable by Standard Nobel S.A. of Poland to Socony Vacuum Oil Company, Inc. in New York are also listed as portions of the claim.

However, in evaluating the assets of VOC (supra I-8), the Commission has concluded that the accounts receivable and payable of VOC at the time of nationalization in substance balanced each other out, and that claimant has established no separate claim for these accounts receivable. Having thus denied a claim for the receivables, and having based the award for VOC on the over-all balance sheets, including liabilities to the parent company and affiliates in foreign countries, it appears inequitable to grant compensation for that part of the accounts payable which were due to the claimant and its affiliates.

On the other hand, the award granted for the remaining assets of Standard Nobel S.A. is based exclusively on land and marketing assets of the company in liquidation, which were still in existence at the time of nationalization. Here, the debt of SNP to the claimant in the amount of 919,159 prewar zlotys was not deducted from the assets, nor otherwise considered, and the Commission finds that claimant is entitled to compensation for this item of the claim in the amount of 919,159 zlotys, or, at the 1946 rate of exchange of 425 zlotys for $1.00, in the amount of $2,163.00.

It should be noted that in the opinion of the Commission, this debt would have been paid, if VOC and SNP had not been nationalized, from the assets of SNP previously transferred to VOC.

Recapitulation

Summarizing, claimant is entitled to compensation for the loss of the following property items:

Property	Claimant's Interest	Date of Taking	Principal
Vacuum Oil Company S.A. of Czechowice	100%	Sept. 30, 1946	$ 4,538,644.00
Standard Nobel of Poland S.A. of Warsaw	97.81%	Sept. 30, 1946	341,726.00
Norddeutsche Mineraloel-werke Stettin, G.m.b.H.	50%	Sept. 5, 1947	229,434.00
Mortgages	100%	Sept. 30, 1946	540,577.00
Debt SNP to Claimant	100%	Sept. 30, 1946	2,163.00
	Total amount of Principal		$ 5,652,544.00

The Commission has decided that in granting awards on claims under the Polish Claims Agreement of 1960, interest shall be allowed at the rate of 6% per annum from the date of loss to July 16, 1960, the effective date of the Agreement. (See Claim of John Hedio Proach, Claim No. PO-3197.) Accordingly, the amount of the award will be increased to that extent.

A W A R D

An award is hereby made to SOCONY MOBIL OIL COMPANY, INC. in the principal amount of Five Million Six Hundred Fifty-two Thousand Five Hundred Forty-four Dollars ($5,652,544.00), with interest on the amount of $5,423,110.00 from September 30, 1946 and on the amount of $229,434.00 at 6% per annum from September 5, 1947 to July 16, 1960, the date of the Polish Claims Agreement, in the aggregate interest amount of Four Million Six Hundred Sixty-five Thousand Six Hundred Twenty-nine Dollars and Forty-nine Cents ($4,665,629.49).

Dated at Washington, D. C.,
and entered as the Proposed
Decision of the Commission

OCT 23 1963

Edward D. Re, Chairman

Theodore Jaffe, Commissioner

LaVern R. Dilweg, Commissioner

NOTICE: Pursuant to the Regulations of the Commission, if no objections to this Proposed Decision are filed within 20 days of service thereof, the decision will, upon the expiration of 60 days after such service or receipt of notice, be entered as the Final Decision of the Commission unless the Commission otherwise orders. (FCSC Reg., 45 C.F.R. § 531.5(e) and (g) (1961))

PO-2650