



AMERICAN AIRLINES

CABLE ADDRESS AMAIR

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December 21, 1949

Mr. Amon Carter
Fort Worth Star-Telegram
Fort Worth, Texas

Dear Amon:

On the matter of gasoline agreements on airports, there have been several approaches and for whatever help this will be to you, I am outlining them below:

New York/Idlewild: Several of the oil companies entered into a lease with the City under which they agreed to advance to the City a substantial sum of money as rental prepayment for a term of years. The City in turn agreed to use this money to construct certain storage and distribution facilities at the Airport. The oil companies undertook to form a non-profit operating corporation to handle the storage and distribution of fuels at the Airport. The airlines reserved the right to purchase fuel from vendors of their choice. Under this arrangement all of the usual rights of the airlines were retained, the City obtained funds to construct the storage and distribution system and the oil companies agreed to operate the system at a pure cost basis.

The Port of New York Authority would not go along on these lease arrangements and the deal now is on the basis of the Authority providing the facilities, the airlines using their concessionaire as a servicing agent. The Port assesses a flat charge of $5\frac{1}{2}$ mills per gallon for the use of the facilities and their concessionaire charges the airline users for servicing the gasoline into the aircraft with certain protective clauses to prevent excessive charges.

Washington: Gulf obtained a five-year lease from the C.A.A. under which Gulf made the installation and paid a substantial rental. The airlines' leases with the C.A.A. provided the right to purchase fuel from vendors of their choice; however, they successfully negotiated separate gasoline purchase agreements with Gulf for the term of the Gulf lease. Since the expiration of this lease, a new plan was negotiated over the last year whereby an airline servicing contractor would buy Gulf's installation and be the prime gasoline concessionaire on the airport. The airlines would buy from vendors of their choice and their servicing contractor would handle into the airplane -- the whole set-up on a cost plus a management fee basis. This deal in many respects

was similar to the original Idlewild arrangement. To date the C.A.A. has not signed the required contracts and within the last few days has proposed certain changes to the plan. In the latest proposal the C.A.A. would buy the facilities and a concessionaire would operate them.

There are, of course, some very detailed and complicated leases back of the above plans but it is my understanding that you are not interested in details at this time.

With kindest personal regards,

Sincerely,

"Red"

O. M. Mosier

