

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant [X]
Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement [] Confidential, for Use of the
Commission Only (as permitted by
Rule 14a-6(e) (2))
- [X] Definitive Proxy Statement
[] Definitive Additional Materials
[] Soliciting Material Pursuant to sec. 240.14a-11(c) or sec. 240.14a-12

ARABIAN SHIELD DEVELOPMENT COMPANY

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.
[] Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and
0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the
filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[] Fee paid previously with preliminary materials.

[] Check box if any part of the fee is offset as provided by Exchange Act
Rule 0-11(a) (2) and identify the filing for which the offsetting fee
was paid previously. Identify the previous filing by registration
statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

ARABIAN SHIELD DEVELOPMENT COMPANY
10830 NORTH CENTRAL EXPRESSWAY, SUITE 175
DALLAS, TEXAS 75231

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 5, 1997

TO THE STOCKHOLDERS OF ARABIAN SHIELD DEVELOPMENT COMPANY

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of Arabian
Shield Development Company (the "Company"), a Delaware corporation, will be held
on Monday, May 5, 1997, at 10:00 a.m., Dallas time, in The Park Room at Holiday

Inn Dallas Central, 10650 North Central Expressway, Dallas, Texas 75231, for the following purposes:

1. Electing six (6) directors to serve until the next annual meeting of stockholders and until their respective successors shall have been elected and qualified; and
2. Transacting such other business as may properly come before the meeting or any adjournment(s) thereof.

Information regarding the matters to be acted upon at the annual meeting is contained in the Proxy Statement attached to this Notice.

Only stockholders of record at the close of business on March 17, 1997 are entitled to notice of, or to vote at, such meeting or any adjournment(s) thereof. A complete list of the stockholders entitled to vote at the meeting will be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of 10 days prior to the meeting at the corporate offices of the Company, 10830 North Central Expressway, Suite 175, Dallas, Texas.

By Order of the Board of Directors

DREW WILSON, JR., Secretary

Dallas, Texas

April 2, 1997

ARABIAN SHIELD DEVELOPMENT COMPANY
10830 NORTH CENTRAL EXPRESSWAY, SUITE 175
DALLAS, TEXAS 75231

PROXY STATEMENT

FOR

ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 5, 1997

SOLICITATION OF PROXIES

The accompanying proxy is solicited by and on behalf of the Board of Directors of Arabian Shield Development Company (the "Company") for use at the annual meeting of stockholders of the Company to be held at Dallas, Texas, on May 5, 1997, and at any adjournment(s) thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. Solicitation of proxies may be made in person or by mail, telephone or telegram by directors, officers and employees of the Company. The Company may also request banking institutions, brokerage firms, custodians, trustees, nominees and fiduciaries to forward solicitation material to the beneficial owners of Common Stock held of record by such persons, and the Company will reimburse the forwarding expense. All reasonable costs of preparing, printing, assembling and mailing the form of proxy and the material used in the solicitation thereof and all clerical and other expenses of solicitation will be paid by the Company. The approximate date on which this Proxy Statement and form of proxy were first sent to stockholders is April 2, 1997.

ANNUAL REPORT

The Annual Report to Stockholders, covering the fiscal year ended December 31, 1996, is enclosed herewith. The Annual Report does not form any part of the material for solicitation of proxies.

OUTSTANDING CAPITAL STOCK

The close of business on March 17, 1997, is the record date for determination of stockholders entitled to notice of, and to vote at, the meeting. The stock transfer books will not be closed. At the record date, there were outstanding and entitled to be voted 20,656,494 shares of the Common Stock, \$.10 par value, of the Company.

The following table sets forth, as of March 17, 1997, information as to the beneficial ownership of the Company's Common Stock by each person known by the Company to beneficially own more than 5% of the Company's outstanding Common Stock, by each of the Company's executive officers named in the Summary Compensation Table set forth below and by all directors and executive officers of the Company as a group.

<TABLE>

<CAPTION>

NAME AND ADDRESS OF BENEFICIAL OWNER -----	SHARES BENEFICIALLY OWNED (1) -----	PERCENT OF CLASS -----
<S>	<C>	<C>
Harb S. Al Zuhair P.O. Box 3750 Riyadh, Saudi Arabia	1,310,000 (2)	6.3%
Fahad Mohammed Saleh Al-Athel P. O. Box 61659 Riyadh, Saudi Arabia	3,165,000 (3)	15.1%
Prince Talal Bin Abdul Aziz P. O. Box 930 Riyadh, Saudi Arabia	1,500,000	7.3%

</TABLE>
<TABLE>
<CAPTION>

NAME AND ADDRESS OF BENEFICIAL OWNER -----	SHARES BENEFICIALLY OWNED (1) -----	PERCENT OF CLASS -----
<S>	<C>	<C>
Mohammad Salem Ben Mahfouz c/o National Commercial Bank Jeddah, Saudi Arabia	1,500,000	7.3%
Hatem El-Khalidi 10830 North Central Expressway Suite 175 Dallas, Texas 75231	609,000 (4)	2.9%
All directors and executive officers as a group (8 persons)	2,053,650 (5)	9.9%

</TABLE>

-- -----

(1) Unless otherwise indicated, to the knowledge of the Company, all shares are owned directly and the owner has sole voting and investment power.

(2) Includes 10,000 shares which Mr. Al Zuhair has the right to acquire through the exercise of a presently exercisable stock option.

(3) Includes 245,000 shares which Mr. Al-Athel has the right to acquire through the exercise of a presently exercisable stock option.

(4) Includes 478,000 shares which Mr. El-Khalidi has the right to acquire through the exercise of presently exercisable stock options. Excludes 385,000 shares owned by Ingrid El-Khalidi, Mr. El-Khalidi's wife, and 685,000 shares owned by relatives of Hatem El-Khalidi. See "Other Matters."

(5) Includes 610,000 shares which certain directors and executive officers have the right to acquire through the exercise of stock options or other rights exercisable presently or within 60 days. Excludes 385,000 shares owned by Ingrid El-Khalidi, the wife of Hatem El-Khalidi, the President, Chief Executive Officer and a director of the Company, and 685,000 shares owned by relatives of Hatem El-Khalidi.

Based on its stock ownership records, the Company believes that as of March 17, 1997, excluding its President and his wife, who reside in Saudi Arabia, Saudi Arabian stockholders currently hold approximately 63% of the Company's outstanding Common Stock, without giving effect to the exercise of presently exercisable stock options held by certain of such stockholders. Accordingly, if all or any substantial part of the Saudi Arabian stockholders were considered as a group, they could be deemed to "control" the Company as that term is defined in regulations promulgated by the Securities and Exchange Commission. Although they have orally waived their rights, certain of the Company's Saudi Arabian stockholders are parties to written agreements providing them with the right to purchase their proportionate share of additional shares sold by the Company.

In connection with the sale of Common Stock to Sheik Fahad Al-Athel and Mr. Harb S. Al Zuhair in 1989, the Company agreed to nominate Mr. Al Zuhair for election to the Board of Directors. In connection with an increase in the number of positions on the Board of Directors in 1993, at the request of Sheik Fahad Al-Athel, the Company appointed Mohammed Al-Omair to fill one of the newly-created vacancies. See "Nominees for Election as Directors."

The management of the Company has welcomed the substantial stock investment by its Saudi stockholders. Saudi investors have contributed vitally needed capital to the Company since 1974. Whether the Company's Saudi stockholders will

be a continuing source of future capital is not known at this time. In confronting the need for additional funds, management of the Company will follow the policy of considering all potential sources consistent with prudent business practice and the best interests of all its stockholders. In the course of considering methods of future financing and other matters relating to the operations of the Company, management of the Company anticipates that in the ordinary course of business it will receive recommendations and suggestions from its principal stockholders.

2

REVOCATION OF PROXY

The giving of a proxy does not preclude the right to vote in person should the person giving the proxy so desire, and the person giving the proxy has the power to revoke the same, at any time before it has been exercised, by notice in writing to the Secretary of the Company.

QUORUM; VOTING

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of the Common Stock of the Company entitled to vote is necessary to constitute a quorum at the meeting. If a quorum is not present or represented at the meeting, the stockholders entitled to vote thereat, present in person or represented by proxy, have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. Abstentions and broker non-votes are counted in determining the presence of a quorum.

On all matters submitted to a vote at the meeting, or any adjournment(s) thereof, each holder of Common Stock of the Company will be entitled to one vote, in person or by proxy, for each share of such stock owned of record at the close of business on March 17, 1997. Cumulative voting for directors is not permitted. Directors will be elected by plurality vote at the meeting, and the six (6) persons receiving the greatest number of votes at the meeting will be elected as the directors of the Company. Neither abstentions nor broker non-votes will affect the outcome of the election.

ACTION TO BE TAKEN UNDER THE PROXY

Proxies in the accompanying form which are properly executed and returned will be voted at the meeting and any adjournment(s) thereof and will be voted, unless the giver thereof specifies otherwise, (1) for the election of the six (6) persons named in the next succeeding table as nominees for election as directors of the Company to serve until the next annual meeting of stockholders and until their respective successors shall have been elected and qualified; and (2) in the transaction of such other business as may properly come before the meeting or any adjournment(s) thereof.

Should any nominee named herein for the office of director become unwilling to accept nomination or election, it is intended that the persons acting under the proxy will vote for the election, in his stead, of such other person as the management of the Company may recommend. Management has no reason to believe that any of the nominees will be unable or unwilling to serve if elected. Management knows of no matters, other than the foregoing, to be presented for consideration at the meeting. If, however, any other matters properly come before the meeting or any adjournment(s) thereof, it is the intention of the persons named in the enclosed proxy to vote such proxy in accordance with their judgment on any such matters.

3

NOMINEES FOR ELECTION AS DIRECTORS

Six (6) directors will be elected at the annual meeting. Each director elected will serve until his successor has been elected and qualified. The six (6) persons named below are management's nominees for election as directors. Each nominee named below is presently a director of the Company and has served as such since the date of election indicated. In connection with the sale of shares of Common Stock to Sheik Fahad Al-Athel and Harb S. Al Zuhair in 1989, the Company agreed to nominate Mr. Al Zuhair for election to the Board of Directors. In connection with an increase in the number of positions on the Board of Directors in 1993, at the request of Sheik Fahad Al-Athel, the Company appointed Mohammed O. Al-Omair, who had served as a director of the Company from November 1989 to March 1991, to fill one of the newly-created vacancies. There are presently seven (7) director positions on the Board, however only six (6) persons are nominated for election as directors. The stockholders entitled to vote at the annual meeting will be permitted to vote for six (6) persons for election as directors. Further information with respect to each nominee is set forth in the following table:

<TABLE>
<CAPTION>

SHARES OF

NAME; BUSINESS EXPERIENCE; OTHER DIRECTORSHIPS -----	AGE ---	DATE OF ELECTION -----	COMMON STOCK OF THE COMPANY OWNED BENEFICIALLY		PERCENT OF CLASS -----
			AT MARCH 17, 1997 (1)		
<S>	<C>	<C>	<C>		<C>
John A. Crichton..... Chairman of the Board of the Company since 1967; Chief Executive Officer of the Company from 1967 to February 1994; President, Crichton & Co. (petroleum and mining consulting and management, Dallas, Texas)	80	May 1967		47,650 (2)	*
Hatem El-Khalidi..... President of the Company since 1975; prior to 1975 Vice President of the Company; Chief Executive Officer of the Company since February 1994	72	April 1968		609,000 (3)	2.9%
Oliver W. Hammonds..... Attorney-at-law and private investments	85	Jan. 1987		0	*
Harb S. Al Zuhair..... Chairman and Chief Executive Officer of TETRAD Development Co., Ltd., Riyadh, Saudi Arabia (investments)	58	Nov. 1989		1,310,000 (4)	6.3%
Mohammed O. Al-Omair..... (Executive Vice President, Saudi Fal Group of Companies, Riyadh, Saudi Arabia since 1985 (investments); President, Advanced Systems Ltd., Riyadh, Saudi Arabia since 1985 (mainframe computers)	53	May 1993		6,000 (5)	*
Ghazi Sultan..... Chairman, Sultan Group of Companies, Jeddah, Saudi, Arabia since 1987 (investments and marble mining); Director General, Safwah Company, Jeddah, Saudi, Arabia since 1987 (investments); Deputy Minister of Petroleum and Mineral Resources of the Kingdom of Saudi Arabia 1966-1987	60	Sept. 1993		6,000 (6)	*

</TABLE>

- - - - -

* Less than 1%

(1) Unless otherwise indicated, all shares are owned directly and the owner has sole voting and investment power.

4

(2) Includes 45,000 shares which Mr. Crichton has the right to acquire through the exercise of presently exercisable stock options.

(3) Includes 478,000 shares which Mr. El-Khalidi has the right to acquire through the exercise of presently exercisable stock options. Excludes 385,000 shares owned by Ingrid El-Khalidi, Mr. El-Khalidi's wife, and 685,000 shares owned by relatives of Hatem El-Khalidi. See "Other Matters."

(4) Includes 10,000 shares which Mr. Al Zuhair has the right to acquire through the exercise of a presently exercisable stock option. See "Outstanding Capital Stock" for information regarding Mr. Al Zuhair's nomination for election to the Board of Directors.

(5) Includes 6,000 shares which Mr. Al-Omair has the right to acquire through the exercise of a presently exercisable stock option.

(6) Includes 6,000 shares which Mr. Sultan has the right to acquire through the exercise of a presently exercisable stock option.

The Board of Directors of the Company has an Audit Committee which is currently composed of Messrs. Harb S. Al Zuhair and Ghazi Sultan. The Committee held one meeting during 1996. The functions performed by the Audit Committee include (i) recommending the selection and approval of an independent auditing firm each year, (ii) reviewing and approving the scope and performance of the annual audit of the Company and (iii) periodically interviewing the Company's

</TABLE>

- -----
- (1) No executive officer of the Company had total annual salary and bonus in excess of \$100,000 during the fiscal year ended December 31, 1996.
 - (2) Includes \$49,621, \$57,819 and \$54,406 compensation for the fiscal years ended December 31, 1994, December 31, 1995 and December 31, 1996, respectively, that was deferred at the election of Mr. El-Khalidi.
 - (3) Includes \$8,000 in termination benefits for each of the fiscal years ended December 31, 1994, December 31, 1995 and December 31, 1996, respectively, that was accrued for Mr. El-Khalidi in accordance with Saudi Arabian employment laws.

In accordance with Saudi Arabian employment laws, the Company is required to accrue termination benefits for Mr. El-Khalidi. The amount accrued for the benefit of Mr. El-Khalidi is based on the number of years of service and compensation. Accrued benefits are payable upon termination of employment.

The Company has engaged in other transactions and entered into other arrangements, directly or indirectly, with its officers and directors, the primary purpose of certain of which was to provide additional compensation to such persons. See "Other Matters."

The Company is authorized to pay its non-employee directors a fee of \$200 for each Board meeting and \$100 for each Committee meeting which they attend, in addition to reimbursing them for expenses incurred in connection with their attendance. At December 31, 1996, the payment of \$2,000 in director fees to two former directors had been deferred until the Company's cash flow improves.

6

OTHER MATTERS

The Company beneficially owns approximately 55%, and directly owns approximately 46%, of the outstanding capital stock of Pioche-Ely Valley Mines, Inc. ("Pioche"), a company that owns a mill and 132 inactive mining claims covering approximately 3,700 acres located in southeast Nevada. Mr. John A. Crichton is currently a director and President of Pioche. The Company is providing the funds necessary to cover the Pioche operations. During 1996 and 1995, the Company made payments of approximately \$23,000 and \$18,000, respectively, for such purposes. As partial consideration for the forgiveness of indebtedness, in July 1990 Pioche granted the Company an option to purchase an additional 720,000 shares of its Common Stock at an exercise price of \$.20 per share, which option is exercisable until June 1, 1997. As of December 31, 1996, Pioche owed the Company \$169,240 as a result of advances made by the Company. The indebtedness bears no interest.

Pursuant to a sharing arrangement, the Company and its subsidiaries share personnel and office space in the northern part of Dallas, Texas with Dallas Resources, Inc., together with other overhead expenses on such space. Monthly rental on the office space is approximately \$2,100. The Company pays Dallas Resources, Inc. \$1,000 per month for rent and \$400 per month for personnel and other overhead expenses pursuant to such arrangement. Mr. John A. Crichton, Chairman of the Board of the Company, owns 100% of the outstanding capital stock of Dallas Resources, Inc.

During 1996, South Hampton Refining Company, a wholly-owned subsidiary of TOCCO ("South Hampton"), incurred product transportation costs of approximately \$349,000 with Silsbee Trading and Transportation Corp. ("STTC"), a private trucking and transportation carrier in which Nicholas N. Carter, the President of TOCCO, and Richard Crain, Vice President of TOCCO, each have a 50% equity interest. Pursuant to a lease agreement, South Hampton leases transportation equipment from STTC at a rate of approximately \$29,000 per month, subject to adjustment. Under the lease arrangement, STTC provides the transportation equipment and all normal maintenance on such equipment and South Hampton provides the drivers, fuel, management of transportation operations and insurance on the transportation equipment. Approximately 90% of STTC's income will be derived from such lease arrangement. The Company believes that the terms of the lease arrangement are no less favorable in any material respect than those which could be obtained from an unaffiliated third party. The lease agreement is currently operating on a month-to-month basis while renewal options are being evaluated.

On October 15, 1996, South Hampton issued a Second Lien Promissory Note to Saudi Fal Co., Ltd., a Saudi limited liability company owned by Sheik Fahad Al-Athel, a stockholder of the Company, in the original principal amount of \$1,945,773.49 evidencing certain indebtedness of South Hampton owed to Saudi Fal

Co., Ltd. The promissory note bears interest at prime plus 1%. Interest only is due and payable monthly on the promissory note, and the entire unpaid balance of principal and accrued and unpaid interest is due on December 31, 1998. The promissory note is secured by all of the assets of South Hampton and Gulf State Pipe Line Company, Inc., which is subordinated to the credit agreement between South Hampton and Den norske Bank ASA.

In May 1993, the Company had discussions with Chevron Chemical Company regarding the Company's proposal to purchase feedstock from an Aromax(R) plant to be built in Jubail, Saudi Arabia by Chevron Chemical and Saudi Venture Capital Group (SVCS). The Company and some Saudi partners, including Harb S. Al Zuhair, Sheik Kamal Adham, Prince Talal, Sheik Fahad Al-Athel, Ghazi Sultan, Mohammed Salem Ben Mahfouz and Mohammed O. Al-Omair, plan to form a Saudi limited liability company which will build and manage a processing plant next to the Aromax(R) plant in Saudi Arabia. The Company would have a 25% interest in the limited liability company and would manage the plant. The plant will be similar to the South Hampton refinery in producing purified pentanes from a feedstock of mixed pentanes obtained from the Aromax(R) plant. Chevron Chemical advised the Company by letter in July 1993 that Chevron Chemical and SVCS have jointly agreed to commit to supply the proposed pentane project with up to 5,000 barrels per day of mixed pentane feedstock. Engineering and marketing studies of the project made in 1994 by outside consultants reflected positive results. Planning then began toward the construction and operation of the Aromax(R) plant and the processing plant but was delayed during 1995 because of the absence of a firm

7

commitment for the feedstock supply to the Aromax(R) plant. The Aromax(R) plant received final approval from the Saudi Arabian government in March 1996 and the Company and its Saudi partners, following the confirmation of their agreement with Chevron Chemical, are preparing an application for an industrial license from the Ministry of Industry to build the processing plant. The application will be submitted in the near future.

On June 3, 1996, the Board of Directors authorized the sale of up to 1,000,000 shares of the Company's Common Stock at \$1.00 per share through private placements. Of these shares, on June 30, 1996 the Company sold 450,000 shares of the Company's Common Stock to Sheik Fahad Al-Athel, a stockholder of the Company, at \$1.00 per share. The market price of the Company's Common Stock on June 30, 1996 was \$1.88 per share. Sheik Al-Athel agreed on November 30, 1996 to purchase an additional 450,000 shares of the Company's Common Stock at \$1.00 per share, the purchase price for such additional shares being payable in monthly installments of \$100,000. The market price of the Company's Common Stock on November 30, 1996 was \$2.97 per share.

INDEPENDENT PUBLIC ACCOUNTANTS

The Company has selected Grant Thornton LLP to audit and report on the financial statements of the Company and the Al Masane project for the current fiscal year. Representatives of Grant Thornton LLP are expected to be present at the annual meeting with an opportunity to make a statement if they so desire, and they are expected to be available to respond to appropriate questions.

On May 6, 1996, Price Waterhouse LLP resigned as the independent accountants of the Company. The Company's Audit Committee did not participate in or approve the decision to change independent accountants as the change was due to the resignation of Price Waterhouse LLP.

The reports of Price Waterhouse LLP on the financial statements for the 1994 and 1995 fiscal years contained no adverse opinion or disclaimer of opinion and were not qualified as to audit scope or accounting principle. The reports for the 1994 and 1995 fiscal years were modified as to uncertainty concerning (1) substantial doubt about the Company's ability to continue as a going concern since its primary source of cash flow is fully dedicated to repayment of debt and funding of refinery operations and there is no cash flow from any of its other activities, (2) the fact that a substantial portion of the Company's total assets is comprised of mineral acquisition, exploration and development costs in Saudi Arabia which have been deferred, and the fact that none of the related projects have been developed for commercial operation yet and significant expenditures, for which the Company must obtain financing, will be necessary before commercial operation can be commenced, (3) repayment of an \$11 million loan from the Saudi Arabian government is in default, and the Company is attempting to reschedule payment of the loan and (4) the ability of the Company's refining subsidiary to fully repay short-term notes payable and current portions of long-term obligations totaling \$3.8 million from internally generated funds. The Company has not guaranteed these debt obligations and the financial statements do not include any adjustments that might be necessary should the refining subsidiary be unable to satisfy its current obligations in an orderly manner.

In connection with its audits for the 1994 and 1995 fiscal years and through May 6, 1996, there have been no disagreements with Price Waterhouse LLP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements if not resolved to the satisfaction of Price Waterhouse LLP would have caused them to make reference thereto in their report on the financial statements for such years, except that, after the 1995 Annual Report was filed, the Company disagreed with Price Waterhouse LLP over disclosure of the dependency of the Company on the services of its President. The resignation of Price Waterhouse LLP was previously reported in a Current Report on Form 8-K dated May 6, 1996.

During the 1994 and 1995 fiscal years and through May 6, 1996, there were "no reportable events" as defined by the Securities and Exchange Commission.

8

STOCKHOLDERS' PROPOSALS

Any proposal by a stockholder of the Company intended to be presented at the 1997 annual meeting of stockholders, which is currently scheduled for May 4, 1998, must be received by the Company at its principal executive office no later than December 1, 1997 for inclusion in the Company's Proxy Statement and form of proxy. Any such proposal must also comply with the other requirements of the proxy solicitation rules of the Securities and Exchange Commission.

By Order of the Board of Directors

DREW WILSON, JR., Secretary

THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF ITS ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDING DECEMBER 31, 1996, UPON THE WRITTEN REQUEST OF ANY PERSON WHO WAS A STOCKHOLDER (OF RECORD OR BENEFICIALLY) AT THE CLOSE OF BUSINESS ON MARCH 17, 1997. REQUESTS FOR SUCH REPORT SHOULD BE DIRECTED TO THE COMPANY AT 10830 NORTH CENTRAL EXPRESSWAY, SUITE 175, DALLAS, TEXAS 75231, ATTENTION: LETTY EDES.

9

PROXY

ARABIAN SHIELD DEVELOPMENT COMPANY
PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby (1) acknowledges receipt of the Notice of Annual Meeting of Stockholders of ARABIAN SHIELD DEVELOPMENT COMPANY (the "Company") to be held on May 5, 1997, and the Proxy Statement in connection therewith, and (2) appoints John A. Crichton and Hatem El-Khalidi, and each of them (acting jointly, or if only one be present, then by that one alone), his attorneys and proxies, with full power of substitution to each, to vote all shares of Common Stock of the Company of the undersigned at said meeting and at any adjournment thereof, as follows:

(Continued on other side)

[X] PLEASE MARK YOUR
VOTES AS IN THIS
EXAMPLE.

		WITHHOLD	
	FOR	AUTHORITY	
1. Election of Directors	[]	[]	NOMINEES: J. A. Crichton H. El-Khalidi O. W. Hammonds H. S. Al Zuhair M. O. Al-Omair G. Sultan

For, except vote withheld from the following nominee(s):

2. In their discretion on any other matter that may properly come before the meeting or any adjournment thereof.

THIS PROXY WILL BE VOTED AS DIRECTED ABOVE. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSAL 1.

IMPORTANT: You are encouraged to attend this meeting in person, but if you cannot do so, please complete, date and sign this proxy and mail it promptly in the enclosed return envelope.

SIGNATURE(S)

DATE

SIGNATURE(S)

DATE

Please date this proxy and sign your name exactly as it appears hereon. Where there is more than one owner, each should sign. When signing as an agent, attorney, administrator, executor, guardian or trustee, please add your title as such. If executed by a corporation, the proxy should be signed by a duly authorized officer who should indicate his title. Please date, sign and mail this proxy as soon as possible. No postage is required if mailed in the United States.