



THE MINISTER OF STATE

60-tnp  
DEPARTMENT OF ENERGY  
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Private Secretary  
Prime Minister's Office  
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14 December 1984

Dear Charles.

PRIME MINISTER'S VISIT TO PEKING

In response to your letter of 12 December to Peter Ricketts, and requests made directly to the Minister of State at Wednesday's briefing meeting, I attach some additional briefing on energy matters.

I am sending copies to Callum McCarthy (Department of Trade and Industry) and to Peter Ricketts (FCO).

Yours Sincerely.

Sue Killen.

SUE KILLEN  
Private Secretary

ADDITIONAL ENERGY BRIEFING

Oil and Gas

Offshore:

1. Recognition by Chinese that UK as a result of N Sea experience has most advanced offshore technologies.
2. Exploration: UK companies in China  
BP  
Shell (in participation with Esso)  
Tricentrol  
Cluff Oil
3. UK service companies active in exploration  
Star Offshore Services Ltd (supply boats)  
Houlder Offshore Ltd (drilling)  
Racal-Decca Survey Ltd (communications)  
BA Helicopters  
Bristow Helicopters  
Expo Technical Services Ltd  
Cable and Wireless (communications)  
Jardine Matheson  
International Drilling Fluids Ltd
4. A highly successful well attended UK offshore oil seminar has just been held in Peking, Canton and Shanghai. UK Companies participating:  
Atlantic Drilling Company Ltd (drilling)  
BP Exploration Ltd  
Matthew Hall plc (engineering design)  
Humphreys and Glasgow Ltd (engineering design)  
John Brown Engineers and Constructors ltd (engineering design)  
Rolls Royce Ltd  
Cleveland Redpath Offshore Ltd (fabrication)  
Balfour Kilpatrick Ltd  
British Underwater Engineering Ltd  
  
Seminar opened in Peking by Minister of State for Energy who also participated in Canton.
5. The only commercial offshore discovery is of gas (by ARCO, US company) near Hainan Island. Chinese uncertain how to utilise this but considering pipeline to Canton.  
  
British expertise in the design, safety and efficient construction of this and other pipelines second to none. Elsewhere in China British Gas are finalising a contract for the design of a 390km gas pipeline. We must make a real pitch for the Hainan gas work.



### Onshore

Possible participation of UK companies suggested to Minister of State during his visit. This a new development worth following. BP very interested - but need to be offered acreage with good prospects.

### Coal

1. UK mining equipment operating successfully in China:  
  
Anderson Strathclyde  
Gullick Dobson  
  
UK Longwall mining equipment a world leader.
2. Shell Coal International to carry out a £20m full feasibility study into a £200m project to develop the Jining ("Jeening") coal mine in Shangdong Province.
3. NCB undertaking study to improve production at the Tangshan Mine in Kailuan. Strong indication that work on this mine would also be extended to whole field: deserves vigorous support.

### Coal Gasifications

1. British Gas have developed a new technology at Westfield in Fife. This had been visited by a number of Chinese, including Minister for Coal in April 1984.
2. British Gas currently carrying out tests at Westfield on Chinese coal.
3. Rolls Royce and British Gas following up enquiry for integrated gasification combined cycle plant for electricity generation.

### Power Generation

1. Success of UK equipment at Castle Peak, Hong Kong, GEC and Balfour Beatty (transmission).
2. GEC participation in Guangdong project. Interest also of firms like Balfour Beatty in transmission etc.
3. UK experienced in conventional electricity generation. Drax B - the largest coal fired power station in W Europe (2,000mw) currently under construction, main contractors NEI, supported by GEC and Babcocks.

### Energy Efficiency

1. Visit to UK by Vice Chairman of State Planning Commission in September.
2. UK team from Energy Efficiency Office of Department of Energy to visit China early in 1985.
3. Strong interest expressed by Chinese during Minister of State for Energy's visit.



List of Energy Visits to UK

September 1983 Tang Ke, Minister of Petroleum

December 1983 You Dehau, Vice President of China National Offshore Oil Corporation

April 1984 Gao Yangwen, Minister of Coal

September 1984 Zhang Shou, Vice Chairman, State Planning Commission (to study energy conservation)