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a Master Set



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10 DOWNING STREET

From the Private Secretary

21 March 1985

Dear Michael,

BNOC'S PRICE FOR MARCH

The Prime Minister held a short meeting this morning with your Secretary of State, the Chancellor and the Foreign and Commonwealth Secretary to discuss the BNOC price for March, about which there has been correspondence.

It was noted that OPEC's reaction to the announcement of BNOC's abolition had so far been restrained and understanding. It would be a mistake to dispel this by suddenly announcing a lower price for March. The delicate state of morale in BNOC was also a relevant factor. The decision on the March price was the last price announcement which BNOC would make. Thereafter individual companies with which BNOC continued to hold contracts would simply be told that they would get the market price. The message to the companies about the March price might also make this point.

The Prime Minister concluded that the clear balance of advantage lay in sticking to the present price of \$28.65 for March and moving to realisation prices thereafter.

I am copying this letter to Rachel Lomax (H M Treasury) and Len Appleyard (FCO).

Yours sincerely
C D POWELL

Michael Reidy Esq
Department of Energy

CONFIDENTIAL

BNOC EMPLOYMENT

Line to Take

My RHF the Minister of State for Energy has already paid tribute in this House to the staff of BNOC. Their future is a matter which should most properly be discussed with the Chairman and those who represent them.

[If pressed on an alleged breach of an earlier undertaking.]

As my noble Friend Lord Grey, the then Minister of State for Energy, said during the Committee stage of the Oil and Gas (Enterprise) Bill on 18 February 1982 "Nobody has the power to give a guarantee of eternal employment to anyone".

21 March 1985