

CONFIDENTIAL F-6

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Energy



10 DOWNING STREET

From the Private Secretary

29 November 1979

Dear Sir.

1) BF 6.12.79.  
2) 13.12.79.

As you know, the Prime Minister has seriously questioned the recently renegotiated contract between BNOG and BP for the supply by BP to BNOG of crude oil from the Middle East. This came up at the meeting which the Prime Minister held last evening with Messrs. Laidlaw and Baxendell which was also attended by your Secretary of State and Sir Jack Rampton.

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The Prime Minister would be grateful for a note on this contract together with a copy of the contract. She is of course aware that the renegotiated deal was approved by her earlier, but she would now like to be able to consider the matter in great detail. On the basis of the discussion last night, her view - as you know - is that there is a case for reopening the deal so as to reduce the apparent financial burden that BP continue to bear. You promised to set in hand some work on this with a view to letting us have something within the next two weeks; you also said that Mr. Howell was intending to write to Sir David Steel to ask him whether BP in fact wished to reopen the agreement so recently negotiated.

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Bill Burroughs, Esq.,  
Department of Energy.

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