



cc: D/Energy
(with covering letter)

286

10 DOWNING STREET

THE PRIME MINISTER

14 September 1979

Dear Sir,

See pt 1.

In your letter of 7 September you asked about reports that the British National Oil Corporation is to be instructed to sell some of its assets.

I am enclosing with this letter a copy of an announcement to be made today by David Howell on BNOC's future. You will see that the Government has no present plans to direct BNOC to sell off its oil fields.

Yours sincerely
Margaret Thatcher

The Rt. Hon. J. Callaghan, M.P.



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cc: D/Energy
(with covering letter)

10 DOWNING STREET

THE PRIME MINISTER

14 September 1979

Dear John.

See Pt 1

Thank you for your letter of 6 September arguing for keeping BNOC's upstream operation intact, and for a public floatation of a shareholding in this part of the business.

I enclose a copy of the press notice which David Howell is issuing today which I think you will welcome.

Yours ever

John Hannam

John Hannam, Esq., M.P.

~~Prime Minister~~

Final version of Mr Howell's
statement - crisper and
clearer.

P.G.

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Reference No 161
September 14, 1979

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Out of hours : 01-215 7877

BRITISH PUBLIC TO BE OFFERED SHARE IN BRITAIN'S
OIL WEALTH - DAVID HOWELL

Mr David Howell, Secretary of State for Energy, today announced that the Government has decided to press forward with plans to give the British public the opportunity to share in the ownership of the British National Oil Corporation.

The Government has also agreed to proposals that the Corporation should negotiate to receive payment in advance from the sale of some of its oil. This will reduce the Corporation's financing requirements, and so help the Government to meet its Public Sector Borrowing Requirement target.

Announcing these decisions today, Mr Howell said:

"The Government has concluded that the British public should have the fullest possible opportunity to share the benefits of the nation's oil wealth. State ownership of the BNOC has not, in the Government's view, spread these benefits. We are pursuing our objective of giving the public the chance to participate directly in BNOC's oil producing business. The Government has no present plans for BNOC to sell separately its interests in commercial fields.

"As I announced to the House of Commons in July, BNOC's other role, as an oil trader, will be retained and will remain as a wholly Government owned operation.

"We are considering schemes for the introduction of private capital into BNOC's North Sea operation. Legislation as necessary will be introduced later in the session, both for this and to remove certain of BNOC's powers and obligations, as I announced in July.

"BNOG will also be negotiating advance payment for some of the oil that it plans to deliver in 1980/81. This will reduce its calls on the Exchequer in 1979/80."