

Energy

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PRIME MINISTER

Gas Pipelines

You raised two questions about North Sea gas pipelines.

First, you said that you had heard that the pipeline from Brent to St. Fergus was not operating because of environmental objections. This is not strictly so, though objections to other developments may indirectly restrict the extent to which the gases from Brent can be used. The position is as follows.

A separation plant is currently being built at St. Fergus. This plant will separate the various gases coming along the Brent line - i.e. methane, ethane, propane and other gases going up to C7. The methane will be fed into the BGC grid; the other gases will, it is hoped, be fed through another line to Mossmoran further down the coast where an LPG liquifaction plant and ethylene cracker are planned. Until the separation plant is completed, the Brent pipeline cannot operate.

However, although there will be no problem in feeding the methane from Brent into the BGC grid, there may be difficulties in using the other gases. The planning application for the pipeline to carry them to Mossmoran is at present on ice because of environmental objections; likewise, the two plants at Mossmoran are being held up because of environmental problems.

Even if these planning applications get the go-ahead, there will still be several years' time lag before Mossmoran comes on stream. During this period, the oil companies are planning to send the heavy gases to the Peterhead power station and to Cruden Bay where they can be liquified and "spiked into" the oil coming from the Forties Field and going on to Grangemouth. Two temporary pipelines from St. Fergus are planned for this purpose; the planning applications are currently being considered, and there are - as far as we know - no environmental objections.

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Second, you asked that the capital cost of the new gas gathering pipeline should not fall on the PSBR. We are of course some way from the capital stage: all that Mr. Howell has suggested for the moment is a further study. However, assuming it is decided to proceed with the project, this would almost certainly be implemented by the oil companies and not by BGC. If BGC were to undertake the project, then this would inevitably affect the PSBR - even if it only meant a smaller financial surplus for BGC. This of course is an argument for making sure that the private companies undertake the project.

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9 July 1979