

cc Energy, July 79
Gas Gathering
Pipeline



10 DOWNING STREET

THE PRIME MINISTER

2 October 1980

Dear Dr Hammer

Thank you for your letters of 6 September about your proposals for petrochemical development at Peterhead and the refinery project at Canvey Island. I welcome proposals which will add value in the United Kingdom to our North Sea oil resources.

As I understand the position, you are no longer thinking in terms of a conventional refinery at Canvey Island. Instead you propose to produce from fuel oil lighter products likely to be in greater demand over the coming years. We share your views about the likely development of the oil products market. I am sure you are right to explain your change of plans fully to the local interests in Canvey Island so as to avoid misconceived opposition. I hope your staff will keep the relevant Departments here fully informed.

I am writing to you separately about our gas gathering pipeline. From that letter, you will see that David Howell has invited British Gas, B.P. and Mobil to form an organising group for the pipeline project. This is responsible also for advising on the suitability of proposed facilities onshore for taking the natural gas liquids as they become available. Your staff may wish to keep in touch with the Group on the Peterhead project. The Group, and the subsequent pipeline company, will not however own the N.G.L.s transmitted through the new line; and cannot, therefore, sell them. I note that you are in contact with B.N.O.C. about the possible purchase of its gas liquids carried through the new line.

/ Other companies have

278

Other companies have also offered to purchase for petrochemical use the liquids from the new line. However, your proposal to use the ethylene from the suggested cracker for polymerisation into linear low density polyethylene is interesting. Obviously the further downstream a petrochemical venture goes the greater the added value and the more employment it generates. Your particular proposals will therefore receive close consideration from all those involved in the supply of feedstock.

signed

MT

Dr. Armand Hammer