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PRIME MINISTER

GAS GATHERING PIPELINE

You saw over the Christmas holiday a secret report which said that the Norwegian Government's doubts about whether the British gas gathering pipeline would be completed on time had not been allayed by their recent discussions with Mr. Howell, and you said that we should enquire about the prospects for the completion of the pipeline.

Because of its sensitive nature the secret report has not been copied to the Department of Energy, and we would therefore be unable to relate your enquiry about the completion of the pipeline to it. As it happens, we had the attached letter from the Department of Energy about the pipeline as recently as the beginning of this month (flag A). You saw this at the time. The letter reports that the Organising Group is making progress and is still of the view that the target date of 1984/85 for the completion of the pipeline should be achieved. The letter refuted in particular Mr. Eldon Griffiths' suggestion that the pipeline was being delayed because of a lack of private finance and that the stumbling block was BGC's unwillingness to offer prices acceptable to North Sea producers. You may also like to be reminded of what you said when you wrote to Mr. Griffiths (flag B).

Are you content with this account of progress on the pipeline or would you like us to make further enquiries about the timetable for its completion?

KHW.

29 December 1980

We will keep a particularly close watch on events and ask for a quarterly progress report.

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MB.