

Pr seen

KCA International Limited,
9th Floor, Berkeley Square House, Berkeley Square, London W1X 6BY.
Tel. 01-491 3958 Cable: KAYGRUP London. Telex. 28924.



March 24, 1981

R 24/3

The Rt. Hon. Mrs. Margaret Thatcher, M.P.
10 Downing Street
London SW1

Dear Prime Minister

My Company, KCA International Limited has been investigating the possibility of building semi-submersible drilling rigs in a British Shipyard. I have been discussing this project directly with Sir Keith Joseph, Mr. David Howell and Mr. Robert Atkinson for almost one year. I also gather that Mrs Lynda Chalker has already mentioned the project to you.

Because of this I thought it might be helpful if I were to give you a few more facts.

The Department of Industry has full details of the scheme I have proposed. In essence, KCA wishes to build at Cammell Laird a semi-submersible drilling rig which KCA would own but as is normal would be chartered to a major or substantial oil company with KCA Drilling providing the crews and expertise.

British Shipbuilders have not built this kind of rig since before they were nationalised, the last one being built in 1964. It is because of the lack of ongoing practical experience means that today they are unable to compete with overseas yards particularly those in the Far East on delivery and cost. This fact makes it impossible for KCA to put together a bankable financing package. This package must if it is to compete with the major American Drilling Companies be on a total pay out basis during the five years of contract to the oil company.

The full capital cost of a British build would at the present time take up to ten years to pay out. I therefore suggested to the Department of Industry that a government or similar guarantee should be provided to cover the small downside risk of a shortfall in the later years.

I believe that our proposal is being currently considered by the Departments of Industry and of Energy.

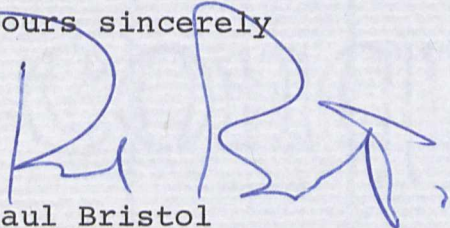
Continued./

KCA International Limited is the only British publically quoted company in drilling and in oil services competing internationally against American competition. As you well know the North Sea is currently dominated by U.S. and other Foreign Operators. We in KCA see our proposal as a means of building a British Drilling Company with worldwide operations comparable to the American competition.

At the same time this scheme will provide a basis for British Shipbuilders and Cammell Laird to establish the offshore strategy which Robert Atkinson has so often mentioned and break into this large offshore market. Also for Cammell Laird the building of two semi-submersible drilling rigs will provide much needed work on Merseyside and help curtail the growing unemployment in that area.

I very much hope that our building plans can become a reality and would ask you for any help possible.

Yours sincerely



Paul Bristol
Chairman & Chief Executive