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Prime Minister

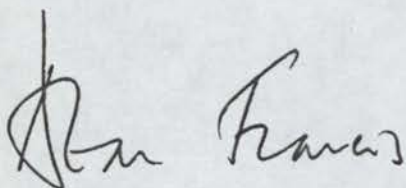
A.J.C. 15/10

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The Rt Hon Francis Pym MC MP  
Secretary of State for Foreign &  
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18 October 1982

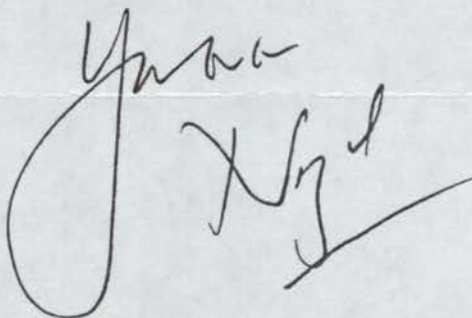



FALKLAND ISLANDS: POTENTIAL FOR OFFSHORE HYDROCARBONS

Eddie Shackleton's recent exercise prompted me to reconsider the scope for promoting the development of offshore hydrocarbons on the Falkland Islands Continental Shelf. Although he did not recommend this area for support (as it is unlikely to contribute to the Falkland Islands economy over the next 10-15 years), I think we should keep it in mind for the future.

If the British Government is to demonstrate that our exercise of Sovereignty over the Falklands is being responsibly undertaken we will, at some stage, have to assess the hydrocarbon potential of the area. For the present, I accept that more immediate tasks have priority. However I hope that, when these are more advanced, the case for a geophysical survey to evaluate further the hydrocarbon potential of one of the most promising areas of the Falklands Continental Shelf can be reviewed.

I am copying this letter to colleagues on OD.



NIGEL LAWSON

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Prime Minister

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SECRETARY OF STATE FOR ENERGY

Falkland Islands and the Potential for Offshore

Hydrocarbons

Thank you for your letter of 18 October and your thoughts on this aspect of the Falkland Islands' future development.

I agree this is an area which we must keep firmly in mind. Once our immediate response to the Shackleton Report is out of the way, I hope our officials can get together to review the case for a geophysical survey. As you know, one of the main problems in the past has been the difficulty of attracting serious interest by oil companies. It may be that they will continue to want guarantees of long-term political stability before getting involved in exploration themselves.

But we have recently had approaches from two companies (one British) interested in carrying out further seismic survey work in the area and preliminary discussions will be held this week with one of them.

I am copying this letter to colleagues in OD(FAF).

(FRANCIS PYM)

Foreign and Commonwealth Office

27 October 1982

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