



CONFIDENTIAL

*cf JU*

Prime Minister

(2)

*Mus 5/4*

PM/82/24

Prime Minister

*now cancelled*

Eighth Round of Offshore Licensing

1. As neither Humphrey Atkins nor I will be able to attend the meeting of E Committee on 7 April which is to consider Nigel Lawson's proposals for an Eighth Round of offshore licensing (E) (82) 32 I should like to let you know that I support the proposals.
2. I believe that it is important to maintain the momentum of UKCS development. It is now two years since the last round was announced; our IEA and Community partners will regard a new round as confirmation that the UK remains committed to the development of what is for them a valuable and reliable source of energy. In any event, given the long lead times involved, we have to take action now to maintain supplies in the 1980s. The current weakness of the oil market should not delay the round; the companies take a longer term view of the prospects.
3. Nigel Lawson's paper correctly identifies the need to restore the momentum of gas exploration; I am not persuaded by the arguments in the CPRS paper for delaying an offer of gas blocks. The conclusions of the Working Group on gas export policy are not relevant to our decision on the timing or content of the Eighth Round: whether or not they can come up with a Community-proof regime for exports we shall want to be seen to be giving substance to our commitment to encourage more exploration for gas. It would be inconsistent with the aims of the Oil and Gas (Enterprise) Bill not to press ahead with the licensing of gas blocks.

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4. I am sending copies of this minute to the other members of E Committee and the Secretary of State for Scotland, the Lord President of the Council, the Government Chief Whip, the Secretary, CPRS and to Sir R Armstrong.

*C*

(CARRINGTON)

Foreign and Commonwealth Office

4 April 1982

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