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From: THE PRIVATE SECRETARY



NORTHERN IRELAND OFFICE
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David Barclay Esq
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7 October 1983

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Dear David

SUPPLY OF KINSALE GAS FROM THE REPUBLIC OF IRELAND TO
NORTHERN IRELAND

On Monday 10 October 1983 Mr Adam Butler MP and Mr John Bruton TD will sign the Memorandum of Understanding drawn up between HM Government and the Government of the Republic of Ireland concerning the supply of gas to Northern Ireland from the Kinsale Field. I enclose a copy of the main press release to be issued following the signing ceremony.

A copy of this letter and enclosure goes to the Private Secretaries to E(A) Members and to Robert Hatfield.

Yours ever

Dave

D A HILL



Northern Ireland Office

Press Notice

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10 October 1983

AGREEMENT ON KINSALE GAS

Agreement to pipe Kinsale gas from Dublin to Northern Ireland was announced in Belfast today by Northern Ireland's Industry Minister Mr Adam Butler MP and the Minister for Industry and Energy in the Republic of Ireland Mr John Bruton TD.

The formal Memorandum of Understanding between the Governments of the United Kingdom and the Republic of Ireland contains the main terms and conditions under which the gas will be supplied to Northern Ireland. The agreement comes at the end of 2 years of complex negotiations and will provide the basis for the development of a new natural gas industry in the Province.

Both Ministers today described the formal signing of the Understanding as a very satisfactory outcome to the lengthy negotiations which had been hard and businesslike but which had always been conducted in an amicable fashion.

The Ministers said that the Understanding signed today would form the basis of a legal contract which would be drawn up between the Republic's Supply Board, Bord Gais Eireann (BGE) and a new gas body to be known as The Northern Gas Company Limited (NIGAS). The contract will extend for a period of 22 years up to 2006. The contractual terms to be concluded by BGE and NIGAS are a matter of commercial confidentiality but the gas price to the Northern Ireland gas authority is in line with other international gas prices.

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The construction of the pipeline link from Dublin to Belfast will take about 2 years and both Governments have agreed that routing and design work on the respective sides of the Border should start at once. The United Kingdom Government will make a contribution of £5m towards the cost of the Dublin/Border section of the pipeline.

It is expected that the project will qualify for grant aid from the European Regional Development Fund and both Governments intend to make an early joint approach to the European Commission for such assistance.



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