

CONFIDENTIAL



B/P with CMO.  
draft re: D Fitzgerald  
which DOI are supplying  
AT  
11/2

Treasury Chambers, Parliament Street, SW1P 3AG

A J Turnbull Esq  
PS/Prime Minister  
10 Downing Street  
LONDON  
SW1

11 July 1984

Dear Andrew

**KINSALE GAS**

with AT?

The Chief Secretary was alarmed to read, in a letter of 4 July, the account of Mr Butler's meeting with the Irish Minister of Energy in Dublin.

He appreciates that Mr Butler did not quote a specific figure in pence per therm for the price at which he would be prepared to settle. But Mr Butler's hint to Mr Spring, that we might be able to consider disregarding the capital costs of the project, must surely point the Irish towards a reduction of around 5p per therm as the kind of level we could accept. Yet the Chief Secretary pointed out, in his minute to the Prime Minister of 29 June, that even a 15p reduction would not be enough to make the project commercially attractive.

He hopes that the commercial realities of this deal can be kept firmly in mind during the negotiations and that Ministers will have an opportunity to discuss the matter collectively before any understanding is reached with the Irish Government.

Copies of this go to Derek Hill, Peter Ricketts, Alex Galloway & Richard Hatfield.

Yours sincerely

J.S. Gieve



British Library, Emboiler Street, E1P 3FD

11 JUL 1984



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