



NIS PM

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SECRETARY OF STATE FOR ENERGY

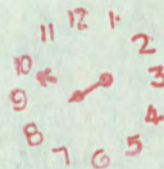
BNOC: FOURTH QUARTER PRICES

1. You sent me a copy of your letter to Nigel Lawson about BNOC's fourth quarter prices.
2. I confirm that I have no objection to your informing BNOC later today that you are content. I am glad to hear that BNOC will be in touch with a number of national oil companies, in particular that of Nigeria. As you know, we think it important that this contact take place in order to reduce the risk of upsetting the market.
3. I am sending copies of this letter to the Prime Minister and the Chancellor of the Exchequer.

GEOFFREY HOWE

Foreign and Commonwealth Office  
22 September 1983

22 SEP 1983





Prime Minister <sup>(2)</sup>  
ms 21/9

SECRETARY OF STATE FOR ENERGY  
THAMES HOUSE 60 THE  
MILBANK LONDON SW1P 4QJ  
01 211 6402

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON SW1

21 September 1983

**BNOC: FOURTH QUARTER PRICES**

BNOC is proposing no change in the price of the UKCS marker crude, but intends to seek increases of 15-50¢ per barrel in the price of other UKCS crudes. Full details are attached.

The oil market remains relatively fragile. Spot prices, though still above BNOC's term prices have fallen significantly in recent weeks. A general rise of North Sea prices for the coming quarter would increase the risk of having to cut prices early next year when the oil market is likely to be unstable as a result of falling demand for OPEC oil. We could therefore incur the same difficulties as we experienced earlier this year. It would appear, however, that the market is sufficiently firm to enable BNOC to re-establish appropriate differentials between UKCS crudes by modest increases in all but the marker crude, as BNOC propose. I therefore see no need to intervene in BNOC's proposals.

BNOC would like to approach its suppliers and customers with the new prices, which will appear in the press, as soon as possible to prevent speculation about price changes. Unless you have any comments, I propose to tell BNOC at four o'clock tomorrow (Thursday 22 September) that I am content.

I am sending copies of this letter to the Prime Minister and Geoffrey Howe.

PETER WALKER

UKCS CRUDE OIL PRICES

All in U.S.\$ per barrel

Grade	Current Price	New Price	Change
	<u>FOB</u>		
Brent Blend	30.00	30.00	-
Forties	29.75	29.90	0.15
Ninian Blend	29.35	29.60 *(1)	0.25
Flotta Blend	28.80	29.30	0.50
Beatrice	29.00	29.30	0.30
	<u>DELIVERED</u>		
Argyll	29.45	29.70	0.25
Auk	29.05	29.30	0.25
Beryl	30.00	30.25	0.25
Brent Spar	30.05	30.30	0.25
Buchan	28.50	29.00	0.50
Fulmar	30.00	30.35	0.35
Montrose	30.10	30.35	0.25
Statfjord	30.00	30.40	0.40
Maureen	-	29.90 *(2)	-

NOTES

\*(1) Price to be subject to further review when the impact of Magnus in Ninian Blend has been assessed.

\*(2) New crude. Proposed level will test the market.