

CONFIDENTIAL

GRS 5600
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DESKBY 180930Z
FM OSLO 180610Z JUN 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 124 OF 18 JUNE
AND TO DEPT OF ENERGY

MIPT: SLEIPNER

1. THIS PUBLIC CONFIRMATION OF WHAT KRISTIANSSEN TOLD MINISTER OF STATE FOR ENERGY BY TELEPHONE ON 15 JUNE IS A NEW AND AWKWARD DEVELOPMENT. IT HAS COME WITH VIRTUALLY NO WARNING, THOUGH I RECEIVED VEILED HINTS OF SOMETHING OF THIS SORT FROM OFFICIALS MET BY CHANCE ON THE EVENING OF 14 JUNE.
2. IT UNDOUBTEDLY OWES MUCH TO GROWING DISQUIET, PERHAPS IRRITATION, AT THE LONG DELAY IN GIVING THE NORWEGIANS HMG'S VIEWS ON THE AGREEMENT REACHED BETWEEN BGC AND STATOIL AND TO THE EXTENSIVE PRESS SPECULATION ABOUT THE LIKELY CONDITIONS HMG MIGHT ATTACH TO RATIFICATION. BUT IT SEEMS TO HAVE BEEN PRECIPITATED BY THE ACUTE DIFFICULTIES WHICH CAME TO A HEAD LAST WEEK BETWEEN THE GOVERNMENT AND ARVE JOHNSEN, STATOIL'S MANAGING DIRECTOR.
3. THESE UNEASY RELATIONS HAVE ALWAYS BEEN A POTENTIAL BLOCK TO PROGRESS (MY TELNO 112): AND WHEN JOHNSEN ALLOWED TO LEAK HIS OPINION THAT KRISTIANSSEN HAD ENDANGERED A DEAL OF CRUCIAL IMPORTANCE TO NORWAY BY QUESTIONING PUBLICLY THE ASSUMPTIONS UNDERLYING IT, THE CABINET MUST HAVE DECIDED AT ITS MEETING ON 15 JUNE THAT IT HAD BETTER DISTANCE ITSELF FROM STATOIL AND, BY EXTENSION, FROM THE SLEIPNER NEGOTIATIONS THEMSELVES. IN THE RUN-UP TO NEXT YEAR'S GENERAL ELECTION, WILLOCH MUST HAVE BEEN INFLUENCED BY THE FACT THAT KRISTIANSSEN IS A FORMER LEADER OF ONE OF THE MINORITY PARTIES ON WHICH HIS COALITION DEPENDS.
4. I AM NOT SURE WE NEED TO TAKE WILLOCH'S STATEMENT WHOLLY AT FACE VALUE FOR THE PRESENT. IT MAY, HOWEVER, BE SIGNIFICANT THAT SO FAR IT HAS ATTRACTED LITTLE PRESS COMMENT, AND THAT DIRECTED MOSTLY AT JOHNSEN AND STATOIL. BUT AT BEST THIS DEVELOPMENT SEEMS LIKELY TO MEAN THE END OF HOPES THAT A RENEGOTIATION BETWEEN THE TWO COMPANIES CAN BE AVOIDED. I THINK WILLOCH WILL WISH TO LEAVE JOHNSEN NO SCOPE FOR CLAIMING THAT AN UNFAVOURABLE DEAL HAS BEEN FORCED ON HIM BY THE GOVERNMENT. AND AT WORSE, OF COURSE, IT MAY MEAN THAT THE NORWEGIANS ARE READY TO ABANDON PLANS TO DEVELOP SLEIPNER FOR THE TIME BEING. WE SHALL TRY TO FIND OUT MORE IN THE COURSE OF THE DAY AND AT THIS EVENING'S QUEEN'S BIRTHDAY PARTY. WE CAN ALSO, IF YOU WISH, GO AND ASK FOR AN OFFICIAL EXPLANATION, PERHAPS BEST FROM STATE SECRETARY BERG AT THE FOREIGN MINISTRY WHO HAS BEEN MUCH INVOLVED AND WAS, I AM TOLD, DEPUTED TO HAUL JOHNSEN OVER THE COALS LAST WEEK. IF I AM TO DO THIS, IT WOULD BE EASIEST EITHER TOMORROW OR TODAY WEEK, AS I AM ENGAGED IN THE NORTH FOR 5 DAYS FROM 20 JUNE, FIRST WITH THE MINISTER OF STATE FOR THE ARMY AND SUBSEQUENTLY ON A FIRST VISIT TO TRONDHEIM. ONE OF THE COUNSELLORS COULD, OF COURSE, TALK TO BERG IN MY ABSENCE.

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5. IT MAY, HOWEVER, BE BETTER TO CONCLUDE THE EXAMINATION OF THE AGREEMENT NOW UNDER WAY AND THEN PRESENT OUR CONCLUSIONS TO THE NORWEGIAN GOVERNMENT AS EARLIER ENVISAGED. UNTIL THE NORWEGIAN POSITION IS TESTED BY AUTHORITATIVE PROPOSALS, WE SHALL NOT KNOW THE EXTENT TO WHICH THEY MAY BE BLUFFING IN ORDER TO ACHIEVE CONDITIONS MORE ACCEPTABLE THAN THOSE WHICH HAVE BEEN THE SUBJECT OF PRESS SPECULATION. IF THIS CAN BE DONE BEFORE YOUR VISIT NEXT WEEK, SO MUCH THE BETTER: IN THE CIRCUMSTANCES SLEIPNER IS NOW BOUND TO PLAY A LARGE PART IN YOUR CONVERSATIONS WITH NORWEGIAN MINISTERS.
6. I HAVE UNDERTAKEN TO ATTEND THE OPENING OF THE EUROPEAN OFFSHORE IN 1984 CONFERENCE THIS MORNING. IT WOULD, I THINK, BE A MISTAKE TO STAY AWAY BUT I SHALL REFUSE TO COMMENT, IF PRESSED, ON THIS DEVELOPMENT ON THE GROUND THAT THERE HAS BEEN NO TIME YET TO STUDY IT.

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YOUR TEL 83: SLEIPNER
IN A RADIO INTERVIEW SUBSEQUENTLY REPEATED ON TELEVISION ON 16
JUNE, PRIME MINISTER WILLOCH SAID THAT THE BRITISH AUTHORITIES
HAD A CLEAR CHOICE OF SAYING YES OR NO TO THE ENTIRE SLEIPNER
AGREEMENT. IN THE LATTER CASE, THE NORWEGIAN GOVERNMENT WOULD
HAVE TO CONSIDER WHETHER TO DEVELOP OTHER OIL FIELDS BEFORE
SLEIPNER OR TO SEEK ALTERNATIVE CUSTOMERS. WILLOCH ALSO SAID
THAT STATOIL AND THE MINISTER OF PETROLEUM AND ENERGY SHOULD
ACT IN UNITY AND SUPPORT EACH OTHER'S POSITION TOWARDS THEIR OVERSEAS
COUNTERPARTS. SEE MIFT.

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MR P HARDING
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Slupper file



Private office
No 10 Downing St

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18/6/84

John Nichol
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