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PRIME MINISTER: Mtg with Mr Garvin

of EXXON

- June 82

CONFIDENTIAL

PRIME MINISTER'S MEETING WITH EXXON - 3 JULY 1984

SLEIPNER

LINE TO TAKE

- Last week we told the Norwegian Government of our requirements for approval of the Sleipner deal.
- We believe that these requirements are compatible with the essence of the draft commercial contract and we hope you will use your good offices to give our proposals a fair wind.

BACKGROUND

1. The Minister of State for Energy met Norwegian Ministers in strict confidence last Wednesday. Mr Buchanan-Smith tabled the terms on which HMG would approve the draft Sleipner contract between BGC and Sleipner partners (Statoil, Esso, Norsk Hydro). These concern (i) offtake rates, (ii) destination of liquids, (iii) control over pipeline capacity and (iv) UK content in the project.
2. The Norwegians maintained that these were not issues for Governments to negotiate upon. The UK rejected this and the meeting closed. Subsequent contacts indicate that this was merely an opening Norwegian line and we expect serious Government-to-Government negotiations to take place soon.
3. Esso (with a 26% share in Sleipner) appear very keen that the Sleipner project goes ahead. Their position seems more flexible than Statoil's and Mr Garvin's influence could be helpful in getting the Norwegian Government to adopt a realistic stance when negotiations resume.

N.B. 4. WE HAVE LEARNED THIS AFTERNOON THAT MR GARVIN HAS UNDOUBTEDLY BEEN BRIEFED BY ESSO NORWAY ON THE LATEST MOVES.

Gas 4 (D/Energy)

2 July 1984