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Briefing Meeting for Lunch with Shaikh Yamani

The purpose of this meeting is:-

- (i) to consider BNOC's policy on prices and participation contracts
- (ii) to brief you for the lunch with Shaikh Yamani.

On (i) you will wish to hear Peter Walker's assessment of the oil market after the OPEC agreement. John Wybrew has set out his thoughts at Flag A. The price of Brent crude is up to \$28.45 only 20 cents below BNOC's existing purchase price. Should the price for January be left where it is which will represent an average loss for the month of \$1.50 or should the price be maintained for February and March but with a lower price being set for January closer to the average which occurred during the month? At the last meeting, Mr. Walker told you that BNOC had managed to back out of a few participation contracts. Could he be more specific on what has so far been done and on how much further BNOC can go?

On (ii) you will need to agree how to broach whatever is agreed on BNOC with Shaikh Yamani. He is likely to urge production cuts on the UK though he is perfectly well aware of the Government's policy. The position is as set out in your reply to Patrick McNair-Wilson and the background note - Flag B. You will also need to agree any other points which you wish to raise with Yamani or he is likely to raise with you.

AG

Andrew Turnbull

5 February 1985