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MINISTRY OF DEFENCE

GOVERNMENT HOUSE,
FALKLAND ISLANDS.

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Our ref: 134/3

29 March 1982

N H Nicholls Esq
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Defence Department
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London SW1

MINISTRY OF DEFENCE
Head of
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LONDON, S.W.1

(Luis 20/2)

② F.T. OFD file

Not seen
for under. Pl.

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Dear Nicholls,

They say we'll like the NSA on this.
for the answer. If they can let the
know, so much the better

FUTURE OF ROYAL NAVY FUEL DEPOT, STANLEY

1. I understand from the Commander-in-Chief Fleet that you are considering the future of the Royal Navy fuel depot in Stanley and that it is doubtful whether anything definite will be decided until the fate of HMS Endurance has been settled. The main facility at the depot is, of course, the two diesel fuel tanks, but there are other substantial items such as the caretaker's house, the two remaining warehouses and the jetty. I have recently had an interesting enquiry about these and I should like to explore this further with you.

2. For many years we have been trying to interest someone in our massive kelp beds around the islands. Last week we had a visit from two Americans who seemed serious in their intentions to bring down a factory ship, install some shore-based activities and harvest our kelp. The obvious site for their operations is your old depot. I took the liberty of showing them round and they would be prepared to make a bid to buy or lease the area from you. The price would have to be reasonable as they are talking in terms of a capital outlay on ships and plant in the region of \$25 million for the first phase and \$50 million for their second phase. They would be prepared, if you wish to continue using the fuel tanks, for these to be excluded from the lease or, alternatively, to take them over and lease them to the Falkland Islands Government. Irrespective of the future of HMS Endurance or the fuel tanks, therefore, I would like your early

/comments on



comments on the possibility of leasing or selling the rest of the site of the fuel depot to this American firm for development as their shore headquarters for their kelp industry. This would, of course, be a great benefit to the islands as it would give us for the first time a second major crop and would bring much needed capital and labour into the islands. We are prepared to offer generous terms to them to get the project started and I hope that you will look at the leasing of the depot in the same light.

The American interest in this project retain a London solicitor, Percy Rugg and Partners of Garrick House, 7 York Buildings, John Adam Street, London WC2N 6JN and Mr Smith, the leading personality in the project, will be coming to London from 11 to 16 April and could be contacted through Percy Rugg during that period if you require any further background information. He is anxious, as we are, to get an early decision on this so that he can start planning the recruitment of staff etc.

Yours ever,

R M Hunt

cc: Admiral Sir John Fieldhouse, KCB
Commander-in-Chief Fleet
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