



E(NI) Fddw.

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PRIME MINISTER

HARLAND & WOLFF: SWOPS ORDER FOR BP

I have seen James Prior's letter of 28 August to you seeking your agreement and that of colleagues to the financing package which will enable Harland & Wolff to secure, inter alia, an order for a Single Well Oil Production System (SWOPS) vessel from BP. I have also seen Peter Rees' minute of 5 September expressing his reservations.

My department is concerned only with the SWOPS project, although I entirely take the point that the two orders are inter-dependent. The SWOPS vessel is a revolutionary design and will be capable of both extracting and shipping oil; it will be the first of its kind to be built. BP plan to use the vessel to develop a number of small oilfields on the UK Continental Shelf. The BP project is of vital importance to the national interest. Not only will it help provide continuity of employment at Harlands but it will also benefit UK manufacturers and suppliers as the bulk of the equipment will be procured from UK sources. It will put UK manufacturers in the forefront of this new area of technology - and thus meet one of our major policy objectives - and it could well lead to further work for Harlands. BP have already hinted that they may wish to order a second vessel to charter to other oil companies.

There is no doubt in my mind that the placement of the contract to build this novel production vessel at Harlands is of vital importance and it is inconceivable to me that the order for this highly sophisticated vessel should go abroad through lack of Government support. I hope very much, therefore, that the financing arrangements outlined in Jim Prior's letter will be approved.

I am copying this to other E(NI) colleagues, the Secretary of State for Foreign and Commonwealth Affairs and Sir Robert Armstrong.

SECRETARY OF STATE FOR ENERGY

13 September 1984

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