

KP/772/142

Note of a Discussion on Peaceful Nuclear Explosions (PNE) with [REDACTED], Technical Adviser, UKAEA London Office, 11.7.72

Background

1. On 29 June 1972 I sent [REDACTED] four copies of KP/672/137 - "Cheap oil storage beneath the bed of the North Sea in cavities/chimneys created by contained nuclear explosions". This paper is essentially WGPNE(72)33 with minor revisions. The main purpose of the meeting was to discuss how the proposition might be examined further. (4 copies of the paper have also gone to Atomic Energy Division, DTI)

Preparations for Further Discussions

2. [REDACTED] suggested that a necessary preliminary to the discussions with third parties was the preparation of a more detailed plan for a detailed evaluation based on section F of the paper. This should indicate how long the evaluation might take, how many people might be involved, how much it might cost and the position likely to be reached at the end of the evaluation. The plan should also detail the likely benefits to the oil companies and to the nation, the question of energy costs and security of supply being important in the latter case.

Financing of an Evaluation

3. [REDACTED] agreed that a direct approach to one of the oil companies would probably prove unfruitful. The North Sea UK Operator's Committee was possibly only concerned with ensuring the necessary minimum co-operation between interested parties in the complex North Sea operations. DTI should be asked to advise on its objectives etc.

4. It appears that the National Coal Board/Conoco partnership is working very well. [REDACTED] has good contacts here and could arrange discussions. The fact that Continental Oil is the parent company for CER Geonuclear would not necessarily be a disadvantage - for example, Conoco might welcome an approach if they wished to use nuclear oil storage but had been inhibited by their view of the Government's position.

5. On balance [REDACTED] appeared to favour an evaluation using public funds and on the [REDACTED] principle it would be appropriate to look to DTI for support - but from the Petroleum Division area rather than Atomic Energy Division.

6. It might be that the Government would see considerable political difficulties in supporting an evaluation because of the possible approbrium in the eyes of the general public. In this case it might be possible to persuade a merchant bank to support the evaluation and avoid direct government involvement. He had in mind the Industrial and Commercial Finance Corporation Ltd headed by [REDACTED] [In later discussion [REDACTED] was added to the possibilities]

Possible International Approaches

7. [redacted] referred to the current EEC concern with energy policy. He expects a move to consider North Sea gas and oil as a community resource. Moreover, whilst the oil in the North Sea can be considered as a strategic reserve for the UK (since most of it is in the British sector) this is not true for the community as a whole. [redacted] expects that the EEC will formulate a definite policy of increasing strategic oil storage in order to strengthen their position in relation to OPEC. Thus an EEC sponsored study might be a possibility. An international venture would probably be more acceptable politically and publicly.

Technical Developments

8. Representatives of BP recently told [redacted] that they favoured a sea bed approach to off-shore oil as soon as technical developments would allow. This would rule out Ekofisk type storage as well as drilling rigs but might increase the attractiveness of sub-seabed storage.

Other Discussion and Suggestions

9. [redacted] said that it might be useful to contact [redacted] Under Secretary in the Petroleum Division of Department of Trade and Industry who was the official responsible for North Sea operations. Apart from this responsibility he was Chairman of the OECD Oil Committee which paralleled [redacted] OECD Uranium Committee to some extent.

10. A further possibility - suggested by [redacted] - was to contact International Management and Engineering Group of Britain Ltd who have been appointed by the Minister for Industrial Development to undertake "a detailed study of the expanding market for goods and services required to exploit gas and oil off the British coasts". [redacted] thought PNE might be too specialised for this company and that further information should be sought on its activities.

11. I mentioned the approach on the Bay of Fundy scheme from [redacted] - this was news to [redacted] - and agreed to send him a copy of our latest assessment of the PNE possibilities.

The Next Steps

12. The discussion finally turned to how the next moves might be initiated. [redacted] expressed the view that it would be fatal - publicly and politically - for the Ministry of Defence to sponsor PNE. The Authority should take this role using AWRE as a contractor. On the basis of the ARD(NNN) Committee discussion on 1 March 1973 when AWRE left the Authority. But it seemed silly to have an interim arrangement for the next nine months. He was willing to initiate the longer term arrangements this year at least as far as the present scheme was concerned. This presumably means the London Office in general and [redacted] in particular, taking the lead in selling this proposition to third parties.

he would become project manager on 1 April 1973

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13. I agreed to discuss the outcome of the meeting with those concerned at AWRE and contact [REDACTED] again in due course.

14. As well as following up specific suggestions (such as that in paragraph 2) it is now necessary to formulate an AWRE view on the matters raised in paragraph 12.

[REDACTED]
[REDACTED]
AWRE

14 July 1972

cc Director, [REDACTED]
CPA, [REDACTED]
[REDACTED], SSDM

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