

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 497 final

Brussels, 20th September 1979

PROPOSAL FOR A COUNCIL DECISION
ON THE GRANT OF MEASURES OF SUPPORT FOR COMMUNITY
PROJECTS IN THE HYDROCARBURS SECTOR (1979)

(submitted to the Council by the Commission)

COM(79) 497 final

1. The Council of the European Communities adopted Regulation (EEC) N° 3056/73¹ on the support of Community projects in the hydrocarbons sector on 9 November 1973. This support is intended to promote technological development directly related to those activities in prospection for, exploitation and storage or transport of hydrocarbons which are likely to increase the security of the Community's energy supplies.
2. In application of this Regulation, and following a proposal by the Commission, the Council authorised support measures involving a sum of the order of 163 million e.u.a. for the carrying out of 144 projects during the years 1974 to 1978².
3. For the current financial year the Commission, in the Official Journal - N° C 89 of 5 April 1979 - published an invitation to all parties concerned to submit, by 31 May 1979, applications for support that might qualify for consideration in the course of the 1979 budgetary year (3).
4. In reply to this invitation the Commission received applications from 24 Community undertakings involving 35 technological development projects and estimated costs of some 83,4 million e.u.a. during the period 1979 to 1981.

1) OJ N° L 312/1 of 13 November 1973.

- 2) -Council Decision of 19 December 1974 on the grant of measures of support for 21 technological development projects in the hydrocarbons sector (Doc.R/3600/74).
-Council Decision of 4 May 1976 on the grant of support for 34 technological development projects in the hydrocarbons sector (Doc.R/845/76).
-Council Decision of 25 October 1977 on the grant of support for 40 technological development projects in the hydrocarbons sector (Doc.R/2416/77).
-Council Decision of 30 October 1977 on the grant of support for 49 technological development projects in the hydrocarbons sector (Doc.R/2671/78).
- 3) A second invitation to submit Community projects will be issued at the end of 1979. Application for support which are not retained during the present phase of examination may be re-submitted.

5. The Commission charged with processing applications for support gave the projects a preliminary examination to determine whether they were receivable under the terms of Regulation N° 3056. The purpose of this examination was to establish whether :

- the projects were relevant to technological development activities directly relating to the activities of prospection for, exploitation and storage or transport of hydrocarbons;
- the natural or legal person in charge of the project was duly constituted under the current laws of the relevant Member States of the Community.

6. The Commission then sent the documentation on each project to the Member States for the purpose of consultation and considered any observations or comments received.

7. Because of the short time at its disposition, the Commission has classed those projects presented into the following categories :

- Non eligible projects : those which are outside the field of application of regulation N°3056/73.
- Non supportable projects: those which are not in line with the criteria established by art.5 of regulation N° 3056/73.
- Projects to be re-examined: those which necessitate complimentary information. These projects will be re-examined in the course of the second phase of the present call for tenders, envisaged for the end of 1979.
- Projects to be retained : those which correspond entirely with the criteria established by regulation 3056/73 and which require no additional information in order to be assessed.

8. In its assessment of the projects, the Commission has taken into account the different criteria applied since 1973 to projects which have been submitted :

- a degree of technical innovation in the project compared with the current state of the art;
- technical feasibility of the project and probability of success;
- the number or range of possible applications of the results of the project;

- reliability of the project in relation to the health and environmental protection standards;
- risk of duplicating other techniques already evolved or under development, and the possibility of cooperation between other similar projects;
- the technical capacity and financial standing of the parties responsible for the project; the possibility of an association between the latter and the potential partners in the oil industry.

9. Once the process was completed, 24 projects were regarded as qualifying for Community support, the corresponding investment amounting to 63.504.299 e.u.a. for the three-year period 1979/1981.
10. The Commission proposes intervention ranging from 30 % to 40 % of these investments.
11. The application of these rates to the selected 24 projects represents an amount of 22.528.739 e.u.a. which the Commission proposes to be allowed during the period 1979-1981, as a Community subsidy in the hydrocarbons sector.
12. These support measures should be granted in the form of subsidies repayable in the event of the commercial exploitation of any results obtained.
13. The Commission will ensure that the advantages granted by the Community to the promoters of these projects do not alter the existing conditions of competition in the Community market in any way incompatible with the provisions of the Treaty as it applies to this field.
14. Where two or more undertakings which receive Community support are pursuing similar objectives, the Commission will organise special meetings with a view to achieving a reasonable degree of cooperation.

15. The sum entered in the 1979 Budget to cover Community projects in the hydrocarbons sector amounts to 20 million e.u.a. in appropriations for the commitment. This amount has to be increased from the 1978 commitment appropriations available following the withdrawal of a certain number of projects adopted by Council decisions of 30 October 1978⁽¹⁾. The amount of support being proposed by the Commission in the framework of the 1979 budgetary exercise is consequently covered by the appropriations available.

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The Council is asked to adopt the following decision :

(1) On July 1st, 1979, these commitment appropriations totalled 13.194.047 e.u.a.

PROPOSAL FOR A COUNCIL DECISION

on the granting of support for
Community projects in the hydrocarbons sector

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) N° 3056/73 of 9 November 1973 on the support of Community projects in the hydrocarbons sector⁽¹⁾, and in particular Article 6 thereof,

Having regard to the proposal from the Commission,

Whereas Regulation (EEC) No 3056/73 provides for the granting of support for the implementation of technological development projects which are of fundamental importance in ensuring the Community's supply of hydrocarbons;

Whereas it is essential to proceed with the implementation of projects which are particularly capable of accelerating the development of resources and improving storage and transport conditions for hydrocarbons in the Community and the completion of which could not be ensured or would have to be postponed without Community support;

(1) OJ N° L 312, 13.11.1973, p. 1

HAS DECIDED AS FOLLOWS:

Article 1

For the period 1979-1981, support shall be granted, for the Community projects shown in the Annex, in the form of subsidies, repayable if the results are exploited commercially, up to a maximum amount of 22,528,739 EUA.

Article 2

The support referred to in Article 1 shall be granted for each of the projects on the basis of the percentages shown in the Annex of the actual cost, as verified and accepted by the Commission, up to the maximum amounts also specified in the Annex.

Article 3

The Commission shall negotiate and conclude with the persons concerned the contracts necessary for the implementation of this Decision.

The Commission shall administer such contracts.

Done at Brussels,

For the Council

The President

PROPOSED SUPPORT OF COMMUNITY PROJECTS IN THE HYDROCARBONS SECTOR

01 GEOPHYSICS AND PROSPECTING

Nr.	Project title	Promotor	Total investment (1979-1981) (EUA)	Appreciation and rate of support	Amount of support (EUA)
01.15/79	Development of a procedure for the combined application of different geophysical methods	PREUSSAG AG	496.197,-	The development of integrated geophysical methods for complicated structures in great depths is not yet sufficiently advanced. Further improvement is necessary. <u>Support recommended: 40 %</u>	198.479,-
01.17/79	Infra-red scanning device	COLIN PHIPPS & PARTNERS	1.577.808,-	By means of an airborne multi-spectral scanner, micro seepages of hydrocarbons may be highlighted. The interpretation of the infra-red emissions can yield an understanding of faulting. <u>To be reconsidered in phase II of the present round</u>	-
01.18/79	Development of PULSE 8/3 Range (RHO/3) circular positioning system	SEA SURVEY LTD	388.949,-	The development of circular navigation system which provides accurate position cover further out from land than conventional systems. <u>Support recommended: 40 %</u>	155.580,

Nr.	Project title	Promotor	Total investment (1979-1981) (EUA)	Appreciation and rate of support	Amount of support (EUA)
01.19/79	Marine magneto-telluric equipment for hydrocarbon exploration	GEOTRONICS LTD	258.800,-	The design and construction of equipment using the magneto- telluric method for offshore geological mapping. The method has not yet been shown to be viable for land based situations. <u>To be reconsidered in phase II of present round.</u>	-
01.20/79	Sedimentologic examination prior to pipelaying	UNIVERSITIES OF PERPIGNAN AND MENAI BRIDGE	560.405,-	The definition of an accoustical method leading to a greater under- standing of the mechanical properties of sediments transported by shelf processes. There does not seem to be an industry requirement for this technology at the moment. <u>Recommended: no support</u>	-

Nr.	Project title	Promotor	Total investment 1979-1981 (EUA)	Appreciation and rate of support	Amount of support (EUA)
03 PRODUCTION SYSTEMS					
03.71/79	Development programme for composite offshore jacket structures	WIMPEY LTD	4.078.813,-	The development of composite offshore structures consisting of piled steel tubular jacket with certain members either partially or fully filled with a cementitious material. Will help extend the use of existing technology to greater water depth. <u>Support recommended: 40 %</u>	1.631.925,-
03.72/79	Gravity tower	C.G. DORIS	1.333.920,-	Further development of the concept of the gravity tower which consists of an oscillatory tower supported by a fixed base on the seabed by means of a patented rubber joint. <u>Support recommended: 40%</u>	539.568
03.73/79	Cryogenic removal of CO ₂ from natural gas	SNAM PROGETTI SPA	3.813.544,-	The development of a method for cryogenic removal of CO ₂ from natural gas. This project could be very important in making high CO ₂ gas fields economically productive. <u>Support recommended: 40 %</u>	1.525.418,-
03.74/79	Steel gravity platform for 300 m water depths	TECNOMARE SPA	794.143,-	Design of a steel gravity platform suitable for use in 300 m water depth. To be reconsidered in phase II of the present round.	391.666,-
03.75/79	Concrete articulated tower. Oil production platform CONAT-OPP	BILLFINGER & BERGER	979.164,-	The development of a multi column platform for an offshore drilling and production plant CONAT-OPP on the basis of the already developed CONAT. This development will be highly suited to work in the Northern Sea. <u>Support recommended: 40 %</u>	

4.	Nr.	Project title	Promotor	Total investment 1979-1981 (EUA)	Appreciation and rate of support	Amount of support (EUA)
03.76/79	Industrial realisation of a very accurate counting system for liquid and gaseous hydrocarbons.	ULTRAFLUX	198.887	The development of a high accuracy counting system to replace the existing turbine meters and orifice plates. This project seems to be a straightforward commercial development. <u>Recommended: no support.</u>	-	
03.77/79	Surface to seabed installation techniques	W.S. ATKINS	560.395,-	The development of analysis techniques guidance rules and planning, the design of new heavy marine handling equipment. To be reconsidered in <u>phase II of present round.</u>	-	
03.78/79	System of recovery of hydrocarbons from small offshore fields.	TAYLOR WOODROW CONSTRUCTION LTD	3.329.484,-	An extension of the ARCOLPROD project aimed particularly at production from marginal fields. It is important to develop this technology for future North Sea use. <u>Support recommended: 40 %</u>	1.331.794,-	
03.79/79	Development of design techniques for instability problems in offshore structures	TAYLOR WOODROW CONSTRUCTION LTD	3.022.388,-	The substantiation of the various design methods for instability on concrete offshore structures. This project will develop design criteria to meet future demands of installing concrete structure offshore Europe. <u>Support recommended: 40 %</u>	1.208.955,-	
03.80/79	Testing of production techniques	GERTH	3.840.594,-	Follow-up of contracts 4/75 and 03.35/77. Involves testing of riser foot manifold and further examination of two-phase flow. <u>Support recommended: 40 %</u>	1.536.238,-	

5.	Nr.	Project title	Promotor	Total investment 1979-1981 (EUA)	Appreciation and rate of support	Amount of support (EUA)
	03.82/79	Subsurface links for deep sea production.	GERTH	3.943.467,-	Aims to provide solutions for the production from fields situated under water depth of more than 300 m with regard to fluid transfer links. Extension of previous contract. <u>Support recommended: 40 %</u>	1.577.387,-
	03.83/79	Mobile floating platform	BABCOCK AG HYDRONAMIC	1.681.506,-	The development of a mobile platform sited on a granular substructure. Possibilities of application in shallow water and arctic areas. <u>Support recommended: 40 %</u>	672.602,-
	03.84/79	Development of SPM for offshore hydrocarbon loading in very deep water	TECNOMARE SPA	1.330.306,-	The development of a set of permanent and temporary systems capable of a range of water depths from 150 to 2000 m. Work should commence in June 1980. <u>To be reconsidered in phase II of present round.</u>	-
	03.85/79	MTBE Plant	DSM Hoofdkantoor	2.898.708,-	The construction of an MTBE (methyl, tertiary buthyl ether) plant in the Netherlands. Refinery type project. <u>This project is not eligible under the terms of regulation 3056/73.</u>	-

6.	Nr	Project title	Promotor	Investment Total 1979-1981 (EUA)	Appreciation and rate of support	Amount of support (EUA)
	05 SECONDARY AND ENHANCED RECOVERY					
	05.14/79	Field pilot for heavy oil recovery enhancement Ponte Dirillo field-Italy	AGIP SPA	4.301.323,-	Field testing of an oil recovery process which has been theoretically, and experimentally evaluated during the study of the Gela heavy oil field. This project could add signi- ficantly to recoverable resources. <u>Support recommended: 40 %</u>	1.720.529,-
	01.21/79	Seismic frac location from the surface	PRAKLA SEISMOS GMBH	904.666,-	The development of a fracture location system utilising seismic and geoelectric methods. Has important applications particularly in horizontal drilling operations for enhanced recovery. <u>Support recommended : 40%</u>	361.866,-

7.	Project title	Promotor	Total investment 1979-1981 (EUA)	Appreciation and rate of support	Amount of support (EUA)
07 AUXILIARY SHIPS AND SUBMERSIBLES					
07.32/79	Remote controlled subsea vehicle for connection and disconnection of "Coflexip" flexible pipes.	COFLEXIP	2.314.644,-	The development and construction of a remote controlled vehicle for the connection and disconnection of "Coflexip" flexible pipes. <u>To be considered in phase II of present round.</u>	-
07.33/79	Project "David III"	ZF HERION	1.468.743,-	Development of an underwater vessel to provide divers (on the spot) with electrical hydraulic and pneumatic energy. It will carry inspection and work equipment connected by umbilical, can be manoeuvred manned or unmanned. Prototype will be built and tested offshore. Equipment already under development in contract 07.23/78. <u>Support recommended: 40 %</u>	587.497,-

8.	Nr.	Project title	Promotor	Total investment 1979-1981 (EUA)	Appreciation and rate of support	Amount of support (EUA)
	09 LAYING OF PIPELINES					
	09.15/79	"J" curve pipelaying electron beam welding	GERTH	3.429.102,-	Development of an electron beam welder for use in the "J" laying method already developed. <u>To be reconsidered in phase II of present round.</u>	
	09.17/79	Development of a pipelaying method in very deep water with mechanical connecting	TECNOMARE SPA	794.339,-	The proposed system envisages the use of mechanical joints for the construc- tion of a pipeline laid in a "J" curve by a surface vessel. This project attacks the major problem area associated with 'J' curve laying. <u>Support recommended: 30 %</u>	238.391
	09.18/79	Technological development regarding off-shore explo- ration and production of oil and natural gas.	SESAM	367.256,-	The project involves the development of a method of processing side scan sonar records. Using the interactive screen of the mini computer "raw" data is translated to "correct" data and a more accurate chart is possible. <u>Support recommended : 30%</u>	110.177

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Nr.	Project title	Promotor	Total investment 1979-1981 (EUA)	Appreciation and rate of support	Amount of support (EUA)
09 LAYING OF PIPELINES					
09.19/79	Deep sea repair	GERTH	6.686.749,-	Complete examination of all facets of deep water pipe repair. This technology has to be developed before the pipelaying techniaue in deep water. <u>Recommended support : 30%</u>	2.006.025,-
09.20/79	Free swimming pig	MATTEVAL CO LTD.	1.566.816,-	The system consists of an ultrasonic free swimming pig which is inserted and retrieved from the riser via pig traps. <u>Support recommended : 30%</u>	470.045,-
09.21/79	"Rip-Rap" protection of subsea pipelines with underwater vehicle "Velpo"	C.G. DORIS	2.623.263	Improves pipeline buried by more accurate enrockement using specially developed vehicle "Velpo". Utilises smaller quantities of material and should lead to pipelaying economies. <u>Support recommended : 30%</u>	786.979,-

Nr.	Project title	Promotor	Total investment (1979-1981) (EUA)	Appreciation and rate of support	Amount of support (EUA)
10. PIPELINE TRANSPORT					
10.18/79	Investigation of methods for the transfer of natural gas liquids at temperature and pressure to and from subsea containment	LIQUID GAS EQUIPMENT LTD	690.339,-	A method to transfer natural gas liquids to undersea tank storage and than to loading tanker. This project has important applications to associated gas use. <u>Support recommended: 40 %</u>	276.136,-
10.19/79	Operation on deep-water pipeline	COMEX	5.951.550,-	A development which envisages operations on pipelines beyond humanly accessible depths and seeks to solve associated problems. <u>To be reconsidered in phase II of present round.</u>	-
10.20/79	Unmanned submersible station for the repair of pipelines in deep water.	SNAM SPA	10.332.044,-	The development of an integrated deep sea pipeline repair system by mechanical connections. <u>Support recommended : 30%</u>	3.099.613
10.21/79	Repairs of under-sea pipelines by mechanical connections	GERTH	5.829.474,-	No repairs on under-sea pipelines have been made at depths greater than 200 m. The system proposed should be suitable for 750 m. Extension of existing contract <u>Support recommended : 30%.</u>	1.748.842

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Nr	Project title	Promotor	Total investment (1979-1981) (EUA)	Appreciation and rate of support	Amount of support (EUA)
14 STORAGE					
14.07.79	Permanently moored tanker used for deep water storage and off loading	S.B.M.	529.583,-	The development of a single point mooring system suitable for 400 m water depth in combination with the most severe environmental conditions <u>Support recommended: 30%</u>	158.875
14.08/79	High pressure multi product swivel	S.B.M.	501.381,-	A prototype multi product swivel has been constructed and is to be tested. An important project in offshore loading technology. <u>Support recommended: 40 %</u>	200.552,-
GENERAL TOTAL			83.379.540,-		22.528.739,-

FINANCIAL RECORD

1. Relevant budget heading code: Article 320 - Item 3200
2. Title of budget heading: 'Community technological development projects in the hydrocarbons sector'.
3. Legal basis:
 - 3.0 Regulation (EEC) N° 3056/73 of the Council of 9 November 1973 on the support of Community projects in the hydrocarbons sector (OJ N° 312 of 13 November 1973).
 - 3.1 Council Decision of 19 December 1974 on the grant of measures of support for Community projects in the hydrocarbons sector (Doc. 8/3600/74).
 - 3.2 Council Decision of 4 May 1976, on grant of support for Community projects in the hydrocarbons sector (Doc. R/845/76).
 - 3.3 Council Decision of 25 October 1977 on the grant of support for Community projects in the hydrocarbons sector (Doc. R/2416/77).
 - 3.4 Council Decision of 30 October 1978 on the grant of support for Community projects in the hydrocarbons sector (Doc. R/2671/78).
 - 3.5 Commission proposal on the granting of measures of support for Community projects in the hydrocarbons sector in the period 1979 to 1981.
4. Description of the measure : Granting 24 Community undertakings financial aid for use on projects in the hydrocarbons sector.
5. Objective: To promote technological development directly related to the activities of prospection for, and exploitation, transport and storage of hydrocarbons likely to increase the security of the Community's supplies in hydrocarbons.
6. Justification of the Project: Because of the technical risks and the financial burden involved in carrying out the technical development projects, they would not be carried out or would have to be postponed (thus considerably prejudicing the security of hydrocarbons supplies) unless the Community provided financial support.
7. Appropriations: (See Table on next page).
8. Type of control to be applied:
 - 8.1 There is to be no control by Member States. The authorising department and Financial Control will carry out regular on-the-spot checks on documents, and will follow the completion of the projects by means of the technical and financial reports which the undertakings are required to send in regularly.
 - 8.2 The Commission is to present an annual report to the Council on the state of progress of each project and the sums committed in carrying it out; the Commission also has to submit an annual report to the Council and the European Parliament on the implementation of Regulation N° 3056/73.

7.1. MULTI-ANNUAL TIMETABLE FOR DIFFERENTIATED APPROPRIATIONS

EMIA

Commitments	Payments					1983 and subs. years
	1979	1980	1981	1982	1983	
Commitments entered into before 1979 to be covered by new appropriations for payment	15.000.000	10.000.000	2.000.000	-	--	
Appropriation outstanding from 1978	10.000.000	10.000.000	6.000.000	-	--	
Appropriation for 1979	6.000.000	4.000.000	6.000.000	4.000.000	--	
Appropriation for 1980	-	2.000.000	4.000.000	6.000.000	8.000.000	
Total	31.000.000	26.000.000	18.000.000	10.000.000	8.000.000	