

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 372 final

Brussels, 14th July 1981

PROPOSAL FOR A COUNCIL DECISION

on the granting of support for Community projects in the
hydrocarbons sector (1981)

(presented by the Commission to the Council)

COM(81) 372 final

REASONS

1. The Council of the European Communities adopted Regulation (EEC) No. 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 prospecting 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 211 million ECU for the carrying out of 202 projects during the years 1974 to 1980².
3. For the current financial year the Commission, in the Official Journal - No. C 254, of 2 October 1980 - published an invitation to all parties concerned to submit, by 30 November 1980, applications for support that might qualify for consideration in the course of the 1981 budgetary year.

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¹ OJ No. L 312/1 of 13 November 1973.

² - Council Decision of 19 December 1974 on the grant 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/854/76).
- 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 1978 on the grant of support for 49 technological development projects in the hydrocarbons sector (Doc. R/2671/78).
- Council Decision of 29 October 1979 on the granting of support for Community projects in the hydrocarbons sector (OJ No. L 281 of 10 November 1979).
- Council Decision of 27 October 1980 on the granting of support for Community projects in the hydrocarbons sector (Doc. No. 10142/80 ENER III).

4. In reply to this invitation the Commission received applications from 39 Community undertakings involving 63 technological development projects and estimated costs of some 678 million ECU during the period 1981 to 1983.

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 No. 3056.

As a result, six projects, with a total cost of 425,5 million ECU, were found not to be eligible according to this Regulation.

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. On the basis of these preliminaries, as well as information provided by the applicant companies, the Commission proceeded to assess each project and draft those measures which the Council would possibly be called upon to grant.

8. As each project has to meet one imperative condition, namely that carrying it out would result in greater security of Community supplies of hydrocarbons, the Commission, in application of the provisions of Regulation No. 3056/73, adopted the following assessment criteria:

- (a) degree of technical innovation in the project compared with the current state of the art;
- (b) technical feasibility of the project and probability of success;
- (c) the number or range of possible applications of the results of the project;
- (d) reliability of the project in relation to the health and environmental protection standards;
- (e) risk of duplicating other techniques already evolved or under development, and the possibility of co-operation between other similar projects;
- (f) 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. In making its assessment the Commission particularly took into account the question of certain objectives, which in the Commission's opinion have priority, being achieved by the project in question, e.g.:

- (a) improving exploration techniques;
- (b) increase in the overall recovery rate from known deposits;
- (c) increasing the recovery rate by eliminating technical obstacles;
- (d) making better use of small deposits;
- (e) improving the degree of technical reliability in relation to production from the fields;
- (f) shortening the period required before a known deposit comes into production;
- (g) the possibility of exploiting heavy and viscous crudes as well as reservoirs containing crude of low mobility.

10. The Commission has moreover decided that no supporting measures should be considered in the case of projects which:

- (a) are simply preliminary studies or involve no technical risks;
- (b) relate to the perfecting of equipment which, although representing technological progress, offers very limited prospects of use in the hydrocarbons sector;
- (c) represent a stage in developing an existing technique but do not provide the type of solution which takes future needs into account.

11. In some cases the Commission has also made large reductions in the investment sums proposed for Community support whenever the assessed cost appeared disproportionate to the stated aims or where part of the project did not appear to correspond with the intention of Regulation 3056/73.
12. Once the process was completed, 41 projects were regarded as qualifying for Community support, the corresponding investment amounting to 85.075.558 ECU for the three-year period 1981/1983.
13. The Commission proposes intervention ranging from 25 to 35% of these investments.
14. In order to determine how much support to grant each project, the Commission, took account of the provisions of Article 4 of Regulation 3056/73 referred to above, namely:
 - (a) Community support may constitute only a minority share of the financing of the project;
 - (b) the sum which may be granted to a project shall depend on expected results and the relevance of such projects to the Community.In the light of these provisions it decided to work on the following principles:
 - (a) maximum support will be given to projects, the exploitation of whose results would lead to an increase in the available quantities of, and/or speed up the process of making the best use of, the Community's hydrocarbon resources;
 - (b) an intermediate level of support will be given to projects dealing with geophysics;
 - (c) a minimum level of support will be given to projects concerning the hydrocarbons transport and storage sectors;
 - (d) projects aimed at perfecting service activities will receive the minimum rate of support. Should this type of project lead to the elimination of a major bottleneck it could be assigned a higher rate of support.

15. In application of these principles and taking into account the project assessment results, the total support that the Commission proposes should be granted during the year 1981 to the 41 selected projects amounts to 25.999.693 ECU.
16. This support should be granted in the form of subsidies repayable in full in the event of the commercial exploitation of any results obtained.
17. 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.
18. Where two or more undertakings which receive Community support are pursuing similar objectives, the Commission will organise special meetings with a view to achieving an appropriate degree of co-operation.
19. The appropriations available under Art. 3200 of the 1981 budget for financing Community projects in the hydrocarbons sector amount to 23 million ECU. In order to provide the total amount of support proposed by the Commission, an additional 4 million ECU could, if necessary, be transferred from Article 3240 to Article 3200.
20. The Council is invited to approve the following proposals for support with the understanding that the Commission will, of course, not sign support contracts beyond the level of existing budgetary availabilities.

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X

X

The Council is asked to adopt the following decision:

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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) No. 3056/73 of 9 November 1973 on the support of Community projects in the hydrocarbons sector¹, and in particular Article 6 (2) thereof,

Having regard to the proposal from the Commission,

Whereas Regulation (EEC) No. 3056/73 provides for the granting of support for the carrying out 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 performance of projects which are particularly likely to expedite the exploitation of resources and improve storage and transport conditions for hydrocarbons in the Community which could not be carried out or would have to be postponed without Community support,

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¹ OJ No. L 312, 13/11/1973, p.1.

HAS DECIDED AS FOLLOWS:

Article 1

For the period 1981 to 1983, 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 an indicative amount of 25,999,693 ECU.

This figure is given merely by way of indication and may be adjusted within the annual budgetary procedure.

The ECU is defined according to the Financial Regulation in force.

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 an indicative amount 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 (1981)

01. Geophysics and prospecting

Number	Project title	Promotor	Total investment (1981-1983) ECU	Appreciation and rate of support	Amount of support ECU
01.26/81	Satellite navigation/Pulse-8 integrated system	Sea Survey Ltd.	1,256,641	Normal industrial development. No support.	-
01.27/81	Further development and testing of the magnetotellurics Remote Reference Technique	B.G.R.	1,003,488	Important project for explor- ing deep oil/gas deposits even under salt. To be supported 30%	301,046
01.28/81	Very wide band seismics	GERTH	978,239	Normal industrial development. No support.	-

Number	Project title	Promotor	Total investment (1981-1983) ECU	Appreciation and rate of support	Amount of support ECU
02.15/81	New technology for oil well wire-line logging	Tezel Services Ltd.	8,917,901	Normal industrial development. No support.	-
02.16/81	Heavy duty concrete submersible drilling vessel	Howard-Doris Ltd.	1,783,580	This project should provide a method of drilling which is quicker and considerably cheap- er than existing methods. To be supported 25%.	445,895

03. Production systems

Number	Project title	Promotor	Total investment (1981-1983) ECU	Appreciation and rate of support	Amount of support ECU
03.102/81	Enhancement of performance of tension leg platform tethers	Thomson Ltd.	1,783,580	Normal industrial development should be carried out for a client. No support.	-
03.103/81	Design and development of a fixed steel platform for 650 m water depth	S.S.O.S. Spa	1,246,547	A new concept for a gravity structure in 650 : To be supported 35%.	436,291
03.104/81	In-field deployment of a neutrabarc encapsulation system	B.U.E. Ltd.	3,058,840*	Engineering and design phases to be supported 35%.	1,070,594
03.105/81	Preliminary study of a Vuilleumier-Cycle refrigerating unit for the liquefaction of the offshore associated gas	Bertin & Cie.	118,063	Feasibility type study to dimension equipment for offshore gas liquefaction. No support.	-
03.106/81	Deep sea riser tests	Preussag AG	2,751,967*	Results will improve riser design & construction. To be supported 35%	963,188
03.107/81	Development, manufacture of a prototype and testing of a freezing-pipe system	Babcock AG	545,700	Will improve greatly operating from artificial islands part. in Artic. To be supported 35%.	190,995
03.108/81	Subsea production system for hydrocarbon field exploitation	Tecnomare SpA	2,390,865	Applications to deep water production. To be supported 35%.	836,803
03.109/81	Modular design subsea oil production system	ACB	2,951,583	Follow-up of work already carried out on Gerth contract. To be supported 35%.	1,033,054
03.110/81	Diverter development for TFL tools	ACB	320,457	Will improve TFL techniques for deep water. To be supported 35%	112,160
03.111/81	Design and development of a guidelineless insert wellhead system for the subsea production of hydrocarbon	Shell Int. Pet. Mij. BV	4,910,864*	Will improve considerably deep water production techniques. To be supported 35%.	1,718,802

Number	Project title	Promotor	Total investment (1981-1983) ECU	Appreciation and rate of support	Amount of support ECU
03.112/81	Design and development of a homing-in device for blow-out control	Shell Int. Pet. Mij. BV	1,731,079	Important project will improve safety of exploration & exploitation of oil/gas. To be supported 35%.	605,878
03.113/81	Deep water platform	Sea Tank Co.	1,349,295	Drilling/product. capability with dry wellheads on sea bottom. To be supported 35%.	472,253
03.114/81	Underwater system for control of blow-outs	Mobell Ltd.	5,350,741	Similar to project submitted in 1980. No support.	
03.115/81	Manufacture and sea trials of a riser in resin-fiber composites	GERTH	1,841,434*	Follow up of contract 03.63/78. Will solve important problem of riser weight reduction. To be supported 35%.	644,502
03.116/81	Technological development work associated with the production of hydrocarbons	Aran Onshore Ltd.	p.m.	Outside regulation.	
03.117/81	Floating production development facility	MACS	p.m.	Outside regulation.	
03.118/81	Deep water gas production	BP Co. Ltd.	2,675,370	Interesting project with application to potential European gas find. To be supported 35%.	936,380
03.119/81	Gas disposal systems for deep water	BP co. Ltd.	1,961,938	Will improve safety of operation and has widespread application offshore Europe. To be supported 35%.	686,678

05. Secondary and enhanced recovery

Number	Project title	Promotor	Total investment (1981-1983) ECU	Appreciation and rate of support	Amount of support ECU
05.22/81	Primary upgrading of heavy oils and bitumen for production of storable and transportable synthetic crudes	Vebe Oel EmBH	4,301,782*	Design and construction of a 4 -6000 t/a pilot plant. To be supported 30%.	1,290,535
05.23/81	Method of oil recovery by carbon dioxide injection in the Coulommes-Vaucourtois field project design and experiment - France	Petrorep	2,276,936	Pilot project which, if successful, will increase recoverable reserves. To be supported 30%.	683,081
05.24/81	Production test from the heavy-oil field of Rospo Mare (Italy)	Elf Italiana SpA	3,851,660*	Production test by horizontal base hole in a carstic pay zone. To be supported 30%.	1,155,498
05.25/81	Field trial of a down hole steam generator for EOR	BP Ltd.	902,491	Third phase of 1980 project. To be supported 30%.	270,747
05.26/81	Retorting process for Schandelah oil shale	Vebe Oel EmBH	4,324,855*	New design of reactor should permit increased throughput for specific plant size. To be supported 30%.	1,297,456
05.27/81	Pilot plant for increasing the recovery of heavy oil - Vollecupa field - Italy	AGIP SPA	3,447,060*	Project should increase recoverable reserves from Vollecupa. To be supported 30%.	1,034,118
05.28/81	The Chateaufrenard pilot project: injection of the micro-emulsion	GERTH	2,701,367*	2nd phase of 1980 project. To be supported 30%.	810,410
05.29/81	The Pecorade pilot project: injection of miscible gases	GERTH	581,884*	Project will lead to one increase in recoverable reserves. To be supported 30%.	174,565

Number	Project title	Promotor	Total investment (1981-1983) ECU	Appreciation and rate of support	Amount of support ECU
05.30/81	Platform for processing heavy oil on the field: the thermo-physical process	GERTH	4,486,613*	Continuation of 1980 project. To be supported 30%.	1,345,984
05.31/81	Tar shale: the Tranqueville in-situ pilot combustion project	GERTH	2,192,605	Pioneer pilot plant for in-situ combustion in Europe. To be supported 30%.	657,781
05.32/81	Pilot project for steam injection into the heavy oil field of St. Jean-de-Maruejols	GERTH	2,701,310*	Should increase recoverable reserves. To be supported 30%.	810,393
05.33/81	Pilot project for steam injection into the Emeraude offshore reservoir	GERTH	6,375,421	Study of steam injection in a heavy oil reservoir. To be supported 30%.	1,912,626

10. environmental influence on offshore equipment

Number	Project title	Promotor	Total investment (1981-1983) ECU	Appreciation and rate of support	Amount of support ECU
06.13/81	Testing of novel offshore hydraulic pile hammers	BSP Int. Found Ltd.	336,026	Further tests on pile hammers developed in a previous contract. To be supported 25%.	84,007
06.14/81	A field investigation into the performance of a piled foundation system for an offshore oil production platform	BP Co. Ltd.	4,285,714	Will provide interesting information with regard to offshore fixed structures. To be supported 25%.	1,071,428
06.15/81	Development of a mooring system for floating production platforms	S.E.P.	725,246	Final phase of 1980 contract. To be supported 25%.	181,311

Number	Project title	Promotor	Total investment (1981-1983) ECU	Appreciation and rate of support	Amount of support ECU
07.42/81	Development of a remote-controlled submersible for inspection, maintenance and repair work. Project MARS	Z.F. Herion	1,385,955	Good concept with future applications. Should be presented again in 1981. No support.	-
07.43/81	Development of a control and navigation system for the diver assistance vehicle DAVID	Z.F. Herion	469,285	Continuation of already supported project. Should improve viability. To be supported 25%.	117,321
07.44/81	TM-308. Unmanned untethered vehicle for structural inspection	Tecnomare SpA	3,957,294	Existing vehicles already meet the specification of the development. No support.	-

Number	Project title	Promotor	Total investment (1981-1983) ECU	Appreciation and rate of support	Amount of support ECU
10.25/81	Development project Tomassen Gas Turbine (TF-10)	Tomassen Holland BV	p.m	Outside regulation.	-
10.26/81	Self-destroying, instrumented vehicle for the inspection of pipelines	Symine x	674,648*	Should provide an answer to an important pipeline problem. To be supported 25%.	168,662
10.27/81	A novel fire protection system for LPG transport and storage	Blevex Ltd.	2,425,669	Will improve considerable safety of LPG transport and storage ope- rations. To be supported 25%. The project addresses a bottle- neck in existing LNG technology. To be supported 25%.	606,417
10.28/81	LNG-LPG offshore transfer systems	FMC Europe SA	339,010		84,752
10.29/81	Pipeline route surveyor-pig	P.L.S. (UK) Ltd.	189,059	Normal industrial development. No support.	-
10.30/81	Water soluble polymer pigs	P.L.S. (UK) Ltd.	73,126	Normal industrial development. No support.	-
10.31/81	Development of an UW-work and pipe-line repair system (SUPRA)	ARGE-SUPRA	7,821,421	In its present form this project represents an industrial venture. No support.	-
10.32/81	Flow and restart problems of viscous oils in pipelines	T.N.O.	288,874	Results will lead to methods of restarting pipeline transport of waxy crudes. To be supported 25%.	72,219
10.33/81	High pressure gas transport- ation by barge	GERTH	259,158*	Important concept for gas trans- portation. To be supported 25%.	64,790

Number	Project title	Promotor	Total investment (1981-1983) ECU	Appreciation and rate of support	Amount of support ECU
14.11/81	Behaviour of salt caverns during long-term storage of hydrocarbon liquids	Wintershall AG	430,178	Should substantially increase utilisation of salt caverns for storage of liquid hydrocarbons. To be supported 25%.	107,545
14.12/81	Development of a new L.P.G. storage technology	GERTH	2,479,330	Interesting concept for storage of LPG. Should be presented again in 1981. No support.	-

15. Miscellaneous

Number	Project title	Promotor	Total investment (1981-1983) ECU	Appreciation and rate of support	Amount of support ECU
15.17/81	The fatigue strength of welded joints in thick plates	The Welding Institute	p.m.	Outside regulation.	-
15.18/81	Design and construction of a process control oriented mini-computer	Spectra-Tek UK Ltd.	784,775	Development not relevant to Reg. (EEC)3056/73. No support	-
15.19/81	Design, construction and application of welding machines for pipelaying	The Welding Institute	3,641,476*	Application of a novel welding method to J curve pipelaying. To be supported 25%.	910,369
15.20/81	Advanced deep water command module and one atmosphere welding habitat	Seaforth Maritime Ltd.	8,026,112	Similar to development undertaken in an earlier round. No support	-
15.21/81	Development of a method of underwater welding at atmospheric pressure for the tie-in and repair of subsea pipelines in water depth of 650 m.	S.S.O.S.	7,007,708	Similar to a project undertaken in an earlier round. No support.	-
15.22/81	High Energy Welding	B.U.E. Ltd.	1,654,677	This project should prove the viability of explosive welding underwater. To be supported 25%.	413,669
15.23/81	Optimisation of the construction and inspection procedures of containers for storage and transportation of hydrocarbons	Acciaieria e Tubificio di Brescia	148,398	Should improve safety of operations in the storage and transportation of hydrocarbons. To be supported 25%.	37,100
15.24/81	Development of a reliability analysis system for offshore structures. RASOS	IIRS	729,560*	Should lead to improvement in platform design. To be supported 25%.	182,390

Number	Project title	Promotor	Total investment (1981-1983) ECU	Appreciation and rate of support	Amount of support ECU
15.25/81	Hyperbaric testing facility	S.R.C.	1,426,864	The programme is only indirectly related to Reg.(EEC)3056/73. No support.	-
15.26/81	Coal-oil dispersions handling	BP Co. Ltd.	p.m.	Outside Regulation.	-
15.27/81	Development and demonstration of process for preparing coal- oil dispersions.	BP Co. Ltd.	p.m.	Outside Regulation.	-
	GENERAL TOTAL		136,631,719		25,999,693

EXCHANGE RATE ON 1ST DECEMBER 1980

* Amount reduced.

1 ECU = DM 2,55708
HFL. 2,76937
UKE 0,56067
FF. 5,92902
Lit. 1212,95
IrE 0,68534
US\$ 1,31449

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) No. 3056/73 of the Council of 9 November 1973, on the support of Community projects in the hydrocarbons sector (OJ No. 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. R/3600/74).
 - 3.2. Council Decision of 4 May 1976, on the grant of measures of support for Community projects in the hydrocarbons sector (Doc. R/854/76).
 - 3.3. Council Decision of 25 October 1977, on the grant of measures 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 measures of support for Community projects in the hydrocarbons sector (Doc. R/2671/78).
 - 3.5. Council Decision of 29 October 1979, on the granting of support for Community projects in the hydrocarbons sector (OJ L 281 of 10 November 1979).
 - 3.6. Council Decision of 27 October 1980, on the granting of support for Community projects in the hydrocarbons sector (Doc. No. 10142/80 ENER III).
 - 3.7. Commission proposal on the granting of support for Community projects in the hydrocarbons sector (1981-1983).
4. Description of the measure: Granting 23 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 No. 3056/73.

7.1. MULTI-ANNUAL TIMETABLE FOR DIFFERENTIATED APPROPRIATIONS

ECU

COMMITMENTS	PAYMENTS				
	1 9 8 0	1 9 8 1	1 9 8 2	1 9 8 3	1 9 8 4 and subs. years
- Commitments entered into before 1980 to be covered by new appropriations for payment	16,000,000	p.m.	2,000,000	6,450,000	15,000,000
- Appropriation outstanding from 1979	3,000,000	p.m.	2,000,000	2,000,000	2,500,000
- Appropriation for 1980	5,000,000	p.m.	3,500,000	3,500,000	3,000,000
- Appropriation for 1981	-	p.m.	3,500,000	5,500,000	14,000,000
TOTAL	24,000,000	p.m.	11,000,000	17,450,000	34,500,000

