

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 366 final

Brussels, 15 June 1982

Proposal for a
COUNCIL DECISION
on the granting of support for Community projects in the
hydrocarbons sector (1982)

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(submitted to the Council by the Commission)

COM(82) 366 final

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 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 225 million ECU for the carrying out of 242 projects during the years 1974 to 1981².

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¹ OJ No. L 312/1 of 13 November 1973.

² - Council Decision of 19 December 1974 on the granting of support for Community projects in the hydrocarbons sector (Doc. R/3600/74).

- Council Decision of 4 May 1976 on the granting of support for Community projects in the hydrocarbons sector (Doc. R/854/76).

- Council Decision of 25 October 1977 on the granting of support for Community projects in the hydrocarbons sector (Doc. R/2416/77).

- Council Decision of 30 October 1978 on the granting of support for Community 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 111).

- Council Decision of 27 October 1981 on the granting of support for Community projects in the hydrocarbons sector (Doc. No. 100024/81 ENER 114).

3. For the current financial year the Commission, in the Official Journal - No. C 251 of 1 October 1981 - published an invitation to all parties concerned to submit, by 30 November 1981, applications for support that might qualify for consideration in the course of the 1982 budgetary year.
4. In reply to this invitation the Commission received applications from 36 Community undertakings involving 52 technological development projects and estimated costs of some 176 million ECU during the period 1982 to 1984.
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. 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 :

- 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 projects;
- 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. 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. :

- improving exploration techniques;
- increase in the overall recovery rate from known deposits;
- increasing the recovery rate by eliminating technical obstacles;

- improving the degree of technical reliability in relation to production from the fields;
- shortening the period required before a known deposit comes into production;
- 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 :

- are simply preliminary studies or involve no technical risks;
- relate to the perfecting of equipment which, although representing technological progress, offers very limited prospects of use in the hydrocarbons sector;
- 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, 36 projects were regarded as qualifying for Community support, the corresponding investment amounting to 77.117.742 ECU for the three-year period 1982/1984.

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13. The Commission proposes intervention ranging from 30 to 40 % 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 :

- Community support may constitute only a minority share of the financing of the project;
- 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 :

- 40 % support rate 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;
- 35 % support rate will be given to projects dealing with secondary and enhanced recovery;
- 30 % support rate will be given to projects in all other sectors.

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 1982 to the 36 selected projects amounts to 25.977.600 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.

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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 cooperation.

19. The appropriations available under Art. 7000 of the 1982 budget for financing Community projects in the hydrocarbons sector amount to 22.4 million ECU as commitment appropriations. This amount has to be increased from commitment appropriations brought forward from 1981 following the withdrawal of a certain number of projects adopted by the Council in 1981¹. The amount of support being proposed by the Commission in the framework of the present budgetary exercise is consequently covered by the appropriations available.

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The Council is asked to adopt the following decision :

¹ On April 30, 1982, this amount reached 4.583.223 ECU

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,

HAS DECIDED AS FOLLOWS :

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¹ OJ No. L 312, 13.11.1973, p.1

Article 1

For the period 1982 to 1984, 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 25.977.600 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 costs 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.

Dpne at Brussels,

For the Council

The President

ANNEX - PROPOSED SUPPORT TO TECHNOLOGICAL DEVELOPMENT PROJECTS IN THE HYDROCARBON SECTOR (1982)

No.	Project Title	Promotor	Total Investment (1982-1984) ECU	Appreciation and Rate of support	Amount of support ECU
01.29/82	Geoloc Radio positioning system	Sercel	1.606.832	Normal industrial development. <u>No support.</u>	-
01.30/82	New position fixing system for aid remote sensing of hydrocarbons	Scientific Survey & Location Ltd.	318.327	This project, if successful, will improve exploration in remote areas. <u>To be supported: 30%</u>	95 498

03. PRODUCTION SYSTEMS

No.	Project Title	Promotor	Total Investment (1982-1984) ECU	Appreciation and Rate of support	Amount of support ECU
03.120/82	Down hole pumping system development	NEI Peebles Ltd	2 070 104	This project, if successful, will solve a current technological bottleneck. <u>To be supported: 40%</u>	828 041
03.121/82	Floating production system for deep Mediterranean waters	AGIP SpA / Technomare SpA	4 120 000	Follow-up of TLP project already completed. Important project for Mediterranean deep water works. <u>To be supported: 40%</u>	1 648 000
03.122/82	Tripod tower platform	Heerema Engineering Service BV	559 151	This project should establish the tripod as a viable alternative to floating platforms in deep waters. <u>To be supported: 40%</u>	223 660
03.123/82	Concrete platforms for Arctic regions	Mc Alpine & Sons Ltd.	1 202 567	Extension of current European technology to Arctic areas. <u>To be supported: 40%</u>	481 026
03.124/82	Development of a deep water barge	Taylor Woodrow Energy Ltd.	1 376 418	This project should lead to a more economic deep water production system. <u>To be supported: 40%</u>	550 567
03.125/82	Study of an integrated production riser for floating platforms	ACB	492 862	Normal industrial development. <u>No support.</u>	-
03.126/82	Sea trials of SWOPS re-entry equipment	BP Co. Ltd.	1 609 848	Offshore test of equipment developed in Phase 1 of this programme. <u>To be supported: 40%</u>	663.939

03. PRODUCTION SYSTEMS (Cont'd)					
No.	Project Title	Promotor	Total Investment (1982-1984) ECU	Appreciation and Rate of support	Amount of support ECU
03.127/82	Deep water gravity tower	C.G. Doris	1 135 814*	Follow-up to previous project which should, if successful, establish the gravity tower concept. <u>To be supported: 40%</u>	454 325
03.128/82	Offshore trials of composite tubes	GERTH/SNIAS	1 615 942*	Offshore test of development already undertaken. Should establish viability of composite tubes. <u>To be supported: 40%</u>	646 376
03.129/82	Deep water gas production - Subsea systems	BP Int. Ltd.	3 536 962	This project should lead to an integrated system for deep water gas production. Important project in relation to the North Sea. <u>To be supported: 40%</u>	1 414 784
03.130/82	Design, manufacture and deployment of combined flexible flowlines	Standard Telephones and Cables Ltd.	6 785 484	Normal industrial venture. <u>No support</u>	-
03.131/82	Design of a floating production facility for use on marginal fields	BNOC Ltd.	751 608*	The project, if successful, will lead to the economic exploitation of already discovered marginal fields in the North Sea. <u>To be supported: 40%</u>	300.643

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05. SECONDARY AND ENHANCED RECOVERY

No.	Project Title	Promotor	Total Investment (1982-1984) ECU	Appreciation and Rate of support	Amount of support ECU
05.34/82	Preliminary engineering study of nitrogen injection in North Sea reservoirs	BIOC Ltd.	1 317 518	Important project in relation to the North Sea. <u>To be supported: 35%</u>	461 131
05.35/82	Injection of polymers into the Châteaurenard reservoir	GERTH	6 286 015	Novel development has already been supported. <u>No support.</u>	-
05.36/82	Horizontal drilling into the heavy oil Rospo Mare field	Elf Italiana SpA	2 046 440*	Novel method of enhanced recovery by horizontal drilling. Project of long term importance. <u>To be supported: 35%</u>	716 254
05.37/82	Recovery of hydrocarbons from bituminous rocks	Ammonia Casale	835 181	This project may lead to the commercial exploitation of poor quality shales. <u>To be supported: 35%</u>	292 313
05.38/82	Interaction of steam displacement-Stream distillation during oil recovery	Technische Rijkshogeschool Delft	244 796	Interesting research proposal which could lead to major development. <u>To be supported: 35%</u>	85 678
05.39/82	Testing of CO ₂ injection into the Chailly-en-Bière	GERTH	646 377	Similar to, but no so representative, the Pecorade project. <u>No support.</u>	-
05.40/82	Proposal for a CO ₂ huff-and-puff field pilot in the Pisticci oil reservoir	AGIP SpA	2 495 286*	First application of CO ₂ huff-and-puff technology in Europe. <u>To be supported: 35%</u>	873 350
05.41/82	Improvement in oil field productivity using electrical methods	Syminex	902 665	Pre-pilot phase of an interesting enhanced recovery technique. <u>To be supported: 35%</u>	315 932

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05. SECONDARY AND ENHANCED RECOVERY

No.	Project Title	Promotor	Total Investment (1982-1984) ECU	Appreciation and Rate of support	Amount of support ECU
05.42/82	Testing of steam injection into the Emeraude reservoir	GERTH/AGIP	5 274 435 *	Major offshore test of enhanced recovery technology. <u>To be supported: 35%</u>	1 846 052
05.43/82	Testing of new technologies for pre-processing heavy oil on the field	ASVAHL	5 978 986 *	The implementation of this project should lead to the exploitation of heavy oil reservoirs. <u>To be supported: 35%</u>	2 092 645
05.44/82	CO ₂ injection into the Pecorade reservoir	GERTH	1 793 695 *	Major European field trial of CO ₂ injection. <u>To be supported: 35%</u>	627 793

06. ENVIRONMENTAL INFLUENCE ON OFFSHORE EQUIPMENT

No.	Project Title	Promotor	Total Investment (1982-1984) ECU	Appreciation and Rate of support	Amount of support ECU
06.16/82	Arge Cryotrans (Phase II)	Salzgitter AG/	7 408 547*	Major offshore trial which should develop fully offshore liquefaction of natural gas. <u>To be supported: 30%</u>	2.222.964

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07. AUXILIARY SHIPS AND SUBMERSIBLES

No.	Project Title	Promotor	Total Investment (1982-1984) ECU	Appreciation and Rate of support	Amount of support ECU
07.45/82	Project MARS	ZF Herion	1 445 392*	To be resubmitted in 1983. <u>No support.</u>	-
07.46/82	Development of a deep water tethered manned submersible	T.E. Assoc-	744 849*	Interesting concept in submersible development. <u>To be supported: 30%</u>	223 455
07.47/82	Development of the mobile diving unit	Lawrence Allison Ltd.	6 720 288	Normal industrial development. <u>No support.</u>	-
07.48/82	TM-308. Vehicle for inspection and maintenance of marine struct-	Tecnomare SpA	2 842 396*	Inspection vehicle aimed at deep Mediterranean waters. <u>To be supported: 30%</u>	852 718

10. TRANSPORT

No.	Project Title	Promotor	Total Investment (1982-1984) ECU	Appreciation and Rate of support	Amount of support ECU
10.34/82	Heavy oil transport process PETROSAC	Bertin & Cie	3 530 834	The concept involved in this project should be re-examined by the promoter. <u>No support.</u>	-
10.35/82	Offshore loading of liquefied gas	GERTH	3 878 261*	Important project which should establish offshore loading of LPG. <u>To be supported: 30%</u>	1 163 478
10.36/82	Heat recovery from exhaust gas	SNAM SpA	6 074 043	Project outside Regulation. <u>No support.</u>	-
10.37/82	Prototype construction and testing of the UW-Work and pipeline repair system	Arge Supra	5 372 536*	The Supra project will solve many problems in pipe repair in the deeper waters of the North Sea. <u>To be supported: 30%</u>	1 611 760

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14. STORAGE

No.	Project Title	Promotor	Total Investment (1982-1984) ECU	Appreciation and Rate of support	Amount of support ECU
14.13/82	Construction techniques in lime-stones for cryogenic storage	Cavern System Ltd.	4 780 383	The project will complement work already under way on another project. <u>To be supported: 30%</u>	1 434 108
14.14/82	Deep water storage / loading development programme	E.M.H.	1 880 149	This project will be presented again in 1983. <u>No support.</u>	-
14.15/82	Development of a new LPG storage technology	GERTH/TECHNIGAZ	2 585 507*	A novel method of LPG storage which should reduce costs. <u>To be supported: 30%</u>	775 652

15. MISCELLANEOUS

No.	Project Title	Promotor	Total Investment (1982-1984) ECU	Appreciation and Rate of support	Amount of support ECU
15.28/82	Hyperbaric welding centre	Comex Houlder Diving Ltd.	899 025	Investment project. <u>No support.</u>	-
15.29/82	Remote controlled underwater cleaning device	Kentree Ltd.	289 543	Low technological risk area. <u>No support.</u>	-
15.30/82	Deep sea power station, working on Rankine cycle with pressurized combustion chamber	Bertin & Cie	969 566	This project is complementary to work already being carried out and should establish a better method of underwater power provision. <u>To be supported: 30%</u>	290 869
15.31/82	Development of an independent method of underwater welding at atmospheric pressure	S.S.O.S.	12 148 085	Project withdrawn by the promoter. Will be represented at a later date. <u>No support.</u>	-
15.32/82	Cast steel nodes for fixed offshore structures	B.N.O.C.	618 968	Interesting area of research which could prove useful in future steel structure design. <u>To be supported: 30%</u>	185 490
15.33/82	The "mechanical echo" method of diagnostic for offshore structures	Tecnomare SpA	810 125*	First phase of a novel method for offshore structural monitoring. <u>To be supported: 30%</u>	243 037
15.34/82	Subsea oil loading system	AEG Telefunken	1 245 731	This project employs a novel technology to remove a bottleneck. <u>To be supported: 30%</u>	373 719

15. MISCELLANEOUS

No.	Project Title	Promotor	Total Investment (1982-1984) ECU	Appreciation and Rate of support	Amount of support ECU
15.35/82	A field investigation into the soil structure interaction of a foundation system	BP Co. Ltd.	760 447	Second phase on a programme already under way. <u>To be supported: 30%</u>	228 134
15.36/82	Research project on catalysts for the synthesis of synthetic fuels	Ammonia Casale	1 138 883	Project outside Regulation. <u>No support.</u>	-
15.37/82	Development of techniques for the inspection of offshore concrete platforms	Taylor Woodrow Ltd.	2 139 862	Important project with respect to inspection of existing concrete structures. <u>To be supported: 30%</u>	641 958
15.38/82	Application of electron beam welding for laying underwater pipes	E.T.P.M.	678 696	First application of electron beam welding technology already developed for "J" curve pipelaying. <u>To be supported: 30%</u>	203 452
15.39/82	Polyphasic flows in marine risers	GERTH	2 288 174	This project should complete study already begun. The developments have been most impressive.	686 452
15.40/82	Thermal protection of tubings	GERTH	807 971	The envisaged development will have application in many enhanced recovery projects. <u>To be supported: 30%</u>	242 391

15. MISCELLANEOUS (Cont'd)

No.	Project Title	Promotor	Total Investment (1982-1984) ECU	Appreciation and Rate of support	Amount of support ECU
15.41/82	Implosion strength of thin concrete elements	McAlpine Offshore Ltd.	901 925	Duplication of effort with existing project. <u>No support.</u>	-
15.42/82	A high performance rope for deep water moorings	SEP Offshore	549 420	This project should be presented again in 1983. <u>No support.</u>	-
	TOTAL		127 939 899		25 977 600

Exchange rate on 30 November 1981

1 ECU : DM 2.45193

Hfl 2.68264

UK£ 0.565457

FF 6.18834

Lit 1,317.08

IRE 0.690744

*) Reduced amount

200

FINANCIAL RECORD

1. Relevant budget heading code

Article 700 - Item 7000

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 Council 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 111)
- 3.7. Council Decision of 27 October 1981, on the granting of support for Community projects in the hydrocarbons sector (Doc. No. 10024/81 ENER 114).
- 3.8. Commission proposal on the granting of support for Community projects in the hydrocarbons sector (1982-1984)

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4. Description of the measure

Granting 36 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

Financial situation on April 30, 1982 :

Appropriation for commitment:

- 1982 budget

(ECU)
22.400.000

appropriations brought forward from 1981

4.583.223

26.983.223

- commitments implemented

- 637.461

26.345.762

- 1982 proposal

25.977.600

- relinquished amount

368.162

368.162

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.