



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND 1992

ASSEMBLY
3rd session
Agenda item 13

92FUND/A.3/11
8 October 1998
Original: ENGLISH

SUMED PIPELINE

Note by the Government of the Arab Republic of Egypt

Summary:

The attached note was first submitted by the Government of the Arab Republic of Egypt to the 3rd extraordinary session of the Assembly, in April 1998, as document 92FUND/A/ES.3/14. The Egyptian delegation stated at that session that it did not request a decision by the Assembly at the 3rd extraordinary session, but that it intended to request that the Assembly should consider the matter at its next session, ie at the Assembly's 3rd session in October 1998.

Action to be taken:

Information to be noted.

* * *

Note By the Government of the
Arab Republic of Egypt

*** Introduction**

Reference is made to the 71 Fund General Assembly decision concerning SUMED Pipelines Question in the session No. 20 last October 1997. 71 Fund/A.20/WP.1 Articles No. 31, (31.1, 31.2, 31.3, 31.4, 31.5,.31.6,.31.7).

31.3 *The Egyptian observer delegation introduced document 71 FUND/A.20/29 setting out the activities of the Arab Petroleum Pipelines company (SUMED). The Egyptian delegation stated that Egypt wanted to become Member of the 1992 Fund but needed first to clarify a misunderstanding. The delegation explained that SUMED's pipeline was not connected to any commercial storage or processing facilities, that SUMED was unique in the world and that for these reasons the oil transported through the pipeline should not be considered as contributing oil. The Egyptian delegation explained that SUMED was fully insured for the risk of an oil spill and that no accident had occurred in connection with the operation of the SUMED pipeline. This delegation stated that SUMED shared the same objectives as the 1971 Fund, since it has prevented or minimised the risk of oil pollution by safely transporting crude oil inland.*

31.4 *The Egyptian delegation stated that it did not request a decision by the Assembly of the 1971 Fund, since the delegation intended to request that the Assembly of the 1992 Fund should decide, at its next session, whether oil passing through the SUMED pipeline should be considered as contributing oil.*

31.5 The Chairman thanked the Egyptian delegation for its clear presentation of Sumed's activities.

31.6 Some delegations stated that they supported the Egyptian delegation's point of view since the SUMED pipeline could not be considered as a port operation and that the oil passing through the SUMED pipeline should not be considered as contributing oil. It was stated, on the other hand, that the oil in question was to be subjected to contributions, since it was physically received after sea transport.

31.7 The Assembly took note of the information provided by the Egyptian delegation.

Egypt reassures the clarification of the misunderstanding about Sumed's activity and the nature of the crude oil transportation through its pipelines in its speech ..

(ATT. (4))

Egypt appreciates the above mentioned decision of the General Assembly and ascertains the following subjects depending on the technical and legal considerations.

- 1- In accordance with the International CLC 1969 Article No. (1), and the International convention rules of 71 Fund Articles No.1 and No.10, and the 92 Fund Convention Article No.12 for amending Article No.10 of the 71 Fund convention, the operation of lightering cargoes of VLCC's into small tankers to enable them to pass across channels and shallow water terminals is not subject to the 71 Fund or 92 Fund contributions.

The lightering operation is similar to the operation of the crude oil transportation through SUMED's pipelines, as the VLCC's can't pass across the Suez Canal due to the draft restrictions. Those VLCC's discharge either their full cargo or a part of it at Ain Sukhna terminal on the Red Sea to be reloaded on board several tankers (smaller) at Sidi Kerir terminal on the Mediterranean or on board the same VLCC's after crossing the Suez Canal.

The following table of SUMED's thruput supports the fact that SUMED's main activity is lightering. As shown below, the number of tankers loaded at Sidi Kerir is nearly double that discharged at Ain Sukhna while the quantity discharged is nearly equal to that loaded. The minimal discrepancy in quantity represents difference customer's stocks...

**SUMED THRUPUT
1993 - 1996**

SU

MED

Ain Sukhna Discharges			Sidi Kerir Liftings		
Year	No. of Vessels	MM tons		No. of Vessels	MM tons
93	340	84.0		720	84.2
94	341	83.4		672	82.4
95	459	107.0		795	107.0
96	528	117.4		918	117.8
97	521	119.2		886	118.6

Moreover, the figures above show that SUMED's pipelines are not branched or connected to any commercial storage, refineries or domestic networks.

SUMED tanks are not used for storage but they are used as operational gathering points for the purpose of minimizing contamination. As you might know, SUMED handles around 20 types of crude delivered by about 15 customers.

- 2- The unique nature of SUMED's activity is more clarified when compared to that of European pipelines such as:-

North West Pipeline (NWP), Rotterdam-Rhine-Pipeline (RRP), Antwerp-Rotterdam- Pipeline (ARL), South European Pipeline (SEPL), Trans Alpine Pipeline (TAL), Central European Pipeline (CEL)

Those pipelines are connected with domestic networks and terminate at refineries or commercial storage tanks. So, the crude oil transported through such pipelines is delivered to end-users.

The details and maps of those pipelines in addition to SUMED are provided in the following attachments:

Attachment (1)	details of European Pipelines	ref. ANEP
Attachment (2)	Maps of the European Pipelines	ref. Int. Pet. Encyclopedia, ANEP
Attachment (3)	Map of SUMED pipelines	ref. Int. Pet. Encyclopedia

3- In spite of all the facts supported by the documents submitted to the respectable General Assembly of the Fund and to prove its good intention, the delegate of Egypt presented a suggestion in its note at Session No.19 to assign a work group to visit SUMED's facilities and terminals to be acquainted, on the spot, with SUMED's activity - and be sure that it is not subject to Article No.10 of the Fund Convention of 1971. SUMED proposed in its suggestion that the General Assembly would nominate the members of such group at its own discretion and that all the relative expenses will be on SUMED's account. However, that suggestion was not approved by the Assembly.

Alternatively and on March 31, 1997 SUMED has sent a fax to the Fund Director suggesting to invite - through the Fund - the delegation heads of England, France, Holland and Japan to pay a visit to SUMED. Unfortunately, the proposal was rejected on the basis of considering it unofficial mini meeting.

Based on the above mentioned considerations and the previously submitted documents Ref. 71 Fund/A. 16/24/1 on July 26, 93 & 71 Fund/A.19/28 on October 21,96 & 71 FUND/A.20/29 on October 97 we hereby recommend the General Assembly to kindly reconsider the subject taking into account that SUMED's acitivity is lightering VLCCs and accordingly is not subject to the Fund's contributions.

In the meantime, kindly consider our above mentioned invitations valid.

Crude Oil and Product Pipelines in Western Europe

Les Pipelines de pétrole brut et de produits pétroliers en l'Europe occidentale

Rohöl- und Produktenpipelines in Westeuropa

Pipelines in Western Europe

CRUDE OIL PIPELINES

Route	Start of Operation	Length (km)	Diameter (cm)	Capacity (10 ⁶ tons/year)	Owner / Operator
I. International Long Distance Pipelines					
NWO North West Oil Pipeline					Nord-West Oelleitung GmbH
Wilhelmshaven—Wesseling	1958	384	71	16	Holborn Europa 15.1% DEA MINERALÖL AG 14.2%
3 loop stretches	1969	87	71		BP 15.0% FINA Duisburg 10.5%
Wilhelmshaven—Gelsenkirchen*)	1973	244	102		Ruhr Oel GmbH 25.1% Wintershall AG 20.1%
RRP Rotterdam—Rhine-Pipeline					N.V. Rotterdam—Rijn Pijpleiding Mij.
Europoort—Venlo	1960	177	91	20	Shell 40% Texaco 10%
Venlo—Godorf—Wesseling	1960	103	61		Ruhr Oel GmbH 20% Chevron 10%
Venlo—Wesel	1960	43	61		Mobil 20%
Wesseling—Rheidt—Raunheim	1963	156	61		
Line connected to RRP Wesel—Gelsenkirchen—Horst	1957	43	41	9	Ruhr Oil GmbH
RAPL Antwerp—Rotterdam Pipeline					Rotterdam—Antwerp Pijpleiding Mij.
Europoort—Antwerp	1971	105	86	28	BP 27 1/4% Esso 27 1/4%
					Petrolina 27 1/4% Chevron 16 1/2%
Line connected to RAPL Antwerp—Fétuy	1971	88	56	17	Chevron
SEPL South European Pipelines					Société du Pipeline Sud-Européen (SPLSE)
Lavéra—Fos-sur-Mer (4 Pipelines)	1962/ 1965	13	86	..	Exxon 22.00% Ruhr Oel GmbH 7.46%
Fos-sur-Mer—Karlsruhe	1962	782	86	65	Shell 20.32% Wintershall 4.28%
Fos-sur-Mer—Lyon—Strasbourg	1972	714	102		CFP/CFR 12.77% DEA 4.00%
Fos-sur-Mer—Lyon	1971	260	61		Eil Union 14.18% Conoco 2.00%
					BP 7.12% Petrolina 0.89%
					Mobil 4.98%
Lines connected to SEPL					
Saint-Quentin—Fallavier—Feyzin	1964	26	41	7	Eil Union
Gennes—Cressier	1966	88	41	3	In France: Société du Pipeline du Jura (SFPLJ) Operator: SEPL
					Shell 100%
					In Switzerland: Oléoduc du Jura Neuchâtelais (OJNSA) Operator: SEPL
					Shell 40% Swiss Shareholders 60%

*) sold in 1985 to Brigitte und Ewerath Betriebsführungs. mbH (BEB)/ Thyssengas

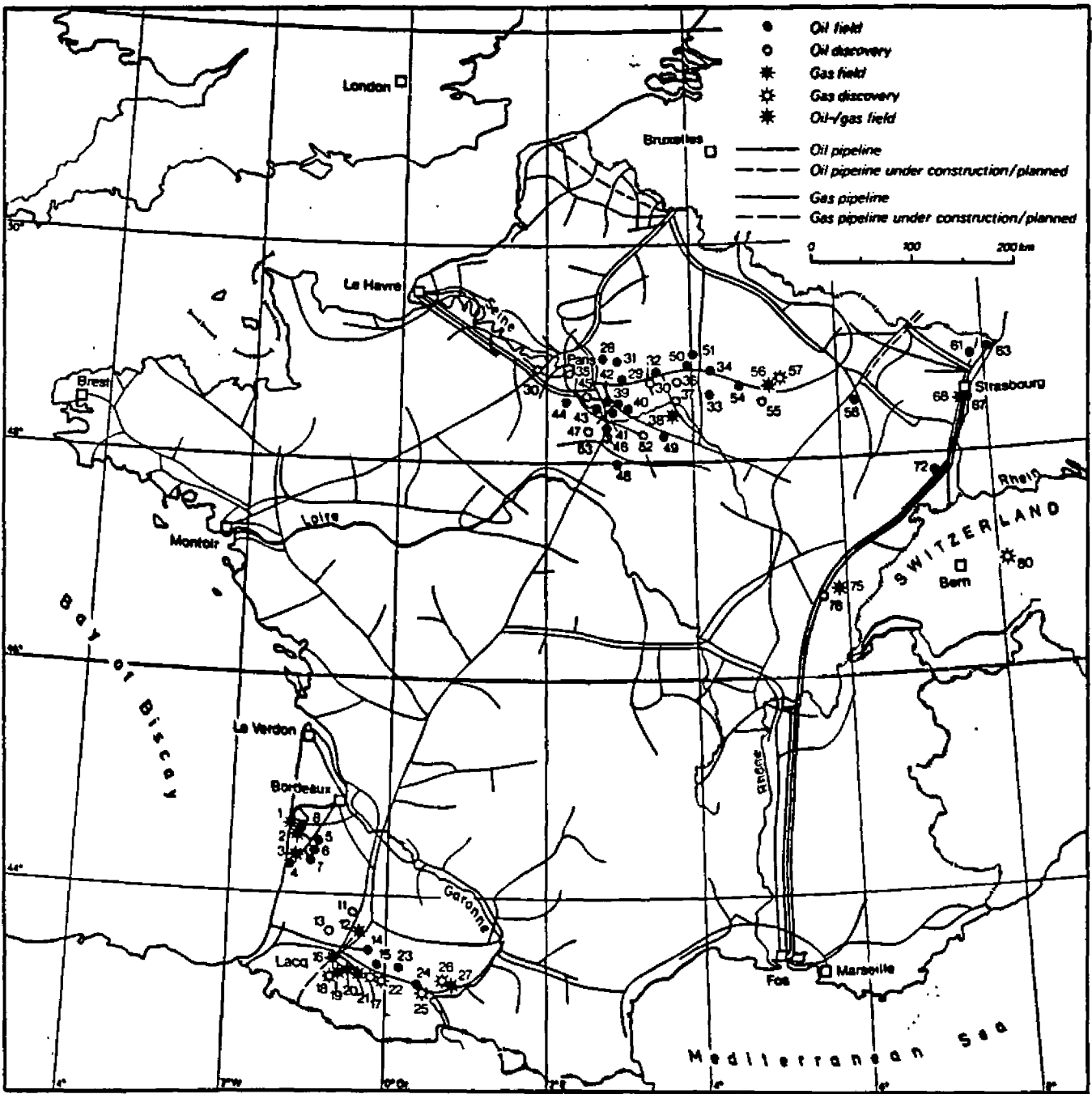
Crude Oil

Line	Start Year	Length (km)	Diameter (in)	Capacity (100,000 bbl/day)	Owner / Operator
Oberhoffen-Klarenthal	1967	105	41	4.4	Société de l'Océoduc de la Sarre (SOS) Operator: SEPL Saarbergwerke 50% Elf Union 10% CFP 20% Charbonage de France 5% Antar 10% Houillère du Bassin de Lorraine 5%
Oberhoffen-Haunconcourt	1970	145	48	5.1	Société du Pipeline de la Raffinerie de Lorraine (SPLRL) Operator: SEPL CFR 51% Elf Union 9% Esso 40%
Jockgrim-Mannheim	1964	59	41	8	Erdöl-Raffinerie Mannheim GmbH Wintershall 100%
Jockgrim-Speyer	1956	33	41	9	Elf Mineralöl GmbH
TAL Transalpine Pipeline					
Trieste-Ingolstadt	1967	464	102	45	Transalpine Oelleitung GmbH Esso 16% DMP Mineralöl Petrochemie GmbH 7%
Ingolstadt-Karlsruhe	1963	266	66	21	Shell 15% Ruhr Oel GmbH 11%
Karlsruhe-Jockgrim	1963	7	66	21	BP 11% Conoco 3%
Ingolstadt-Neustadt	1963	21	66	18	Mobil 11% Wintershall 5% Südpetrol AG 10% CFP/Total 2% DEA MINERALÖL AG 9%
Lines connected to TAL					
Jockgrim-Mannheim	1967	59	41	6	Erdöl-Raffinerie Mannheim GmbH Wintershall 100%
Steinhöring-Burghausen	1967	62	30	3.4	Marathon
Adria-Wien Pipeline (AWP)	1970	4	76	10	Adria-Wien Pipeline GmbH ÖMV 51.0% Esso 6.5% Shell 14.5% CFP 4.0% Mobil 12.5% ENI 4.0% BP 7.5%
Würmlach-Schwechat		415	48		
CEL Central European Pipeline					
Genoa-Ferrera	1963	88	66		Italy: ENI BR. Deutschland Südpetrol AG, München
Genoa-Ferrera (part loop) NW stretch	1971	37	81		
Ferrera-Chivasso	1963	78	46	55	Switzerland: Oleodotto del Reno
Chivasso-Aosta	1963	98	41		
Aosta-Collombey (Switzerland) NE stretch	1963	83	30		
Ferrera-Lacchiarella	1966	49	66		Austria: Rheinische Oelleitung GmbH
Lacchiarella-San Giacomo and Filipo	1966	130	61		
San Giacomo and Filipo-Altheim	1966	278	56	8-10	Germany: Südpetrol AG München
Altheim-Ingolstadt	1966	129	46		
Ingolstadt-Refineries	1966	19	51		

ANEP 1995

Route	Start of operation	Length (km)	Diameter (cm)	Capacity (10 ⁶ tons/year)	Operator
Lines connected to CEL					} SNAM
Spur: Ferrera-Volpiano	1970	92	51	6	
Ferrera-Bertonico	1972	82	56	7	
to Valmadrera	..	6	51	..	
to Coniolo Monterrato	..	8	46	..	

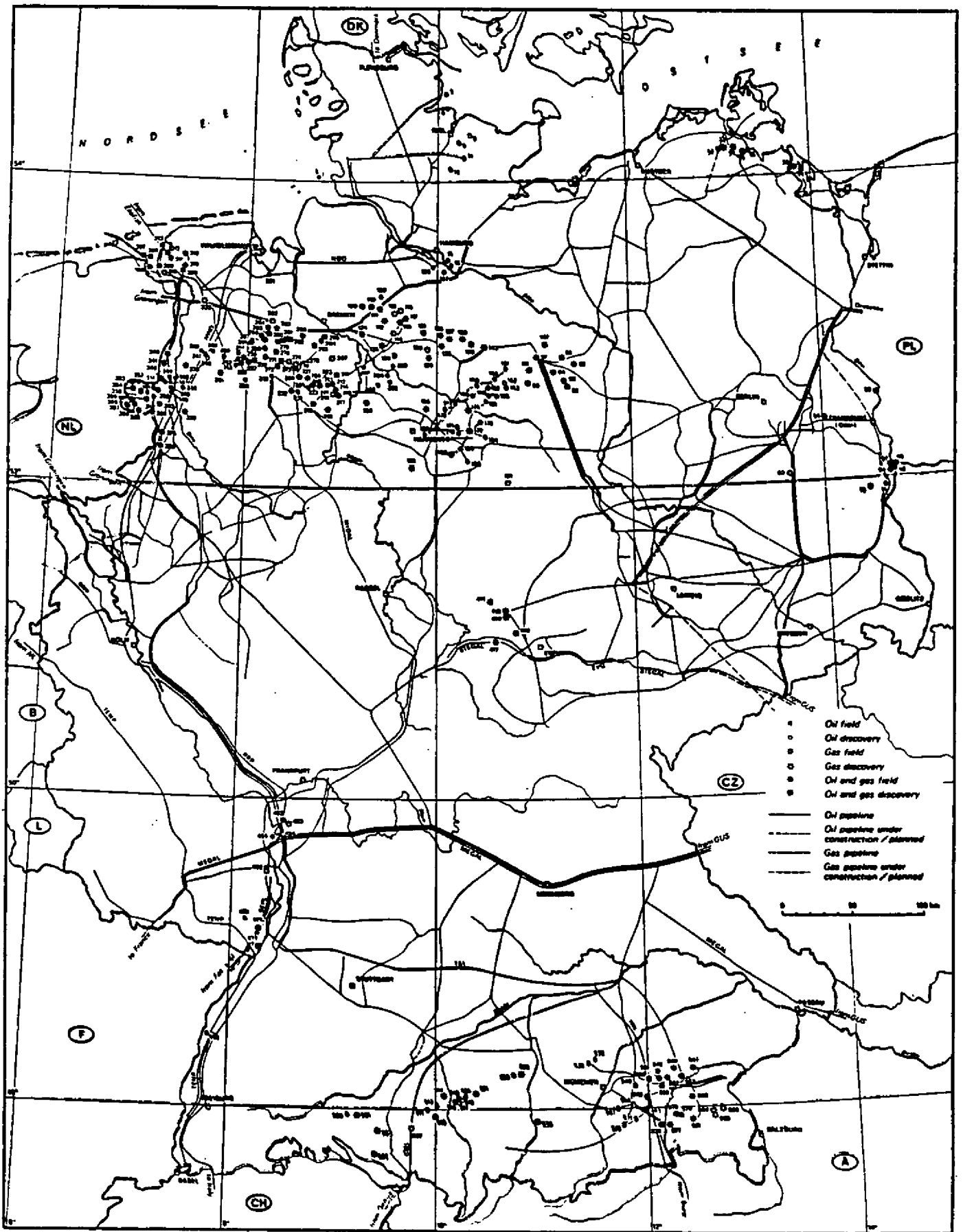
Pipelines in Western Europe



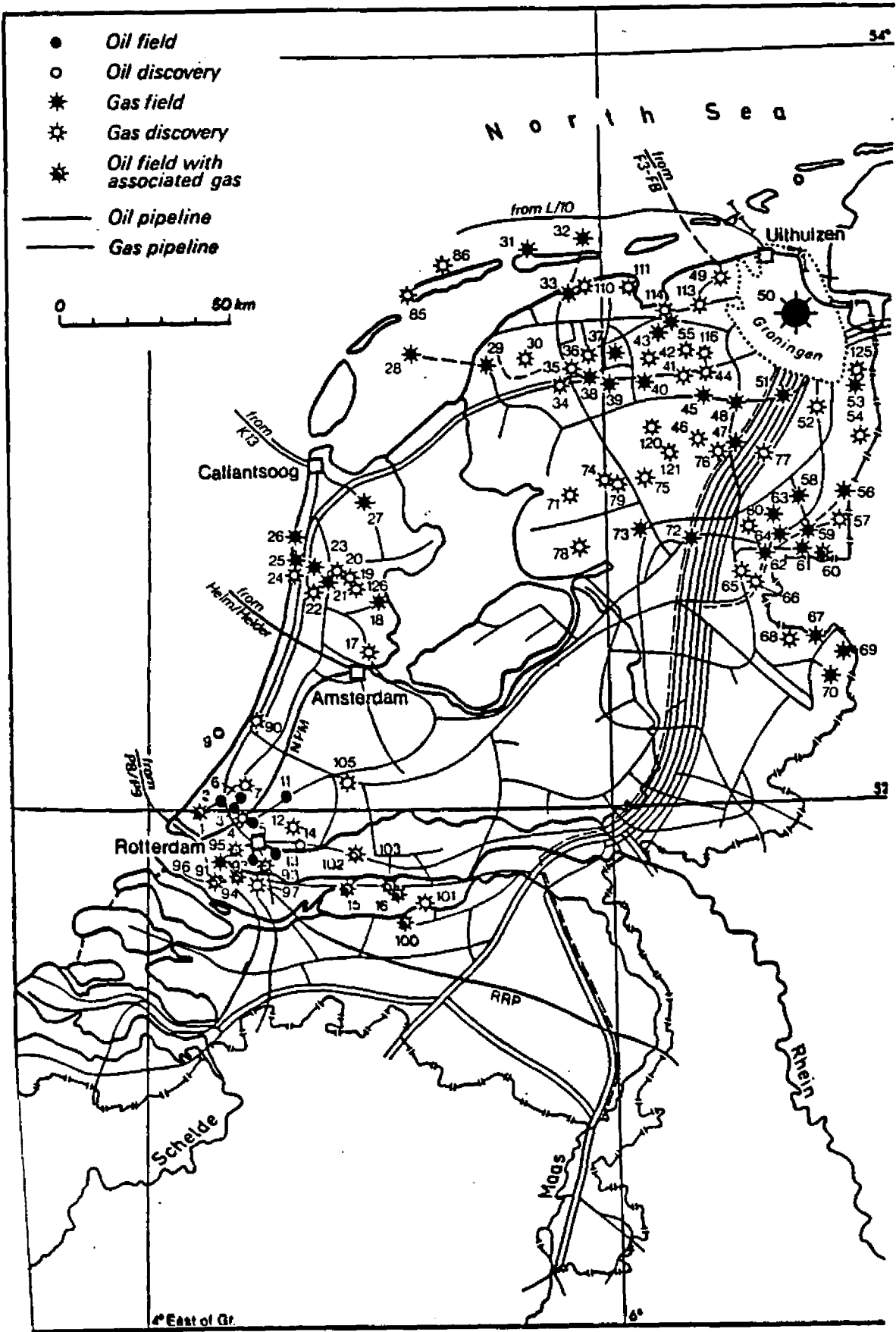
Map 2 France - Oil/Gas Fields and Pipelines

ATT (2)

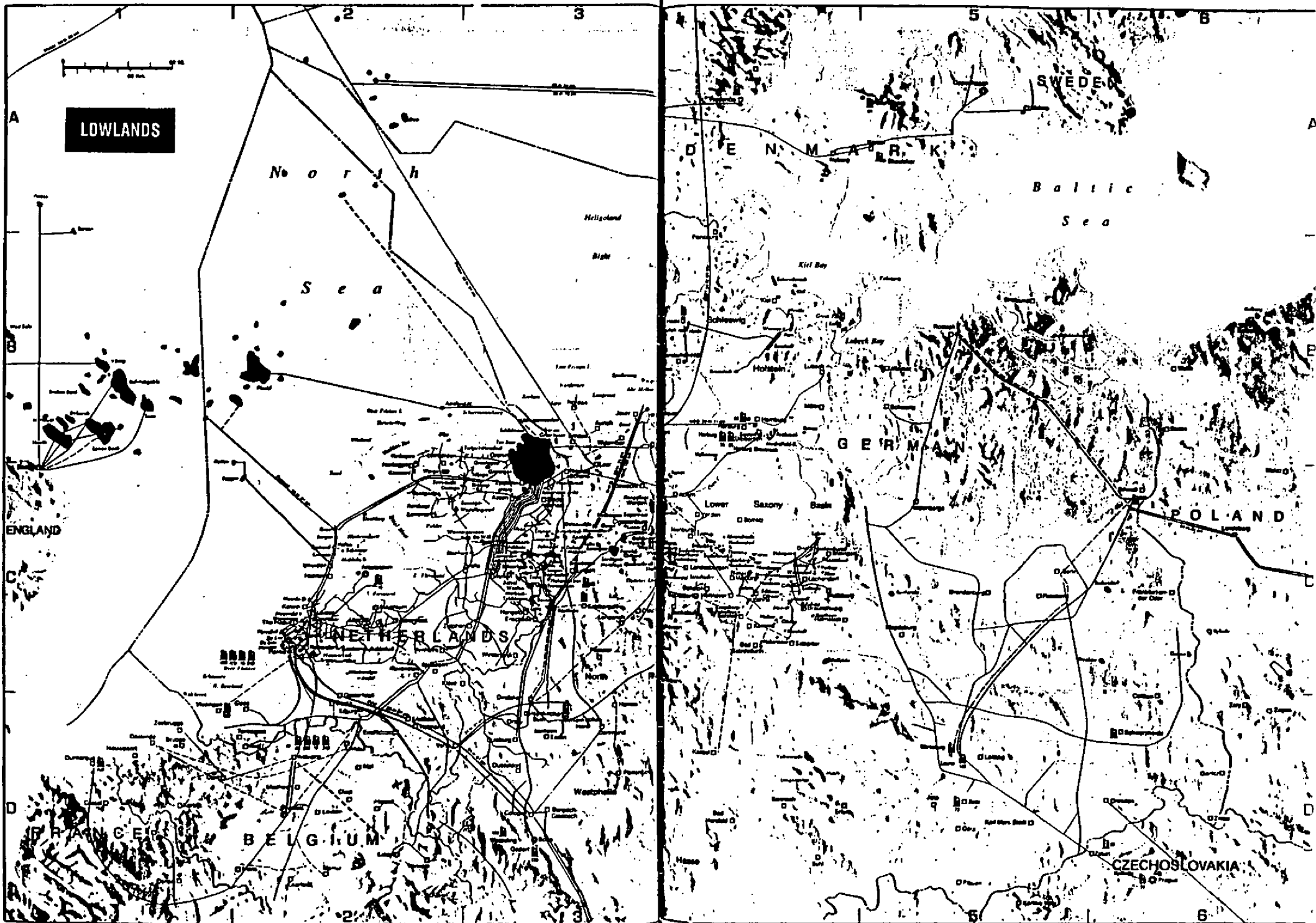
2116

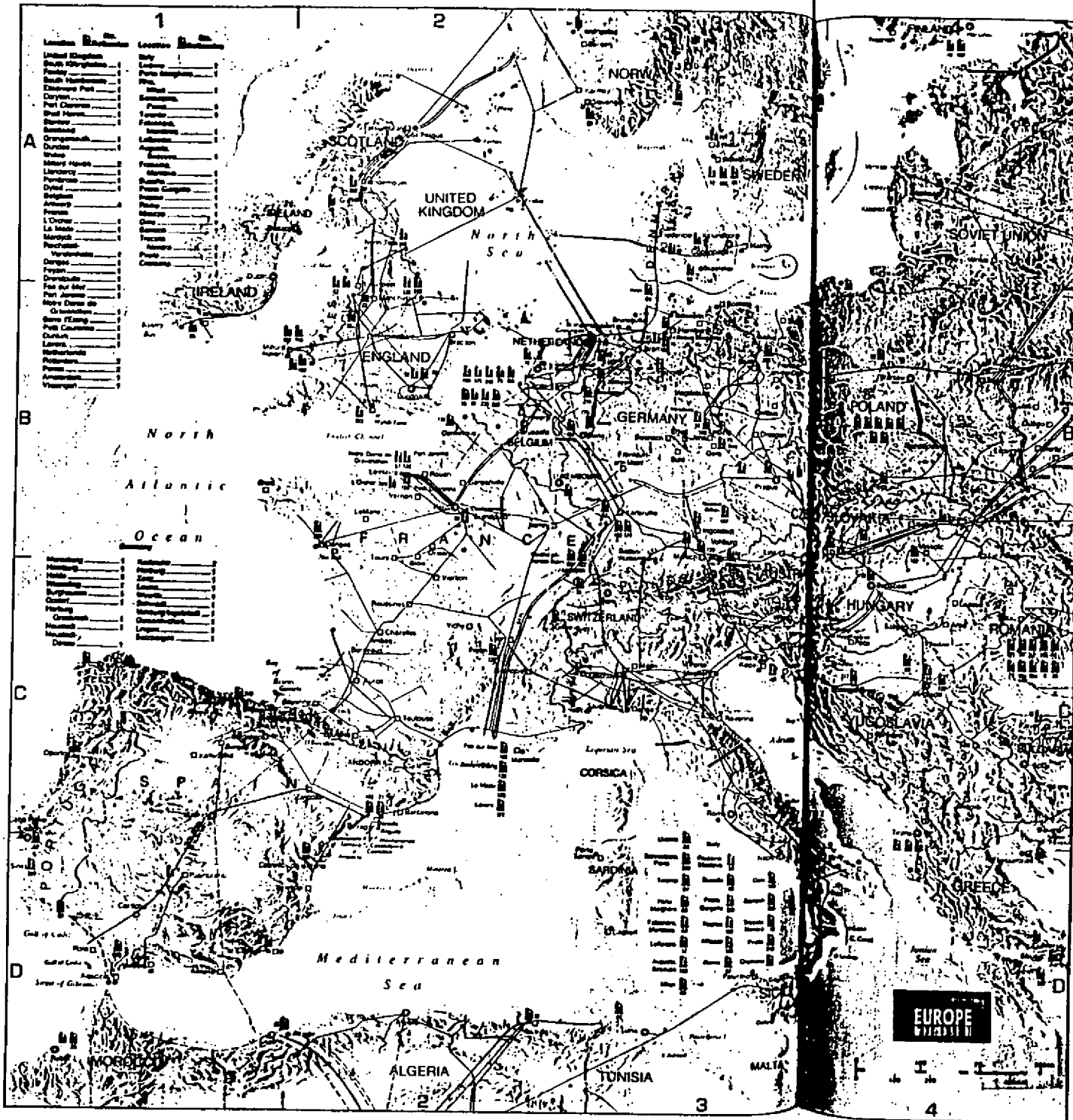


Map 3 Germany - Oil/Gas Fields and Pipelines

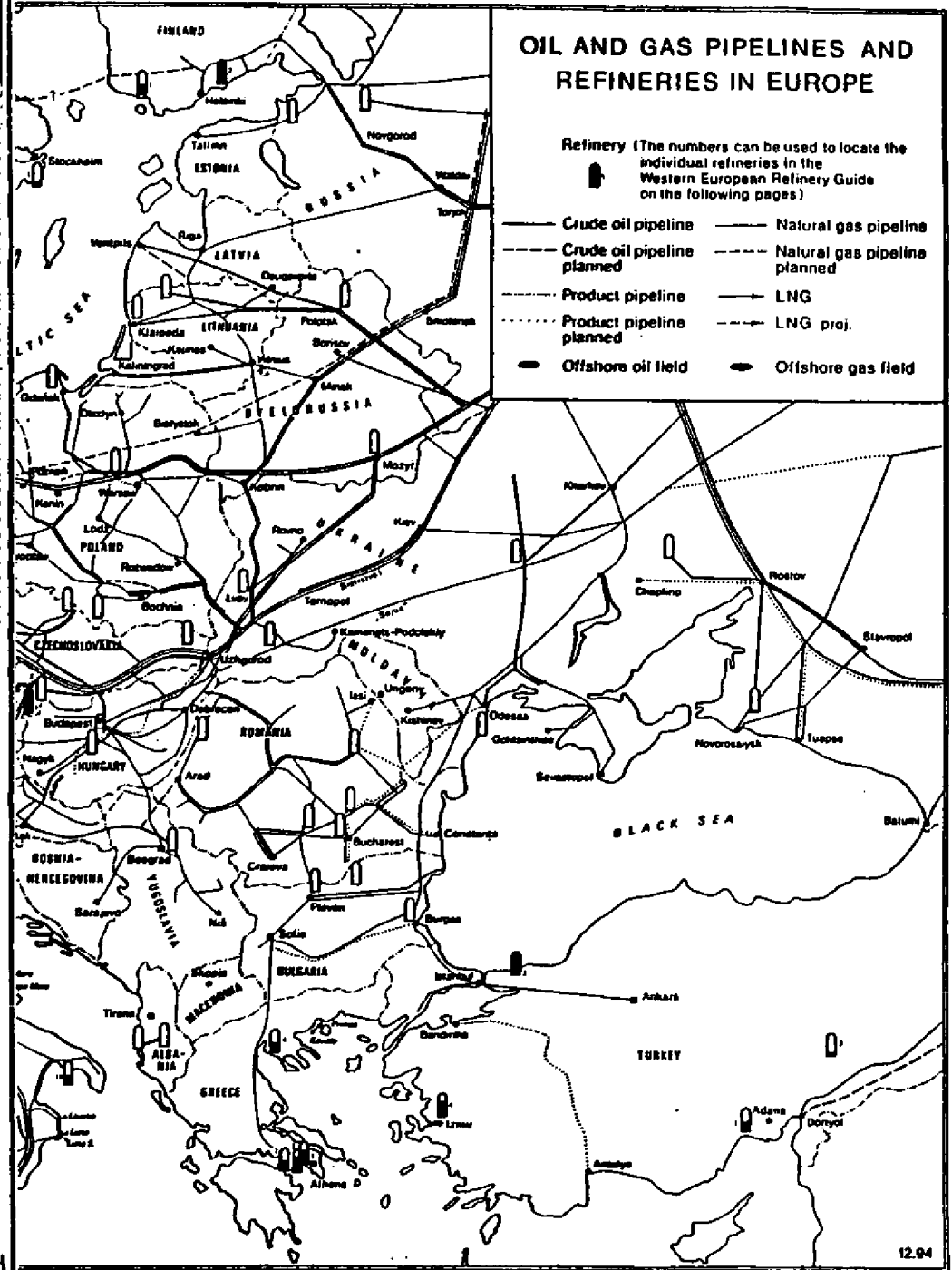
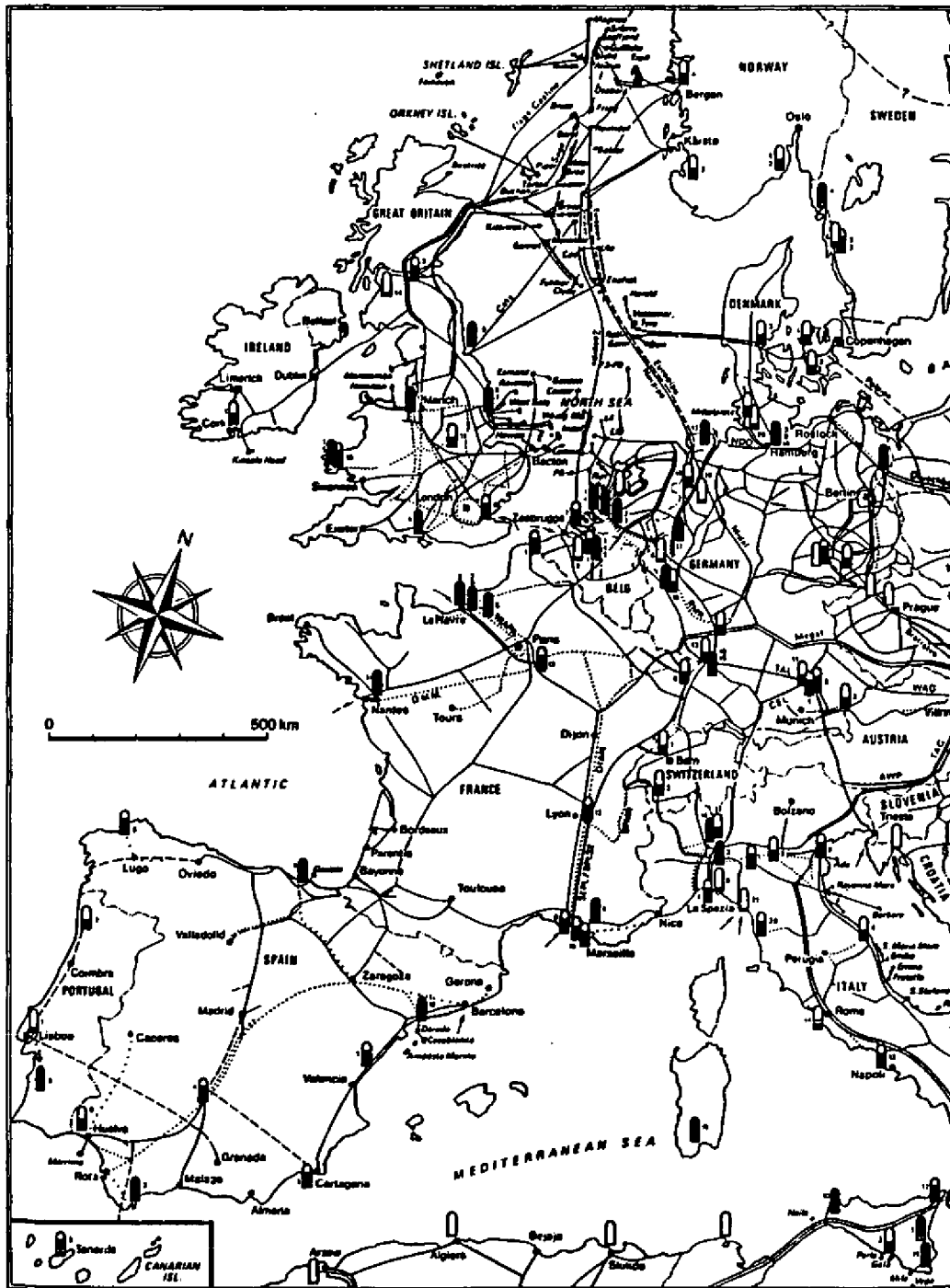


Map 5 Netherlands - Oil/Gas Fields and Pipelines

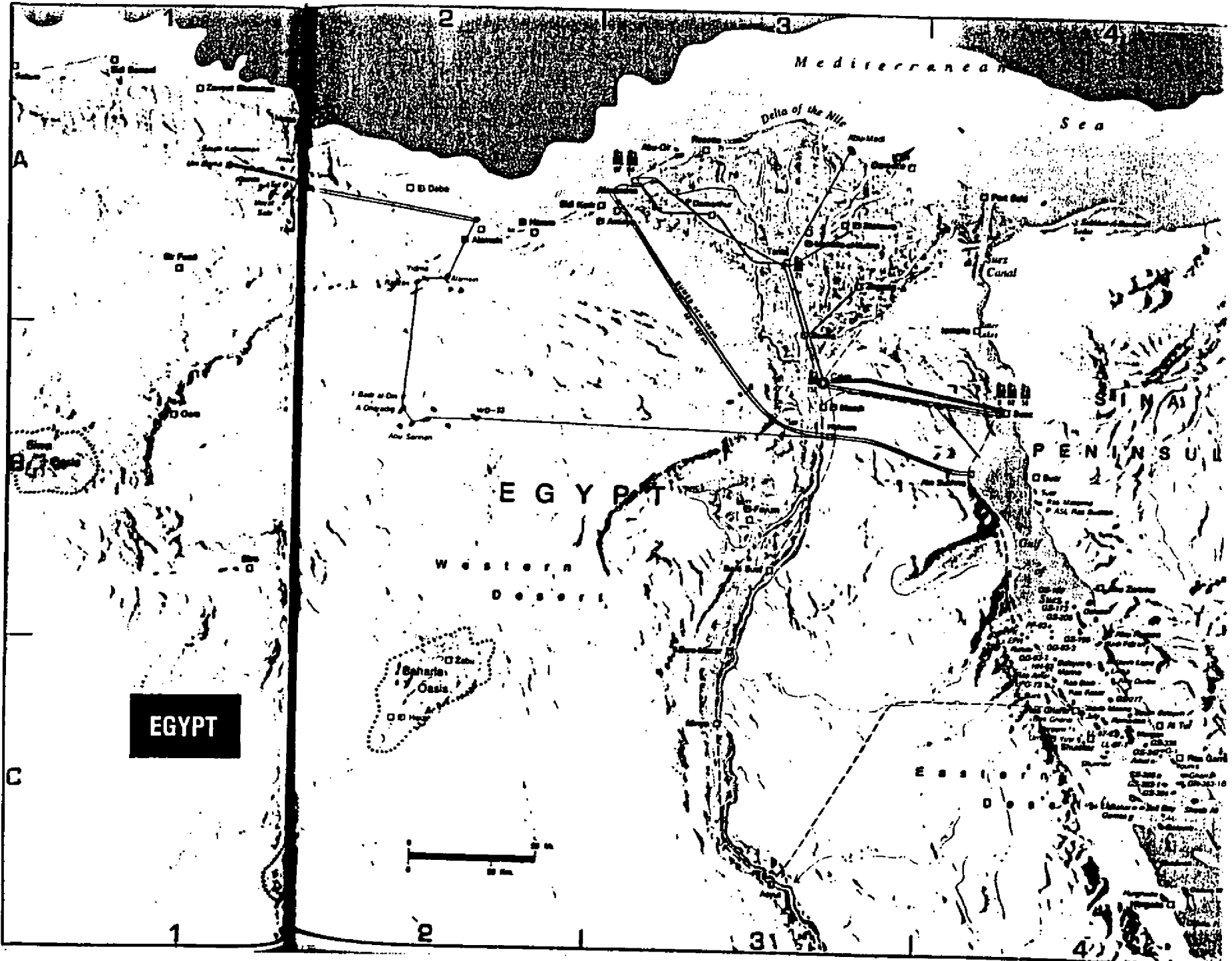




ATT. (2)
21516



ATT. (2)
21616



THE EGYPTIAN DELEGATION SPEECH TO
THE GENERAL ASSEMBLY OF THE 71,92 FUND ON
THURSDAY 23rd of October 1997

Chairman

Ladies and Gentleman

- The Fundamental reason we are raising this case of Sumed is that Egypt wants to join the FUND.
- Joining the Fund has its effects on both sides.
- We believe that there would not be any negative effect on the side of the Fund.
- But on the side of Egypt, there may be, as we might be requested to pay a share due to what we can call a misunderstanding from the side of the Fund to the issue and nature of Sumed. This misunderstanding may lead some to think that Egypt is eligible to pay a share under the funds laws and regulations.
- To clarify this matter we would like to state the following:
 - * Sumed enjoys a unique and unprecedented situation in the whole world and untill now.
 - * This is an onland pipeline which connect's tankers on the red sea to others or themselves after lightering on the Mediterranean.
 - * Simply just receiving the crude oil on one side and pumping it into tankers on the other side (end) no consumption, no any processes or whatsoever no storage at all. We have been told by some that there are storage tanks, that is not the case at all, there are gathering points, since you cannot technically speaking just connect the tanker to the pipe and the oil will flow. You have

to suck it first (discharge) and then pump it into the lines (pipelines) therefore every unloaded drop on this side is directly pumped on the other side, and the whole line including its outlets on the two seas is a tax free area. A gain no storage, no consumption, no (manufacturing) refining.

And for this, the line is different and unique from any other line in Europe or wherever else in the world.

- This line is fully insured, including the processes of delivery either from or to the tanks or vessels, so in case of an accident or a spillage at any points it is fully covered by Sumed insurance.
- It is very important to mention that this line is very efficient and sophisticated as it never witnessed such a thing since it started 21 years ago.
- CLC has never been requested for any compensation over the 21 years of Sumed's life, my attention has been drawn to statistics about the last ten years only one accident happened when a tanker was a ground and spilled some crude, a sum of 2-3 million dollars was the expenses of fixing that situation.
- That was not even an accident related by any means to Sumed which although carry's the full responsibility about the crude from the ship to the other one.
- Another important matter to mention is the compatibility between the job of this line and the aims of the Fund as the Fund aims to minimize the risk of any pollution from a ship carrying the crude and terminate the effect of this pollution in case of an accident and the area has been polluted. The Sumed pipeline (on land) gives great help to this by transporting huge amounts of crude safely in land (on - shore) fully under control, minimizing the trip of

transport. Risk and expenses as well. If the Sumed pipeline was not there, imagine that 117 millions of crude oil carried by large tankers (VLCC's) navigating through the cape around Africa imagine the amount of risk imagine the consequences both environmentally and financially.

- With Sumed we are actually helping the Fund to achieve its targets.

Distinguished Delegates and Representatives we invite this meeting to understand and consider this matter properly bearing in mind that finding Sumed case is not eligible for contributions won't set a precedent. As it is as we mentioned before a unique case of which no other case anywhere in the world is compared to.

Sirs

We are not requesting any action from the side of the meeting but just bearing the issue in mind as we are going to put the case before the 1992 Fund in April 1998 and will might then request an action. My delegation here as well as my country are ready for any request for further clarifications or action to avoid the prevailing misunderstanding vis - a - vis SUMED, and in this context we are open to any suggestion including formulating a working group (of which Egypt is going to cover all its expenses) in order to come to Egypt to study the case.

Thank you for your time and understanding