

988

FORM 51-44A
FEB 1952

INTELLIFAX 25

CENTRAL INTELLIGENCE AGENCY

25X1

CLASSIFICATION SECRET/CONTROL - U.S. OFFICIALS ONLY
SECURITY INFORMATION

INFORMATION REPORT

REPORT NO. []

CD NO. []

COUNTRY Hungary

DATE DISTR. 9 September 1952

SUBJECT Oil Product

NO. OF PAGES 3

DATE OF INFO. []

NO. OF ENCLS. (LISTED BELOW)

PLACE ACQUIRED []

SUPPLEMENT TO REPORT NO.

REFERENCE COPY

NOT CIRCULATE

[Redacted]

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

[Redacted]

I. General:

- a. [Redacted] while the demand for special equipment from abroad remains as acute as ever, there is no doubt that Hungary is making great and, in many respects, successful efforts to cover her requirements from domestic manufacture or from other Soviet bloc countries. In this endeavor, the Ganz and Matyas Rakosi works are particularly prominent. German manufacturers are steadily losing this once profitable market and will find it difficult to re-enter it. The Rakosi works are now producing sufficient casing, tubing drill-pipe, and tool joints to almost cover current requirements, and, although their products are below internationally recognized standards, they suffice for present drilling depths and pressures.
- b. In order to save material, operators content themselves with the minimum strength for casing, and disregard the normal safety factors. Wells are cased down to 2,000 meters with 6 millimeter casing, although this is strengthened by a strong cement coating. Improvisation is rendered necessary in almost every phase of production: this is largely successful because there are experienced operators available. Their drilling equipment is not only old, but renovated in their own workshops with inadequate machinery and materials, but the footage drilled is quite remarkable.
- c. There is a plentiful supply of motor trucks and trailers of a type capable of negotiating the atrocious tracks in the oilfield areas. While German firms are not permitted to deliver certain types of vehicles because they are categorized as potential war equipment, one sees in Hungary heavy trucks, mainly of French or American origin, with special winches, six-wheel drive, and separate drive for auxiliary purposes. Many of these were clearly imported quite recently.

CLASSIFICATION SECRET/CONTROL - U.S. OFFICIALS ONLY

STATE	<input checked="" type="checkbox"/>	NAVY	<input checked="" type="checkbox"/>	NSRB		DISTRIBUTION						
ARMY	<input checked="" type="checkbox"/>	AIR	<input checked="" type="checkbox"/>	FBI		ORR EVI	<input checked="" type="checkbox"/>					

- d. For some time past the whole industry has been divided into separate drilling and production departments, each operating quite independently and each separately responsible for fulfillment of its part of the Five-Year-Plan. A few weeks ago the whole of the workshop operations were placed on a separate footing; this department now operates like an outside undertaking, being paid for work done like a private company.
- e. A large workshop is at present under construction in Nagykanizsa. This is destined to deal with the repair work not only of the drilling and production departments, but also of the transportation department. It will, if possible, also manufacture certain replacement parts. A large warehouse is also to be constructed to handle supplies to all departments.
- f. The oilfields in Lispe, Lovaszi, etc., which formerly boasted excellent roads and equipment, are now very neglected as all available labor is concentrated on fulfillment of the norm. This neglect will result in greatly increased wear and tear of machinery and transport.
- g. The ex-Maort (Hungarian-American Oil Company) fields are working with about 14 drilling units, and practically every one is of a different make or type. The task of supplying replacements is consequently almost insurmountable, and it is only due to the well-trained body of operators left by the Americans that it is possible to carry on. Results on the average are about 130% of the norm.
- h. The oilfields are effectively sealed off, and can only be visited after obtaining a permit from the Ministry of the Interior and the Budapest Police Headquarters.
- i. The geological and production staffs have remained intact and, although for the most part politically indifferent, they are allowed a free hand. Only the paid informers, and the staffs of certain key administrative departments, are composed of Party men.

2. Production:

- a. Oil production in Hungary, a year ago, was only 450,000 tons per annum. In the meantime, such a drive has taken place to discover new producing areas that the figure is now 520,000--550,000 tons. This increase comes from the new ex-Maort field about 60 km. north of Lovaszi, and from the new discoveries by the Maszolaj in eastern Hungary. The Hungarians state that they are certain of reaching 600,000 tons by the end of 1952.
- b. Natural gas is produced from the Keredje-Lispe field (700,000 cubic meters per day), and the Lovaszi field (about 600,000 cubic meters per day). This gas is de-benzinized, and all useful products, such as butane, ethane, propane etc. are extracted. The remaining gas is then used partly for re-pressuring, partly for the production of carbon-black and partly for transmission to Budapest through the existing oil pipeline. The carbon-black plant, in the Keredjelispe area, is very primitive, and produces only 16 grammes per cubic meter of gas, as against the USA figure of 36-38 grammes.

3. New Drilling:

- a. Prospecting is taking place in wide areas with the greatest speed commensurate with the equipment available. In spite of difficulties, the ex-Maort company has succeeded in exceeding known records for footage drilled, the best figures being 733 and 739 meters per 24 hours. The best year's total from a drilling rig with a stripped derrick exceeded 30,000 meters, a figure never even approached in Germany.
- b. A new field, about 60 km. north of Lendava is producing, at depths of some 1,300 meters, 30-40 tons of crude oil per well per day, with no gas. Re-pressuring is effected by water, the oil being pumped only from the well-head.
- c. In eastern Hungary, in the Szeged-Totkomlos-Bekescsaba region, the wells are yielding mostly gas, with only a small proportion of oil.

4. Sources of equipment:

- a. Drilling units, etc., are not produced in Hungary, but imported from Mannesmann-Trauzl, Vienna, and Resita and Concordia in Rumania. Trauzl has a production of 40 - 50 large and medium drilling units per year. These are exported mainly to the USSR.
- b. Hungary recently acquired the following new drilling units:
 - 1) 2 heavy (3,000 meters) units from Russia. Stalino 240 h.p. V-12 engines, a universal type. Each unit was delivered with two reserve engines. The Hungarians said that the engines only delivered 180 h.p. and were unreliable.
 - 2) 2 light units from Russia. Marked "U" indicating that they originated probably from the Urals. A special point in regard to these light units is that the mast weighs 30 tons and is loaded by the Hungarians with only 40 tons, whereas it could bear at least double, if not treble, of that weight. This inefficient operation is due to fear of accusations of sabotage if something went wrong.
 - 3) 2 units from Mannesmann Trauzl, Vienna. 2,000 meter "Adaptor" type, like the American "Hilldrive Outfit," old style.
- c. Russia is supplying Hungary, in small quantities, with 5 3/4" and 6 3/4" rock bits, said to be of fairly good quality. Casing, tubing, drillpipe, and tool joints are manufactured by the Rakosi works, but only up to a quality API J.55. They cannot produce quality N. 80, etc., and can make drillpipe only up to Grade "D". There is still a plentiful supply of Molybdenum for steel for tooljoints, but no chrome nickel. The Ganz factory is making great progress in the production of machine tools, and already has an export surplus.
- d. Bottlenecks are fishing tools, rock bits, good tooljoints, and drill collars. Despite supplies from the USSR and their own industry, Hungary yearns for quality oil equipment, incorporating the latest improvements. They consider the Russians in this particular field as extremely unimaginative.