

THE NAVIGATOR

Westshore's Monthly North Sea Report

New Kit on the Block

A look at the North Sea's new rigs and vessels

Better Together?

Oil fuels the Scottish independence debate

Experienced Drillers Only

The NPD restricts access in its latest APA round



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Building work at Kleven Verft

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Headline News



The UP Agate is now trading on the UK Spot Market

New Kit on the Block

With Spring having begun we have a new season upon us and with it we are seeing a series of new arrivals on to the market. From rigs to AHTS vessels and PSVs we look at some of the highlights that are new to our market.

If we take a look at the big kit first, the good news for the market as a whole is that there are a number of new rigs that will be heading to the North Sea in the coming months. This news will be welcomed by oil companies and vessel owners alike. The high utilisation of rigs in the region has caused an escalation in

rig dayrates in recent years, now it looks as though the new wave of newbuilds may be coming down these rates. Meanwhile, vessel owners are glad to see more rigs that will require moving and supporting with supply runs and will occupy the fleet of AHTS and PSVs further.

Maersk took delivery of its first XL Enhanced designed jackup this month. They are based around an enhanced version of the Maersk Innovator and Inspirer and will be targeted at the Norwegian market and other harsh environment North Sea areas. Total Norge chartered the first of the rigs, the Maersk Intrepid, on



Maersk's latest XL Enhanced rig the Maersk Intrepid has delivered

a four year fixture that also include four one year options. The charterer is set to start by putting the rig to work on the Hild field development in the Norwegian North Sea commencing in August. The next in the series arrives in the fourth quarter of this year and will be working for Det Norske for up to two years. The last two in the quartet will arrive in 2015 and 2016 and are set to work for Statoil and BP respectively.

Additional rigs due in the North Sea during this coming season include the Noble Sam Turner which will work for Maersk in Denmark, the Ocean Patriot for Apache and the new Prospector rig for Total. Later in the year the semisubmersible Deepsea Aberdeen is due to arrive for work with BP and as 2014 comes to a close the Songa Equinox will be working for Statoil.

The North Sea spot market is now host to a new trio of UP Offshore PSVs including the UP Agate. The MMC 887 designed vessel was built at Mawei Shipbuilding in China and has a deck area of 1,000 square metres, 10,188 BHP and is equipped with DP2. We can also add into this mix the VS-4622 CD de-

signed Atlantic Merlin which arrived in the North Sea in the past few weeks. The AHTS vessel, which was built in Singapore, boasts a bollard pull of 211t and main engine output of 16,094 BHP. It is likely that the vessel will be concentrating on picking up work in the UK sector of the North Sea. The vessel's owner Atlantic Towing, will be keen to build up a reputation for the vessel prior to the summer.

Further arrivals from the East are also expected in the form of Swire Pacific Offshore's Pacific Dolphin and Pacific Duchess which are understood to be heading to the North Sea. The Havyard 844 XL designed AHTS vessels left Singapore in the middle of last month. The first stop is understood to be West Africa although if they fail to pick up work in the region it is expected that they may find themselves on the North Sea spot market. Sealion Shipping's Toisa Explorer, which had been expected to remain Southeast Asia has also now appeared in the UK side of the North Sea and is vying for work alongside the Toisa Elan and Envoy. Only time will tell if all these new arrivals are a good thing for the market overall. ■

Orderbook

April

Far Sirius	- UT 731 CD
Ocean Star	- VS 485 MKIII L
Juanita	- SALT 100

July

Polarsyssel	- Havyard 832 L WE
Ocean Marlin	- Havyard 820
Island Performer	- SX121
Ocean Art	- VS 485 MKIII L

May

Far Sun	- VARD PSV 07 CD
Island Dragon	- UT 717 CD

August

Siem Symphony	- VS 4411 DF
Global TBN	- Havyard 832

June

Island Pride-	UT 7373 CD
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In & Out

Vessel	Design	Manager	ENTRY	From
Toisa Explorer	VS 490	Sealion Shipping	Early - April	Newbuild
Atlantic Merlin	VS 4622 CD	Atlantic Towing	Early - April	Newbuild
Far Sirius	UT 731 CD	Farstad Shipping	Early - April	Newbuild
Pacific Champion	UT 786 CD	Swire Pacific	Mid - April	Newbuild
Normand Draupne	UT 718	Solstad	End - April	Hydrotechnik
Vessel	Design	Manager	EXIT	To
Maersk Tackler	T- Type	Maersk	Mid - April	Saipem
Maersk Transporter	T- Type	Maersk	Mid - April	Saipem
Maersk Tracer	T- Type	Maersk	Mid - April	Saipem

Vessel	Design	Manager	ENTRY	From
Skandi Captain	MT 6009	Dof	Early - May	Centrica
NSO Spirit	UT 706	COG Offshore	Early - May	Saipem
Sea Tantalus	PSV 05 L CD	Deep Sea Supply	End - May	Nexen
UP Coral	MMC 887	UP Offshore	Early - April	Newbuild
OOO Cougar	UT 755 LN	Opielok	Early - April	Congo
UP Agate	MMC 887	UP Offshore	Early - April	Newbuild
UP Opal	MMC 88	UP Offshore	Early - April	Newbuild
Maersk Fetcher	UT-745	Maersk	Early - April	Brazil
Vessel	Design	Manager	EXIT	To
Toisa Conqueror	AP 416	Sealion Shipping	End - Mar	Shell
World Pearl	PSV 3300	Worldwide Supply	Early - April	Petrobras
World Peridot	PSV 3300	Worldwide Supply	Mid - April	Petrobras
World Sapphire	PSV 3300	Worldwide Supply	End - April	Petrobras

Drilling & Production

North Sea Activity

VING Norway has made a larger than expected oil and gas discovery near the Njord field on production licence 586. The company, which operates the licence, announced results from the well which was drilled by the Transocean Arctic on the Halten Terrace earlier this month. The well encountered a 91 metre gas column and a 135 metre oil column. The company is already planning a further well in the area next year.

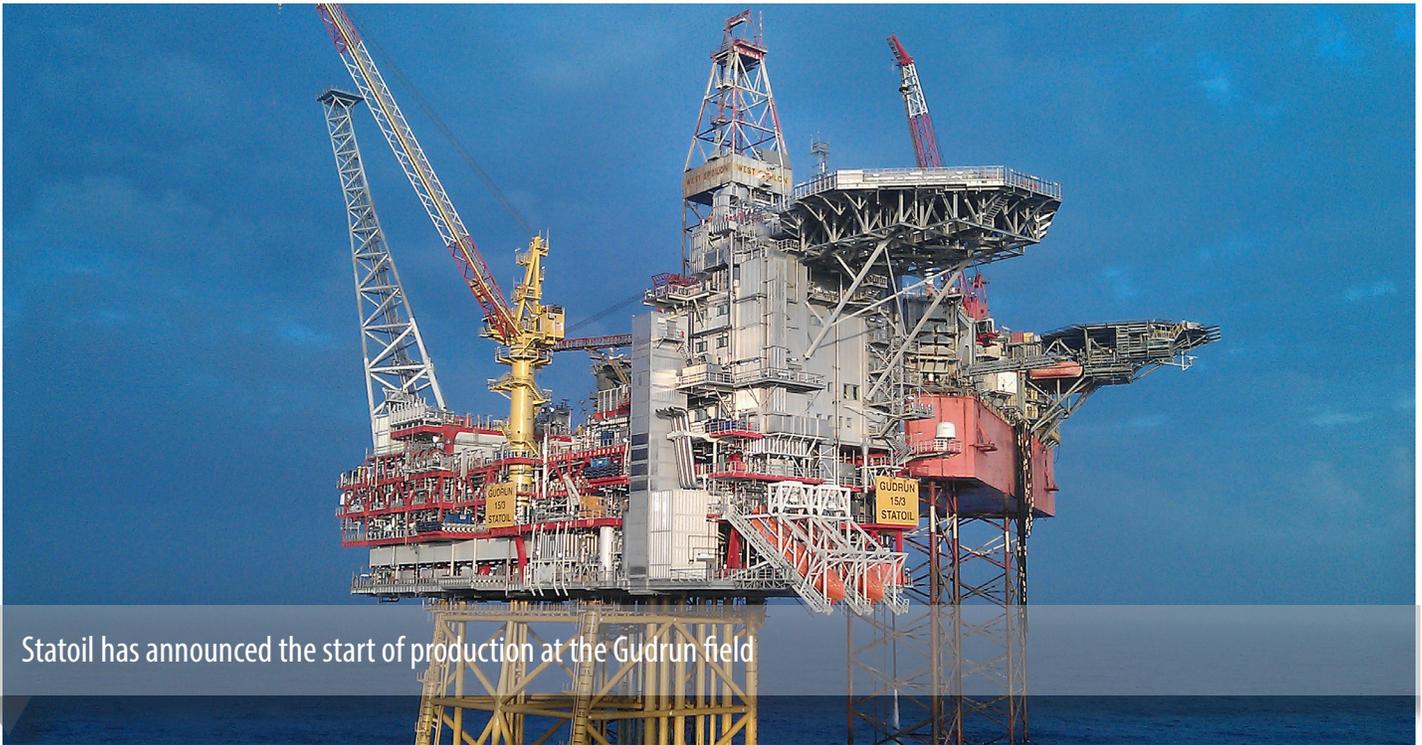
Statoil has announced the start of production at the Gudrun oil and gas field in the North Sea. This represents the first Statoil-operated platform to come on stream since 2005 and the company expects to recover over 180 million barrels of oil and gas equivalent from the field.

The key points include

In further news, the Norwegian national oil company has been given permission by the Norwegian Petroleum Directorate to drill an exploration well at the 'D-Structure' in the Norwegian North Sea. Statoil will utilise the semisubmersible rig Ocean Vanguard to drill the well which will be about 12 km north-east of the Grane field.

A deal has been struck that will see the oil and gas unit of RWE Dea sold to LetterOne Energy for around EUR 5.1 billion. This will see the assets in the UK, Germany and the North Sea change hands. The new owner is understood to have earmarked around USD 10 billion to invest in the global oil and gas business over the next five years. This latest deal still needs to be approved by RWE supervisory board and





Statoil has announced the start of production at the Gudrun field

regulators before been given the final go-ahead.

Prosafe has received a letter of intent for the Safe Scandinavia semisubmersible to be converted for tender support operations. The contract which will see the unit working on the Norwegian Continental Shelf, will run for three-years from June 2015.

The GSF Galaxy III has picked up a contract extension for around two and a half months. The unit will be working in an accommodation role in the UK sector of the North Sea at a dayrate understood to be around USD 180,000.

OMV has acquired the Hess portfolio in the West of Shetland. Under the agreement Hess will take on four licences in the West of Shetland area including the Cambo field and the Blackrock prospect. OMV already operates the Tornado discovery and the Sulven discovery which are adjacent to the Cambo field. It is

understood that Cambo could become an area hub.

Maersk Oil has exercised the second of three options it holds on the jackup rig Energy Enhancer. The rig is now committed for operations in the Danish sector of the North Sea until July 2015.

Statoil has encountered a 4.5 metre oil column at the Geitungen prospect which is located at the edge of the Johan Sverdrup oil field in the North Sea. The company has been exploring in

the area with the aim of adding to the reserves for the Johan Sverdrup find which could contain up to 2.9 billion barrels of oil equivalent.

The first of Maersk Drilling's newbuild jackup rigs has been completed and named and will be heading to the Norway to commence a contract for Total. Further details on the Maersk Intrepid which is one of four XL Enhanced jack up rigs ordered by the company can be found in our Headline News section.

“Statoil has encountered a 4.5 metre oil column at the Geitungen prospect at the edge of Johan Sverdrup”

Vessel News

Including Newbuilds & Subsea

The Christening of the Olympic Boa took place at the end of March in Kleven Verft. The multifunctional subsea support construction vessel is set to undertake a five year contract with BP in the US Gulf of Mexico later this year. Although it is understood the vessels could be working in the North Sea for a few months prior to departing the region. The MT 6022 MK II designed vessel is equipped with accommodation for 110 personnel, two ROVs, moonpool and a 250t crane.



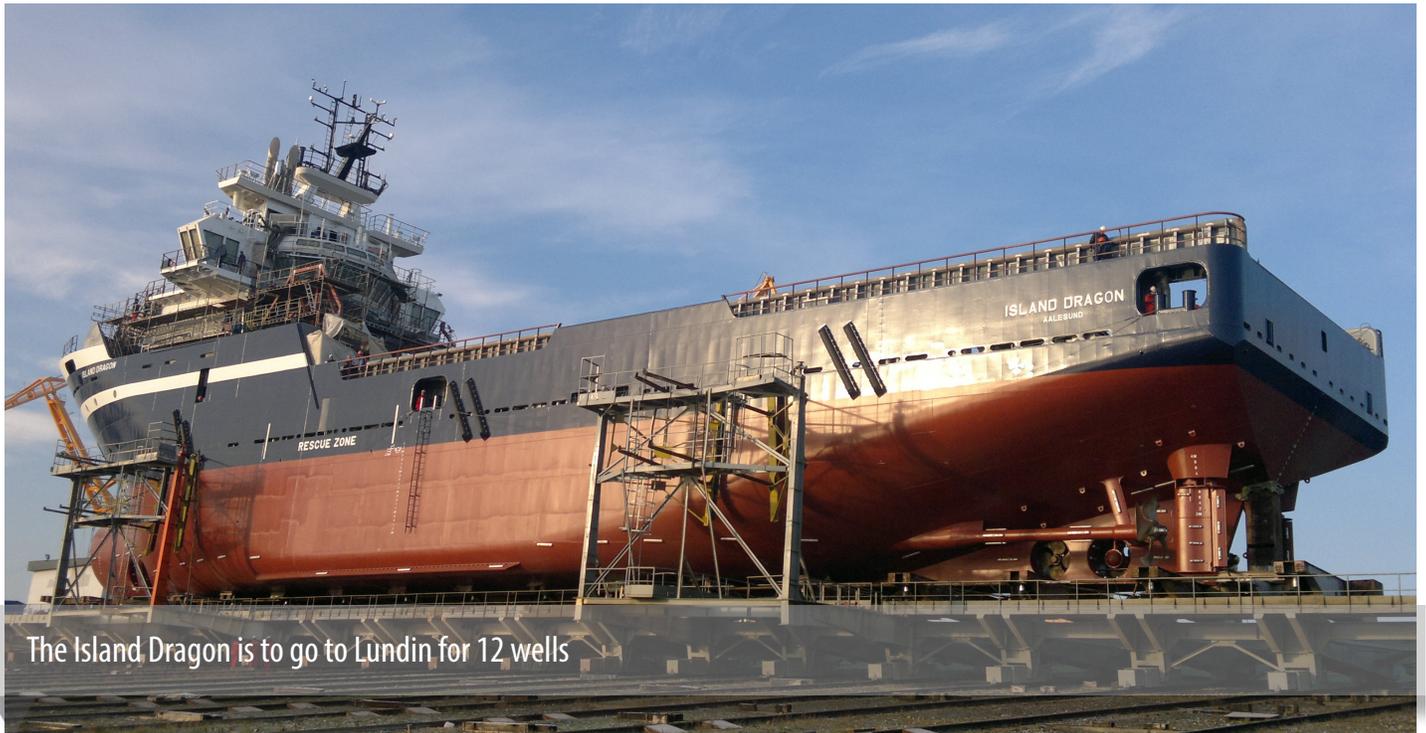
Specialist Subsea Services (S3) has signed a deal to charter the EDT Hercules for three years with two additional one year options. The vessel is currently in Gdansk where shed is being outfitted for ROV support work. S3 is an Aberdeen based provider of ROVs and survey services to the oil and gas and renewable industries.



Island Offshore has secured a series of new contract and extensions worth around NOK 1 billion. The deals include a five-month charter of the Island Pride with Maersk Oil, the Island Crown to Trianel Windkraft for two months and the Island Dragon to Lundin for 12 wells. Lundin Norway is also currently chartering Island Offshore's rig Island Innovator and two gas powered PSVs Island Contender and Island Crusader.



Saipem has declared an option to extend their current contract of the construction vessel Normand Cutter for a further year from May 2014. This is the second of a total of three yearly options. In addition Solstad Offshore has signed a letter of intent for an



The Island Dragon is to go to Lundin for 12 wells

unnamed charterer to construct and operate a large subsea construction vessel for eight years firm and three yearly options. At the same time Solstad has signed a deal with Vard to design and build the vessel which is set for delivery in the second quarter of 2016.

Pacific Radiance has ordered two PX121 designed platform supply vessels at a Chinese yard. The vessels, which are set for delivery in the second and third quarter of 2015 have deck areas of 840 square metres, accommodation for 30 and meet SPS code and OILREC class notation. Mr James Ping of Pacific Radiance has said: "After researching a few designs we found that the PX121 design suits our targeted markets in the best possible way." The first PX121s started operations in the North Sea in 2012 and have proved to be competitive on fuel efficiency and loading capacity.

The Island Condor was launched into the water at

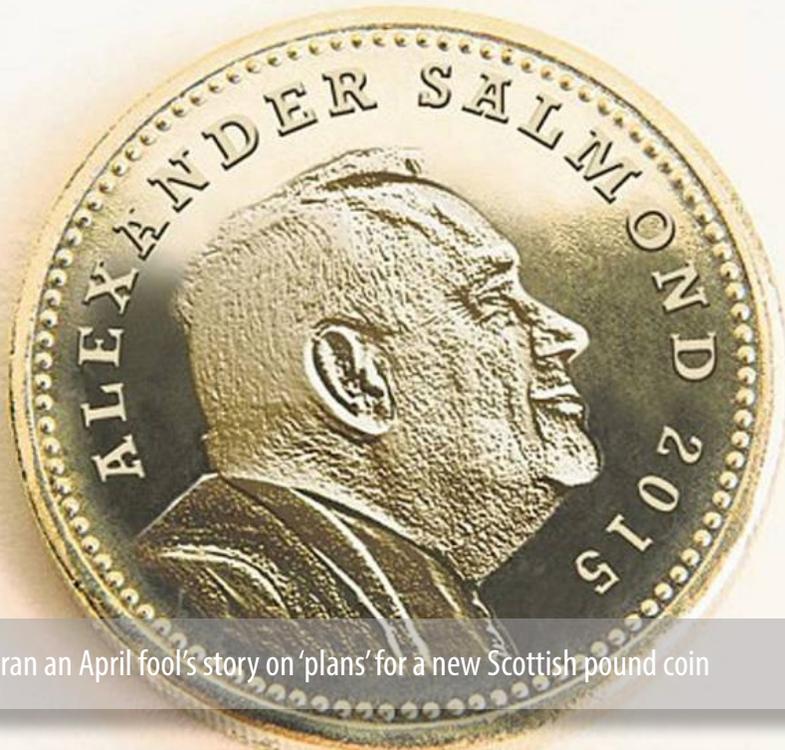
Brailaverftet in Romania and now is heading to Vard Brevik where she will be delivered in October.

ConocoPhillips has extended the contract for the Volstad Viking for a further one year from the 2nd of June 2014. The company also holds a further one year option on the ST-216L CD designed vessel which is equipped with a deck area of 1060 square metres.

DeepOcean is has fixed the Go Pegasus and is set to use the vessel to deploy a PCP2 power cable plough fir cable work for the Western HVDC Link project. Offshore works are set to commence in the second half of 2014 with potential for aspects of the campaign to continue into 2015 and 2016. DeepOcean's scope of work includes pre-lay survey, pre-lay grapnel run, post-trench survey and trenching of over 560km of HVDC cable in water depths up to 165m.

"Island Offshore has secured a series of contracts & extensions worth around NOK 1 billion."

Inside Story



The UK's Daily Telegraph ran an April fool's story on 'plans' for a new Scottish pound coin

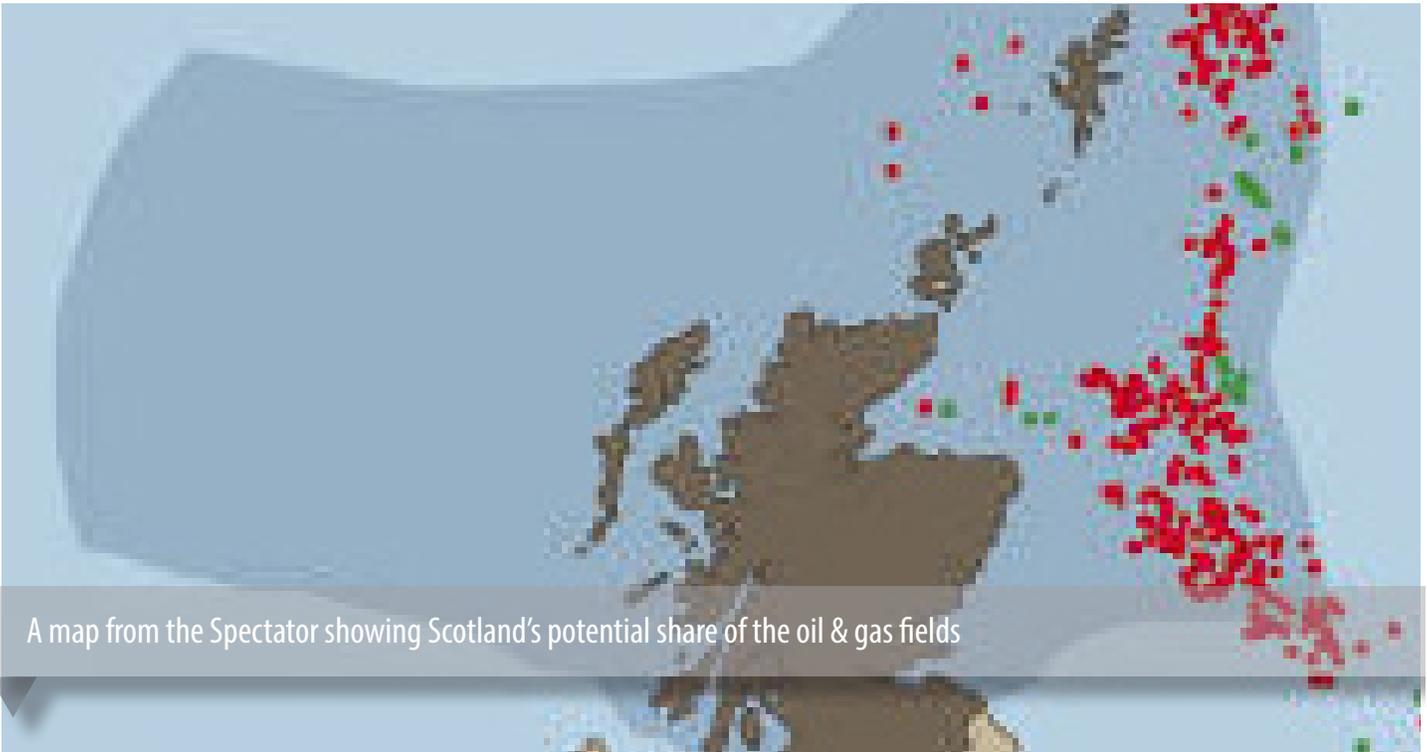
Better Together?

As the Scottish Independence debate heats up we take a look at how claims on the nation's oil reserves are being used by both sides to fuel their arguments. It seems as we get closer to the September vote, that could see Scotland end its 300 year old union with the rest of the UK, that the oil industry is being pushed to the forefront of the debate.

Followers of the upcoming referendum have witnessed a trend that voters seem most swayed by economical factors. With oil and gas potentially making up to 14% of an independent Scotland's tax returns the impor-

tance of hydrocarbons to the economic arguments for and against independence is obvious. The Scottish National Party (SNP) have long rallied around the banner and the notion of 'It is Our Oil' but whether the followers would so readily embrace the ownership of the decommissioning bills and other financial hangovers from the industry is yet to be seen.

The latest figures from the UK Government's Department of Energy and Climate Change show that the decommissioning bill could be up to ten times more per person than if Scotland elects to remain part of the UK. Whilst it is not for us to be drawn into the



politics of the situation it is important for all North Sea offshore observers to keep an eye on which way the voters may swing and the subsequent consequences this could have on our businesses.

Leader of the SNP Alex Salmond fired the first salvo in the war of words over Scotland's oil economy when, in his role as First Minister, he issued a bulletin stating that potential revenues would range between GBP 31 billion and GBP 57 billion over the six years up to 2018. This was then used as the foundation to state the case for a financially secure independent Scotland should voters choose to separate the nations on September 18th.

However, a year after the release of these figures, those in favour of the Union are asking for a recalculation after the UK oil and gas revenues dropped by 40%. A further reduction from GBP 6.5 billion to GBP 5 billion is expected in the next year too. This means the two sides are really quite some distance apart, with the Scottish Government projecting at least twice as much revenue from oil in 2016/2017 as the UK

Government's Office for Budget Responsibility figures have for the same period. Glasgow University's Centre for Public Policy for Regions has asked for updated figures for the forecasts as it believes: "if the Scottish government were to use the same general assumptions as a year ago, but to update them for the latest projections available, then each of its future scenarios would result in lower North Sea tax revenue estimates."

However the Scottish Government said in a statement: "With up to 24bn recoverable barrels remaining in the North Sea with a potential wholesale value of up to £1.5tn, it is clear that the North Sea will make an important contribution to Scotland's public finances for decades to come."

There is up to 20 billion barrels of further oil that may or may not yet be extracted. Add in to this mix the potential volatility of the oil price and costs associated with decommissioning and it becomes difficult to truly weigh the validity of each argument. What is certain is the oil industry will continue to be at the forefront of the debate. ■

Market Forecast



Experience will be a prerequisite for access to Barent Sea APA areas

Experienced Drillers Only

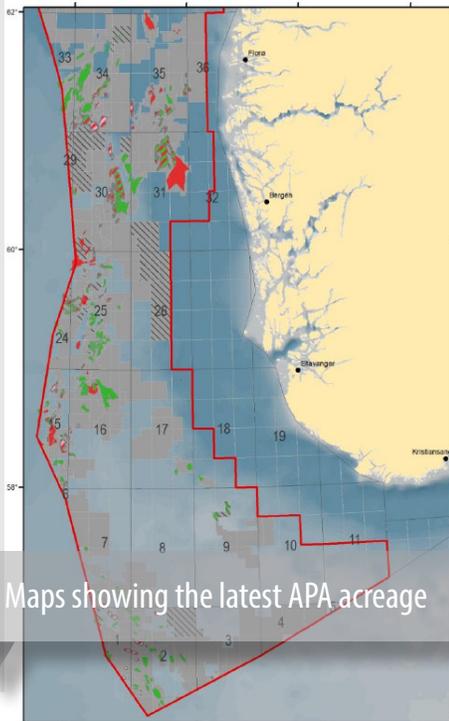
As the latest release of acreage is announced by the Norwegian Ministry of Petroleum and Energy it has been revealed that only those with experience and investments in other areas will be allowed access to the Barents Sea and High Pressure High Temperature areas.

This may be disappointing to some junior companies as the region has previously been described by some senior members of Statoil “as like a bag sweets” in terms of the opportunities available. However there are also a series of other licences being offered in the Norwegian and North Sea too under this licencing round for mature areas known as Awards in Predefined Areas (APA).

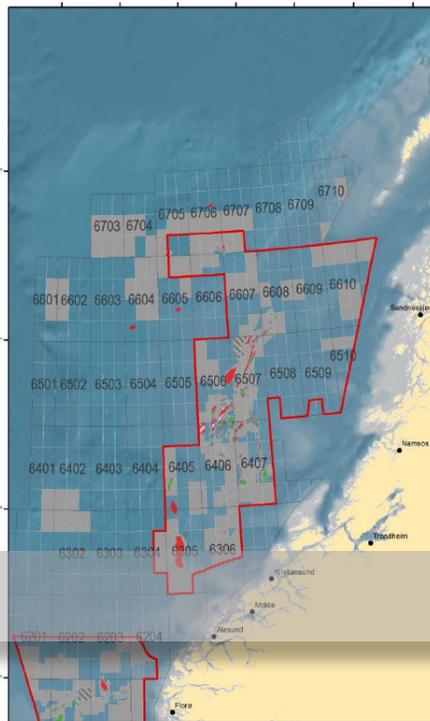
The APA scheme was introduced in 2003 in order to ensure that continual exploration was carried out in already established regions offshore Norway.

These areas are now often characterised by smaller discoveries that would be suitable for tie-back solutions rather than stand alone developments. Tord Lien who covers Petroleum and Energy for the Progress Party in Norway describes it as: “one of the cornerstones of Norwegian petroleum policy. By contributing to the efficient exploration of large parts of the Norwegian continental shelf APA has been crucial for a great deal of value creation through exploration activity in recent years.”

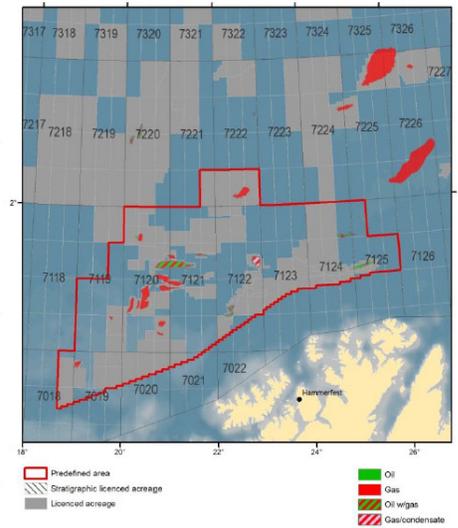
North Sea



Norwegian Sea



Barents Sea



The maps show licenced acreage within TFO boundaries as of April 03, 2014. These areas can change during the application period. The NPD's interactive Factmaps (NPD homepage) contain daily updated information showing the current area available for application.

Maps showing the latest APA acreage

The APA has been expanded this year and now includes six blocks in the Norwegian Sea near the Aasta Hansteen field and three blocks in the Barents Sea near the Snøhvit field. The aim is for new production licences to be awarded in these areas at the beginning of 2015.

Those with experience will be given priority under the scheme which states: "Production licences will mainly be awarded to a joint venture where at least one participating interest have drilled at least one well on the Norwegian Continental Shelf as operator or have equivalent relevant operational experience outside the NCS."

In fact the application process also states that any companies applying for Operatorship in the Barents Sea "shall have drilled at least one well on the Norwegian Continental Shelf as operator." The same is also given as a pre-requisite for those applying for exploration where drilling of high pressure and or high temperature wells will be required.

"The APA was introduced in 2003 in order to ensure continual exploration in established regions"

The Barents Sea area has been increasingly under the spotlight as ENI's Goliat nears its originally planned completion date and Lundin is due to commence its anticipated appraisal well at the Gohta discovery in the region. This week final permissions were granted for the semisubmersible rig Island Innovator to drill the prospect in May. The existing Gohta find is already estimated to hold around 170 million barrels of oil equivalent.

Meanwhile on an international note we have seen recent licence awards take place offshore Myanmar where it is hoped Offshore exploration could provide a much needed boost to the economy. Block awards have been made to Shell, Statoil and ENI amongst others. Further afield still, New Zealand released a significant amount of acreage for its latest licencing round. It is anticipated that heavyweights including Statoil could get involved. At the end of last year the Norwegian national oil company obtained a 100% equity share in an exploration permit in the Reinga Northland Offshore area which could well be a sign of more investment to follow.



The Christening of the Olympic Boa

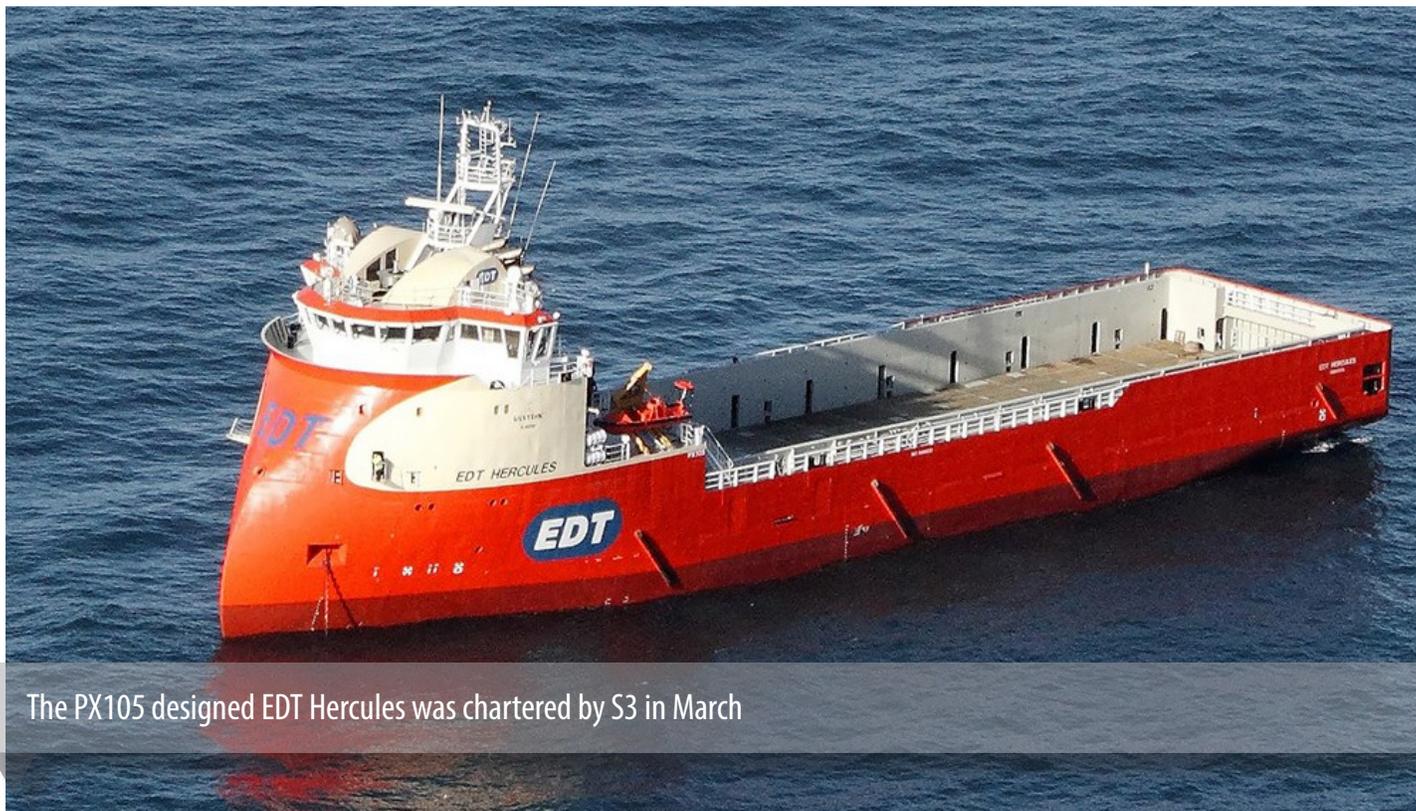
Olympic Boa & Social Media

Westshore Shipbrokers had the great pleasure of attending the naming ceremony for the Olympic Boa held at Kleven Verft shipyard at the end of March. During a beautiful day in Ulsteinvik we were able to get some amazing pictures of what is a stunning vessel. The multifunctional subsea support and construction vessel has an LOA of 115.40 metres and deck area of around 1,300 square metres. As well as two on board ROVs the vessel also has accommodation capacity for up to 110 personnel. The entire event was superbly hosted with generous hospitality from Kleven, Olympic and Boa.

“We now have almost 1,000 likes from people following Westshore Shipbrokers Facebook account.”

Our social media sites are proving more popular than ever with our Facebook following now almost 1,000 members. We regularly post updates on the vessel market and the North Sea activity as well as photographs and market information. In fact, a collection of pictures from the Olympic Boa Christening proved exceptional popular with a number of members sharing the album and an online news outlet requesting permission. You can find our Facebook and Twitter details on the contents page. Also do not forget to get our ever-popular App. This give get alerts for all of the latest movements, fixtures and requirements straight to your mobile device. Please click the link below:
<http://westshore.no/mobile/>

The Market in March



The PX105 designed EDT Hercules was chartered by S3 in March

March has been an interesting month with the market slowing down significantly when compared to the unusually high levels of activity experienced in January and February. On a number of occasions we have seen large numbers of vessels prompt on both the UK and Norwegian sides. This has affected both the PSV market and the AHTS vessels as the number of rig moves dropped away and Statoil returned a number of vessels. At some points over NOK 10 billion worth of tonnage

was prompt in Bergen. Towards the end of the month we saw a temporary peak with a number of rig moves coinciding and supporting a brief surge in AHTS rates. However, this was short lived and a few days later the beginning of April has seen the market fall away once more. One of the key features of the month is the emergence of pipehaul requirements during the summer window. Charterers have entered the market now in an attempt to secure specialist tonnage for worksopes commencing in June. ■

Vessel Type		Average Monthly Rates (NOK)		
		Mar-14	Feb-14	Mar-13
AHTS	> 25,000	192,706	416,342	258,077
	18,000 to 25,000	193,744	260,954	207,258
	< 18,000	193,197	257,342	117,249
PSV	> 900 m ²	118,350	203,954	111,645
	< 899 m ²	91,650	141,818	98,826

	Mar-14	Feb-14	Mar-13	Feb-13
# of spot supply fixtures	68	68	93	82
# of rig moves	20	24	26	17
# of AHTS fixtures	64	66	79	51
Average Utilization (%)				
AHTS	46.9 %	71.6 %	69.1 %	71.9 %
PSV	80.8 %	95.4 %	89.1 %	89.1 %