

THE NAVIGATOR

westshore's monthly north seatorepor

PSVs in 2014 and Beyond

A new wave of newbuildings coming through

Highlights from OSJ

Westshore brings together the best from the conference

Success on the Shelf

A look back and to the future of the NCS



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Contents



Statoil's Snorre A Platform

Snorre A. Photo: Statoil

02	Headline News A new wave of PSVs	Inside Story Highlights from OSJ	09
04	In & Out	Market Forecast Success on the Shelf	11
05	Drilling & Production	The Last Word	13
07	Vessel News		

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Headline News



The World Pearl in Aberdeen harbour

A New Wave of PSVs

The PSV Market has experienced a boisterous first few weeks of the year. Vessel dayrates have been extremely robust and at times, the market has been sold out both in the UK and in Norway. We have also seen charterers forced to utilise AHTS vessels at times in order to carry out necessary supply work. However, it has been no secret that the orderbook is heavy with PSV tonnage much of which is destined for the North Sea (see orderbook on page 5).

There are further orders coming through and in 2015 we already know for certain that we will see four

further PX-121s with Nordic American Offshore and Blue Ship Invest both placing twin orders. The PX105 designed vessels have proved popular with charterers and so much so that these fresh orders have been placed on the back of their performance. Meanwhile, the Damen vessels, which turned heads with their unusual bow design when they first arrived, are also now building up a solid reputation. A trio of these will be heading to Brazil in the middle of the month and some charterers will be sorry to see them go.

The original expectation was that 2015 would be witness to a massive oversupply of tonnage as newbuild-



ings arrive on an already saturated market. However, this might not be the case. There are currently nine outstanding long-term requirements and a number of these are to cover long-term multi-year needs. Naturally some are up against incumbent tonnage which could come to the spot market if charterers choose a replacement.

Larger modern PSVs particularly those suitable for pipe haul or specialist roles could begin to be in shorter supply as we enter the peak PSV chartering months. Although Statoil's recent tender has shown that even the Norwegian national oil company, which has a reputation for chartering the most technologically advanced and newest vessels, is not adverse to occasionally chartering marginally lower specification tonnage. This comes under the guise of the firm's cost saving measures but also enables them to keep on some reliable vessels that have been with Statoil since delivery, such as the Rem Stadt.

“A strong January & February does not mean the PSV market is in for a whole year of the same”

It may be that the North Sea spot market becomes busier than anyone initially anticipated. Although as the saying goes - one swallow does not a summer make. And neither do a surprisingly strong January and February mean we are in for a whole year of the same.

If the PSV market does escape the worst of the traditional cycle of over ordering and over supply this time around. It will be more by luck than management. Credit is becoming increasingly

available as we move out of the financial crisis and into an era that could bring a new wave of offshore investment. We are already seeing orders placed, before the market has had a chance to absorb the significant number of vessels due to deliver in the first half of this year. A strong year on the PSV market could be a curse for the future market as easier capital combined with continuing weakness in traditional shipping means that offshore and particularly the PSV market could see a rash of speculation. ■

Orderbook & Charts

Date	Vessel Name	Design	Yard
April	BOA Bison	VS 491 CD	Bergen Fosen
April	Far Sirius	UT 731 CD	Vard Langsten
April	Ocean Star	VS 485 MKIII L	Myklebust Verft
April	Juanita	SALT 100	Kleven
May	Far Sun	VARD PSV 07 CD	Vard Langsten
May	Island Dragon	UT 717 CD	STX Brevik
June	Island Pride	UT 737 CD	STX Brevik
July	Polarsysssel	Havyard 832L WE	Kleven
July	Ocean Marlin	Havyard 820	Asilleros Zamakona
July	TBN	UT 776 WP	Astilleros Gondan
July	Island Performer	SX 121	Ulstein Verft
July	Ocean Art	VS 485 MKIII L	Myklebust Verft
August	Siem Symphony	VS 4411 DF	Hellesøy
August	Global TBN	Havyard 832	Havyard
September	REM TBN	VS 4412 DF	Kleven
September	Far Sygna	VARD PSV 07 CD	Vard Vung Tau
November	Island Condor	UT 776 CD	Vard Brevik
December	Esvagt TBN	Havyard 832 SOV	Leirvik

In & Out

Vessel	Design	Manager	ENTRY	From
Far Sigma	UT731 CD	Farstad Shipping	Late Feb	Newbuild
Atlantic Merlin	Jaya	Atlantic Towing	Early April	Southeast Asia
Far Sirius	UT731cCD	Farstad Shipping	Mid April	Newbuild

Vessel	Design	Manager	ENTRY	From
North Cruys	ST216 Arctic	Gulf Offshore	Early Feb	Newbuild
Grimshader	UT706 L	Oceangoing	Mid Feb	Yard
Portosalvo	UT755 L	Gulf Offshore	Mid Feb	Apache
Skandi Flora	P105	Bourbon Offshore	Early Mar	Statoil
Rem Commander	VS485 MKII	Rem Maritime	Early Mar	MLS
Skandi Sotra	MT6000	DOF	End Mar	Nexen
Olympic Princess	MT6000	Olympic Shipping	End Mar	Peterson
Far Service	UT745	Farstad Shipping	Early Apr	BP
Eldborg	Havyard 832CD	PF Supply	Early Apr	Statoil Mozambique
North Pomor	ST216 Arctic	Gulf Offshore	Early Apr	Hess
Far Searcher	UT751E	Farstad Shipping	Mid Apr	Statoil
Stril Orion	STX 09CD	Simon Møkster	Mid Apr	Marathon N
FS Pegasus	UT745	Fletcher Shipping	Mid Apr	Talisman

Vessel	Design	Manager	EXIT	To
Island Duke	UT717 CD	Island Offshore	Late Feb	Kosmos Morocco
Durga Devi	UT755 LN	OSM Offshore	Early Feb	West Africa, Angola
Skandi Waveney	UT755 L	DOF	Mid Feb	Peterson
Skandi Marstein	MT6000	DOF	Mid Feb	CNR
Toisa Conqueror	AS516	Sealion Shipping	Early Mar	Shell
World Peridot	Damen 3300CD	Remøy Management	Mid Mar	Petrobras, Brazil
World Opal	Damen 3300CD	Remøy Management	Mid Mar	Petrobras, Brazil
World Emerald	Damen 3300CD	Remøy Management	Mid Mar	Petrobras, Brazil
World Sapphire	Damen 3300CD	Remøy Management	Mid Apr	Petrobras, Brazil

Drilling & Production

North Sea Activity

The highly anticipated Wood Report covering the future of UK North Sea oil and gas has been released and the Government has fully backed the recommendations. The report, which has been compiled by industry expert Sir Ian Wood, was commissioned on the back of a 40% fall in production on the UKCS in the past three years.

The key points include a shared strategy for maximising oil and gas recovery, the creation of a new regulatory body and greater collaboration within the industry to encourage regional hubs and the sharing of infrastructure.

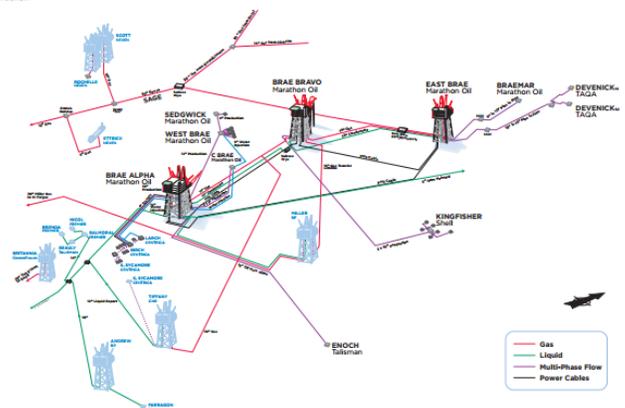
Statoil has commenced an appraisal well on the Johan Sverdrup discovery on the Norwegian Continental Shelf. The semisubmersible rig Ocean Vanguard is expected to take around 45 days to complete the well which was started in early March.

Total has announced an oil discovery east of the Heimdal field in the North Sea. This is the first exploration well drilled in production licence 102F and the Leiv Eiriksson rig has now moved on to RWE Dea Norge's prospect in production licence 420. Total's discovery will be assessed for potential follow up.

BP has extended its platform drilling services contract with Odfjell for a further four years after declaring two outstanding two year options. Odfjel Drilling currently operates on a number of BP assets including Andrew, Bruce, Clair and Magnus in the UK North Sea. A new platform at Clair Ridge will also be included in the operations.

"Brae Area Schematic demonstrates the operational and commercial complexity of the UKCS..."

Source: Marathon





The hull of Dana Petroleum's FPSO for its Western Isles Development Project

Cosco Shipyard has launched the hull of Dana Petroleum's new FPSO for its Western Isles Development Project. The USD 1.6 billion project will consist of two oil fields, Harris and Barra, in the North North Sea 160km east of the Shetland Islands. The installation of the FPSO is expected to take place in the summer of 2015 with first oil planned for later in the same year.

RWE Dea is drilling an appraisal well at its Titan discovery in the Northern North Sea and is also understood to have a wildcat well lined up on the same licence later this year. The well is expected to take between 60 to 120 days depending on the initial results. Any additional resources discovered at the location could form part of a wider development with Wintershall's Skarfjell discovery.

ENI Norge's Goliat platform, which is under construction at Hyundai Heavy Industries is now expected to be completed by the end of May this year. The circular

Sevan FPSO 1000 concept is due to arrive in Hammerfest by around the middle of July. DOF Subsea has been awarded the contract for marine installation work connected with the unit. This includes the installation of 14 suction anchors and pre installation of bottom chain and tow out.

“The FPSO for Dana's Western Isles Development Project is expected to be installed in 2015.”

Enquest has completed a take-over of assets in the Greater Kittiwake Area that were previously owned by Centrica. The area includes the Kittiwake, Mallard, Gadwall, Gosander and Grouse field in the UKCS and were part of a transaction that was initially announced in October 2013.

Endevour International has recommenced production from the Rochelle gas condensate field in the UK North Sea. One well is already flowing to the Scott Platform although production from both the wells at the site is expected to exceed available capacity and flow rates will potentially need to be adjusted. ■

Vessel News

Including Newbuilds & Subsea

Statoil has completed its latest PSV tender and awarded contracts to the following vessels: Rem Stadt, Viking Dynamic, Blue Protector, Sayan Princess, Havila Clipper and the Sjoborg. The oil company come to the market again to fill a gap in its PSV needs that we anticipated last year after the limited fixing before the end of 2013 which included a total of 11 vessels for long and short periods.

We see these most recent fixtures as part of Statoil's current cost reduction exercise. In order to attract more competition for its tenders and bring cheaper vessels to the table the charterer has widened its environmental and technical criteria.

Ulstein has announced shipbuilding contracts for two new PSVs for Blue Ship Invest. The PX 121 designed vessels will deliver from Ulstein Verft in the first quarter of 2015. A further two vessel have also been ordered by Nordic American Offshore of the same design. The NAO vessels will be hull numbers 303 and 304 at Ulstein Verft.

Golden Energy Offshore has decided to reclassify and update the Energy Swan according to 2009 regulations. The PSV/ROV vessel, which was built at Brattvaag Shipyard in 2005, will undergo work at Westcon Yards and is set to be back working on the Norwegian continental shelf by the end of March or beginning of April this year.





Volstad's Sister Ships to the Grand Canyon are now to be built at Kleven

The Bergen Group has sold two shipbuilding contracts for a pair of Volstad Maritime vessels to Kleven Maritime. The vessels, hulls NB 90 and 91, are sophisticated offshore construction vessels and sister ships to the Grand Canyon which was delivered in 2012. The outfitting will be performed at Kleven Myklebust and there will only be minor changes to the shipbuilding contract. The newbuildings have now been reassigned the numbers 376 and 377.

Boa Marine Services has entered into a three year plus options charter agreement for the Olympic Boa. The offshore construction vessel will begin the charter during the second quarter of this year once the vessel arrives in the Gulf of Mexico. The vessel is equipped with a 250t crane and two ROVs.

The naming ceremony for Fafnir Offshore's Havyard 832 L WE designed PSV, Polarsyssel has taken place at Cemre Shipyard in Turkey. The vessel is due to com-

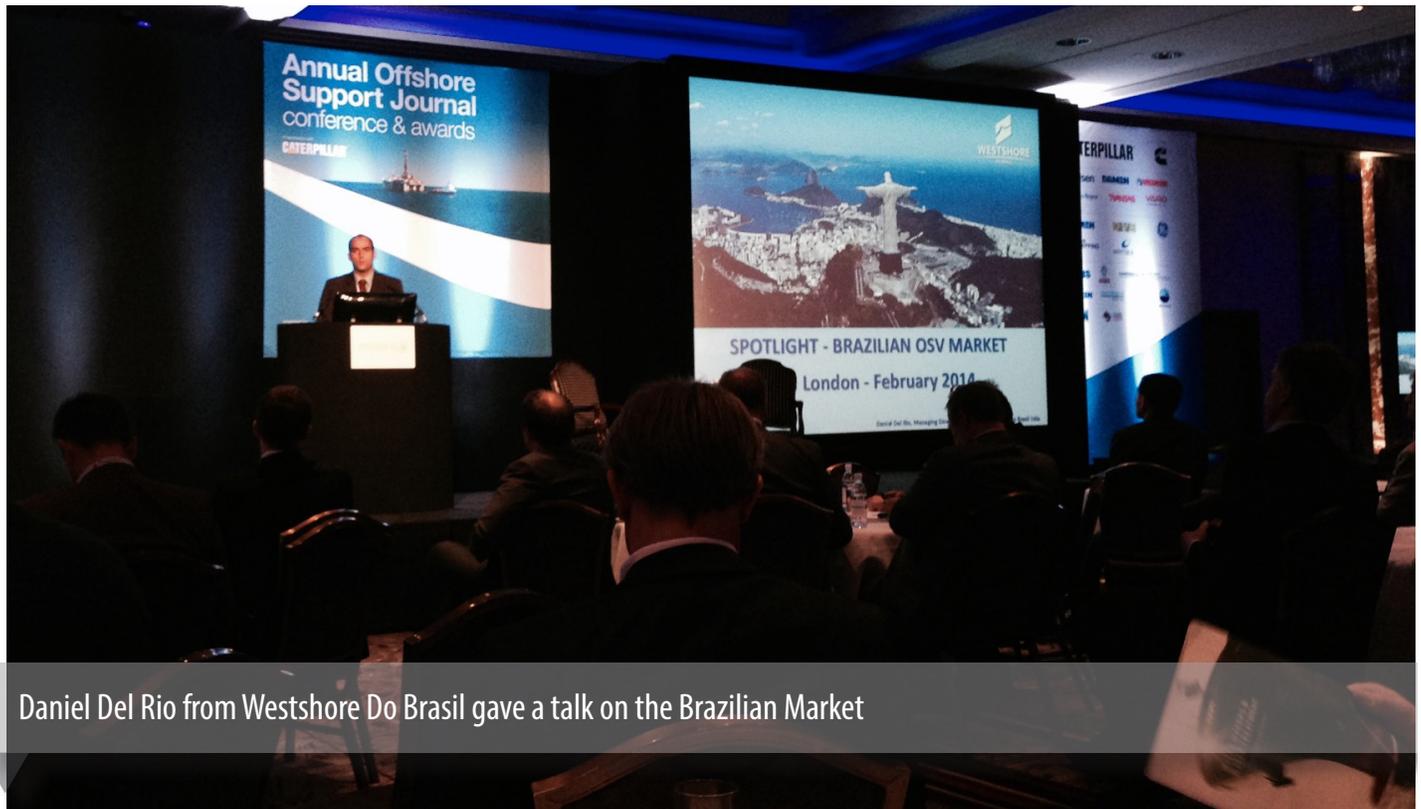
mence its 180 day a year contract later in 2014. The vessel is managed by Remøy Shipping.

“The Grimshader has returned to the North Sea spot market after being sold and renamed”

The Grimshader has now been renamed and has returned to the North Sea spot market following her sale by Farstad Shipping. The vessel, which was formerly known as the Far Grimshader, was bought by Megacon Finance Ltd and is managed by COG Offshore. The vessel is a UT-706 L designed PSV.

Teekay Offshore has acquired ALP Maritime Services and ordered four newbuild long-haul vessels of Ulstein SX-157 design. The vessels are under construction at Nigata Shipyard in Japan and are set for delivery in late 2015 and early 2016. They will be targeted at the long-haul towing of FPSOs, FLNGs and drilling rigs. The SX-157 vessels will be Ice Class 1B, and will have bollard pulls of around 170t, DP2 and deck areas of around 550m².

Inside Story



Daniel Del Rio from Westshore Do Brasil gave a talk on the Brazilian Market

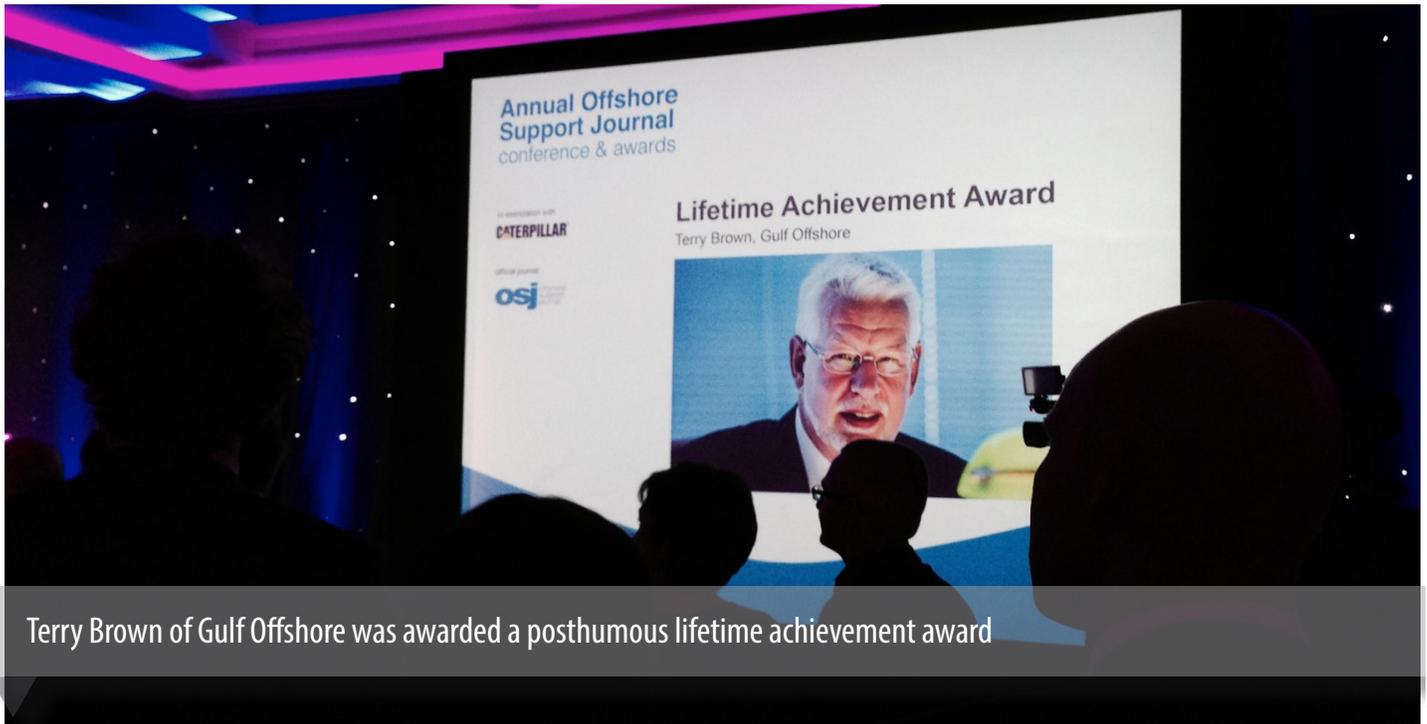
Highlights from OSJ 2014

The Offshore Support Journal conference has grown to be a necessity of the offshore calendar of events. This year, the event attracted more than 450 delegates from around the globe and its extended programme included additional events covering subsea and renewables.

With some of the biggest and most influential members of the offshore vessel community present, we take a look at some of the most interesting aspects. Chad J Verret Executive Vice President with Harvey Gulf gave a comprehensive run through of the companies undergoing work to construct the infrastructure to

support their new LNG powered fleet. His talk culminated in a nod to the fact that the Norwegian market has already embraced this technology for over a decade.

Gijsbert de Jong of Bureau Veritas covered the Polar Code and what it means for offshore support vessels planning to operate in cold climate conditions. With the IMO (International Maritime Organisation) beginning to finalise the Polar Code we can anticipate that it will be adopted in November this year and put into force for 2016. The Polar Code covers design, construction and operation of the vessels in polar



Terry Brown of Gulf Offshore was awarded a posthumous lifetime achievement award

waters. Two of the big factors will be reduced stability due to the effects of ice accretion and also the new structural requirement for all tanks to be separated from the outer shell of vessels. We shall be covering the Polar Code in more depth in forthcoming editions of the Navigator.

The final day of events focused mainly on the upcoming regional markets and included discussions on Brazil, the Caspian and the Middle East. Daniel Del Rio from our Brazil office had been invited by event organisers to give a presentation on the opportunities and hurdles in the Brazilian offshore vessel market. Daniel covered all aspects of the market from Petrobras' chartering style through to discussion of the independent oil companies that are an increasing feature of the market. He also covered the ratios of foreign vessels versus Brazilian built tonnage and how they will remain an important factor going forwards. For more information and detail on the Brazilian market read our

“Daniel Del Rio from our Brazil office was invited by organisers to present a talk on the market”

monthly sister publication Brazilian Wave.

In addition to the presentations and exhibition there was also the traditional dinner and prize giving ceremony. Full details of all award winners can be found below. We very much look forward to next year's conference and seeing even more of you there.

Award Categories & Winners:

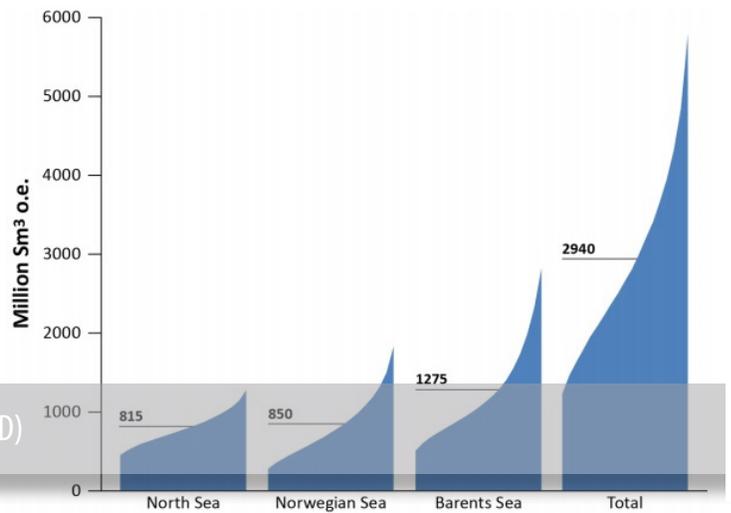
Support Vessel of the Year - **CSS Olympia**
 Shipowner of the Year - **Island Offshore**
 Innovation of the Year - **MacGregor - Siem Moxie**
 Environmental Award - **Stadt's 'Stascho'propulsion**
 Offshore Renewables Award - **Siem Moxie**
 Lifetime Achievement Award - **Sigmund Borgundvåg, Rolls-Royce.**
 Posthumous award: **Terry Brown**, Gulf Offshore
 NEW: Most Influential Person in Offshore Support Award - **Shane Guidry** ■

Market Forecast



Undiscovered resources on the Norwegian Shelf (source: NPD)

	Low (p95)	High (p05)
Total	1 230	5 780
North Sea	450	1 270
Norwegian Sea	280	1 820
Barents Sea	510	2 810



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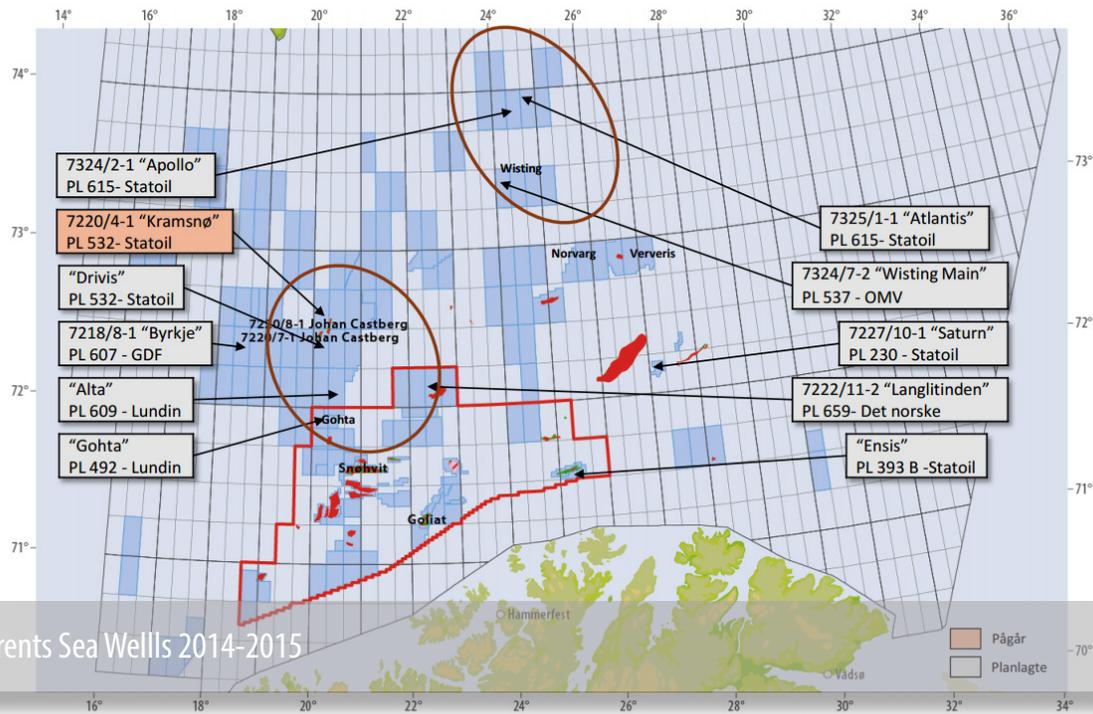
Success on the Shelf

Of all the oil that has already been sold and delivered on the Norwegian shelf there is around half as much again waiting to be discovered according to the Norwegian Petroleum Directorate (NPD). Every year the NPD takes an in-depth look at what has happened to the offshore oil and gas industry in the region, and what the future might hold. Their latest report makes for interesting reading.

The NPD also looks into the future potential spending and investment on exploration activity, pipelines, facilities, subsea, development wells and maintaining existing structures. Overall the level of investment is expected to

be similar this year to last before rising slightly in 2015 and then falling away marginally into 2016-2018. The biggest changes that the NPD expect this year are exploration spending to be down and the spending on subsea facilities to be reduced.

The number of production wells to be drilled on the shelf are expected to rise by one in 2014 up to 167 in total with 124 of these expected to be drilled from mobile drilling units and 43 from permanently placed drilling facilities. These figures are strikingly similar to the activity we saw in 2013 and in 2008 before that. In terms of exploration wells the forecasts are showing potential for between 45 and 50 wells which is significantly down on



the 59 we saw in the year. In fact, this prediction takes us back to levels last seen in 2010 and we have to go back as far as 2007 to find a lower amount of exploration activity, when only 32 exploration wells were drilled.

Furthermore, there are four development plans that were approved last year and 14 more are possible in 2014 and 2015. There are plans for development and operation (PDOs) in the Norwegian Sea at Aasta Hansteen. Also the PDOs at Oseberg Delta 2, Ivar Aasen and Gina Krog in the North Sea may also be joined by nine more in the same region, three in the Norwegian Sea and one in the Barents Sea in the next 12 to 24 months.

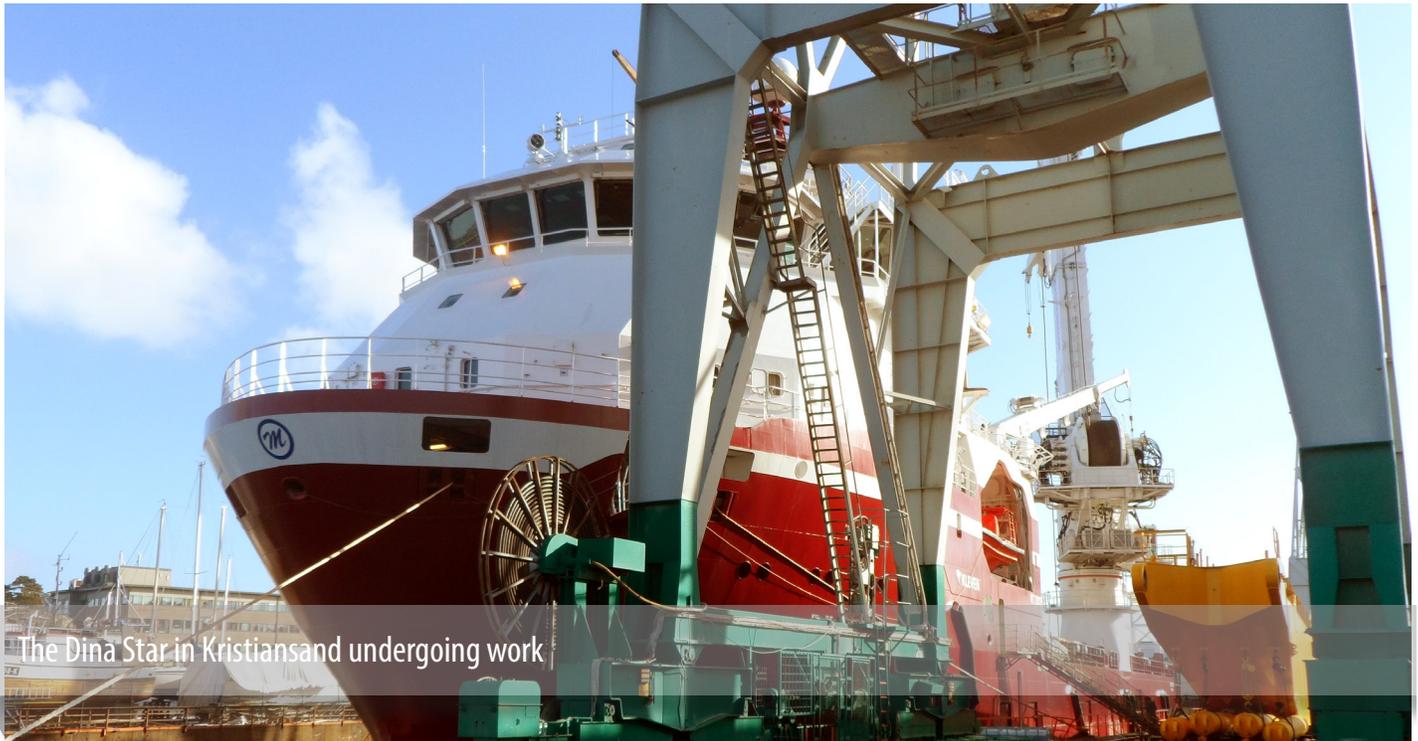
There are also a whole series of wells planned for this year and next in the Barents Sea with Statoil mainly driving the exploration. In total 10 are expected in 2014. In 2013 there were eight wildcat wells drilled in the area with five discoveries and three only three dry wells this has been the best hit-rate since the 2008/2009 era and represents the largest number of finds in one year ever.

“The discoveries in recent years have created renewed interest in the Barents Sea”

With the increasing success in the region, NPD director general Bente Nyland believes we will see more and more drilling. She says: “The discoveries in recent years have created renewed interest in the Barents Sea, which could come to play an important role in maintaining long-term petroleum production.”

Overall the total estimated production of petroleum in 2014 is 215 million Sm³ o.e., about a half per cent higher than in 2013. After this, a weak increase is expected over the next decade.

According to Bente Nyland the recent success is down to better cooperation and squeezing more out of the finds. She says: “The work to coordinate the resources and improve the recovery rate on the shelf has greatly benefited both the companies and the Norwegian State.” However, in a warning over rising industry inflation impacting on exploration she states: “Concerns over the cost level and oil prices must not prevent us from making decisions that will secure our income base for many years to come.”



The Dina Star in Kristiansand undergoing work

A Vessel Visit for Our Team

Jon Inge Buli, Jørgen Welde Knudsen and Galina Braumonas had the pleasure of visiting the Ice classed MPSV Dina Star while she was in Kristiansand to have a 150 ton capacity crane mounted on her port deck side.

The vessel has been in port for over three weeks, and with the crane successfully mounted the final touches for the ROV wiring of the vessel are being installed before heading out on her one year plus options contract with Reach Subsea. The large vessel was in good order with staff working on her 24/7 in order to have her ready for the March 1st commencement.

“Update to the latest version of the Westshore App to get alerts on the market straight to your phone”

We have just released a new version of the Westshore App to both the iTunes store and the Google Play store with push notifications functionality restored. Please update the Westshore App on your mobile device. This means you will get alerts for all of the

latest movements, fixtures and requirements straight to your mobile device. Please click the links below:

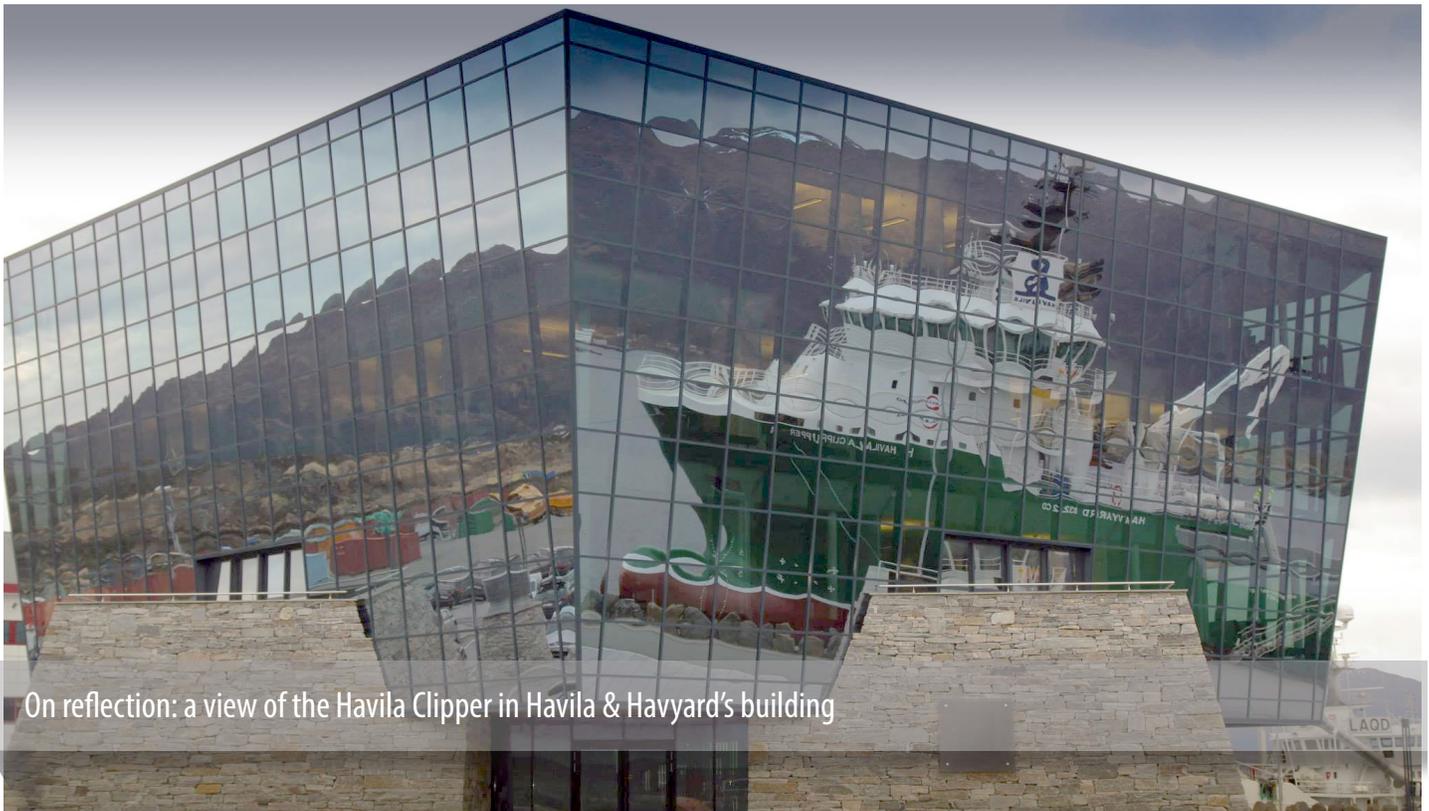
iTunes Store:
bit.ly/1gTmWYz

Google Play Store:
bit.ly/1e0ie87

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Market in February



On reflection: a view of the Havila Clipper in Havila & Havyard's building

February has been another very tight month on the North Sea market. On numerous occasions the AHTS and PSV markets were either sold out or close to being so. Weather and clashing worksopes combined to cause availability to tighten, and rates to rise. At times it was the PSV market that really stole the show with vessels in demand on both sides of the water and charterers in the UK and Norway needing to rely on AHTS vessels to take on supply duties.

As the month came to a close we saw the market swing dramatically the other way with a large number of AHTS vessels completing their work and returning to port. The start of March saw over NOK 10 billion worth tonnage sitting prompt in Bergen without work. However, with so much activity in February it was inevitable that there would be a bit of a lull in the market at some point. A bit of breathing space is probably what the market needs in order to get some perspective on what has been a dramatic start to the year.

		Average Monthly Rates (NOK)		
Vessel Type		Feb-14	Jan-14	Feb-13
AHTS	> 25,000	416,343	291,111	379,099
	18,000 to 25,000	260,954	285,776	255,324
	< 18,000	257,342	208,960	222,040
PSV	> 900 m ²	203,955	129,703	134,339
	< 899 m ²	141,819	111,752	103,596

	Feb-14	Jan-14	Feb-13	Jan-13
# of spot supply fixtures	68	70	82	83
# of rig moves	24	20	17	20
# of AHTS fixtures	66	72	51	57
Average Utilization (%)				
AHTS	71.6	68.5	71.9	68.3
PSV	95.4	88.6	89.1	86.5