



NAVIGATOR

WESTSHORE'S MONTHLY NORTH SEA REPORT

May 2014 Issue: 33

North Sea Boats Brazil Bound

Vessels leave for Petrobras Charters

Interest in the Arctic Heats Up

UK Government investing GBP 200M in new Arctic vessel

Green Light for Renewables

Offshore tonnage active on windfarm work



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Swire Pacific Offshore celebrates the launch of the Pacific Dragon

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Headline News



The Normand Titan is set to leave the North Sea in May

North Sea Boats Brazil Bound

The results of the latest tendering round for AHTS vessels for Petrobras have been released and they confirm that the South American chartering powerhouse will take on a number of North Sea based vessels.

The Brazilian national oil company has been soaking up a lot of offshore tonnage in recent years and in its most recent tender it has taken on a total of eight AHTS vessels at dayrates ranging between USD 45,000 to around the USD 50,000 level. All of the charters are for the usual four year firm plus four years of options. We shall see the first of these vessels leav-

ing the North Sea shortly and naturally we can expect this to have a certain impact on the market, which will be felt more on the UK side than in Norway due to the nature of the specific vessels involved.

Some owners had been operating their tonnage in the North Sea in anticipation of picking up a four year-deal in Brazil others have been whole heartedly committed to the region for years. United Offshore Supply and to a certain extent Worldwide Supply could be suggested to fit into this first bracket. The UOS Challenger has squeezed in one more job prior to departing the region and will carry out the rig move



Two UOS vessels have been fixed on four-year Petrobras charters

of the Galaxy I for Total alongside the Stril Challenger. Meanwhile, her sistership UOS Liberty is continuing in drydock before mobilising to Brazil.

Recently the Worldwide Supply PSVs World Emerald and World Sapphire departed the North Sea to commence their Petrobras contracts after a successful stint in the region where they had proved popular with charterers.

Solstad's Normand Titan has also been active on the UK spot market with the vessel having performed at least four rig moves already this year including for clients such as OMC, EOG Resources, Transocean and Prosafe. The 2007-built UT-712L designed vessel with a bollard pull of 187t has been a popular work horse in the UK North Sea. A quartet of Maersk vessels will also be joining these vessels on hire to Petrobras. The Maersk Traveller, Maersk Terrier, Maersk Trimmer and Maersk Handler have all been chartered. The Maersk Terrier is already

in Brazil, the Maersk Handler and Traveller are currently based in the Congo in West Africa meanwhile the Maersk Trimmer has been recently working in Ghana.

“Petrobras has plans for a further 30 drilling units by 2020 on top of the 40 already on contract”

The fixing does not stop there, we already know that Petrobras has plans for a further 30 mobile offshore drilling units by 2020 on top of the 40 already working for the company. A further round of AHTS awards will take place later on in the year as

Petrobras seeks vessels to commence its AHTS 12000 tender in September. Whilst this is unlikely to affect the key North Sea fleet we could see smaller vessels such as the Maersk Chignecto and the like, which have been on the fringes of the market, offered in.

For the latest on the Brazilian market or to be added to the distribution list for our sister publication Brazilian Wave. Contact sean@westshore.no or visit www.westshore.com.br

In & Out

Vessel	Design	Manager	ENTRY	From
BOA Bison	VS-491 CD	BOA Offshore	Early June	Newbuild
Vessel	Design	Manager	EXIT	To
Island Valiant	UT 787 LCD	Island Offshore	Mid April	TBA
Rem Gambler	Aker AH12 CD	Rem Offshore	Early May	Saipem
Siem Garnet	VS 491 CD	Siem Offshore	Mid May	SOC
Normand Titan	UT 712 L	Solstad Offshore	Mid May	Petrobras
UOS Challenger	MOSS 424	United Offshore	Mid May	Petrobras
UOS Liberty	MOSS 424	United Offshore	Mid May	Petrobras
Maersk Lifter	L-Type	Maersk Supply	Mid May	Canyon

Vessel	Design	Manager	ENTRY	From
Ocean Surf	UT 755	Atlantic Offshore	Early June	Dong
Viking Nereus	UT 755 L	Eidesvik Offshore	Early June	Hess
Skandi Texel	MT 6009 S	DOF	Early July	BP UK
Vessel	Design	Manager	EXIT	To
Island Dawn	UT 717 CD	Island Offshore	Early April	Kosmos
World Opal	Damen 3300CD	Remøy	Mid April	Petrobras
World Peridot	Damen 3300CD	Remøy	Mid April	Petrobras
Viking Dynamic	VS 490	Eidesvik Offshore	Mid April	Statoil
Island Duchess	UT 717 CD	Island Offshore	Mid April	Anadarko
World Sapphire	Damen 3300CD	Remøy	End April	Petrobras
World Emerald	Damen 3300CD	Remøy	End April	Petrobras
Highland Star	UT 705	Gulf Offshore	End April	GLR
Demarest Tide	STX PSV 09 CD	Tidewater	End April	Chevron
Far Superior	UT 705 L	Farstad	End April	TBA
Far Spica	PSV 08 CD	Farstad	Early May	Total South Africa
FS Pisces	UT 705	Fletcher Shipping	Mid May	RWE



The UT 776 CD Island Condor due to deliver in October

Orderbook

Newbuilds Jun-Dec 2014

June 2014

Island Dragon	-	UT 717 CD
BOA Bison	-	VS 491 CD
Sea Supra	-	PX 105
Juanita	-	Salt 100
Sea Triumph	-	STX 05 L

July 2014

Polarsyssel	-	Havyard 832L WE
Ocean Star	-	VS 485 MKIII L
Ocean Marlin	-	Havyard 820
Møkster TBN	-	UT 776 WP
Island Performer-	-	SX121
Ocean Art	-	VS 485 MKIII L

August 2014

Sea Surfer	-	PX 105
Siem Syphony	-	VS 4411 DF
Global TBN	-	Havyard 832

September 2014

REM TBN	-	VS 4412 DF
Far Sygna	-	Vard PSV 07 CD

October 2014

Island Condor	-	UT 776 CD
Sea Swan	-	PX 105

November 2014

Sea Swift	-	PX 105
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Drilling & Production

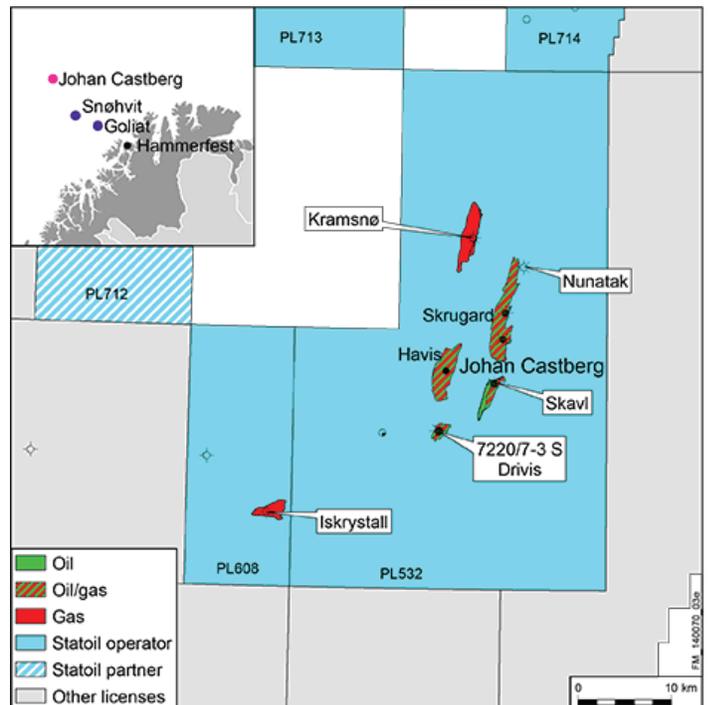
North Sea Activity

BW Offshore has signed a Letter of Award with Premier Oil for the Catcher field FPSO. Under the terms of the deal the operator will charter the unit for a period of seven years with additional extension options based on a field life of 10 years. The contract value including the charter rate OPEX is understood to be around USD 2.3 billion. The new built hull will come from Japan with conversion and integration taking place in Singapore ahead of planned production start in mid-2017.

Statoil has made an oil and gas discovery at the Drivis prospect in the Barents Sea near the Johan Castberg field. This well, which was drilled with the West Hercules rig, concludes the company's five well exploration campaign in the area that has taken place over the past 12 months.

The Norwegian national oil company has also made a discovery in the Valemon area with the Transocean Leader rig. The new Statoil find is approximately 10 km North of the planned Valemon installation and is estimated to contain between 20 and 75 million barrels of recoverable oil equivalent.

Hurricane Energy has mobilised the Transocean Sedco 712 semisubmersible rig and commenced the spudding of the Lancaster horizontal appraisal well. The total operation is expected to last around 75 days after which technical analysis will be undertaken. The well, which is located West of Shetland in the Licence P1368 is targeting 297 MMboe.





Keppel & Seafox have drawn up plans for a new jackup accommodation rig

Keppel has partnered up with Seafox in a new study to build a jackup accommodation rig with plug and abandonment features. The project, which is named Seafox 8, will target subsea fields reaching the end of their productive lives in the North Sea and the Gulf of Mexico. The two companies are expected to place an order as a joint venture at the end of the study at some point in the second half of 2014.

The Danish Energy Agency has opened up its seventh licencing round for new North Sea oil and gas exploration. According to assessments by the DEA there are still large quantities of oil and gas to be discovered in the region. The closing date for applications for this latest round is the 20th of October this year.

Tullow Oil has announced a deal to sell 53.1% of its Schooner interest in the UK and 60% of Ketch to Faroe Petroleum. The price of the deal is around USD 75.6 million plus a royalty on any future Schooner

developments.

VNG Norge has concluded drilling of the exploration well 6406/12-3 S and revealed larger than expected test results. The main objective of the well was to test the potential in the Pil prospect. Preliminary estimates place the size of the discovery at between 8 and 27 million Sm³ recoverable oil equivalents.

TGS has commenced two new multi client seismic projects in the Norwegian Barents Sea. Both surveys will provide data ahead of the closing of the 23rd Norwegian Licensing round. The company will utilise the vessels GECO Eagle and Akademik Shatskiy.

The Norwegian Petroleum Directorate is carrying out further studies to map the subsurface region in the Norwegian Sea. The Greatship Manisha will be used by Fugro Seascor for around four weeks from early May.

“The Danish Energy Agency has opened up its seventh licencing round for new Oil & Gas exploration.”

Vessel News

Including Newbuilds & Subsea

The Siem Stingray has picked up a contract with Subsea 7 for three years plus two yearly options. The charter will commence once the vessel is delivered in the third quarter of this year. The Siem Stingray is an STX OSCV 03 designed offshore subsea construction vessel with 250t offshore crane, accommodation for 110 and 1,300m² deck area.

Havyard is to build a hybrid battery powered arctic PSV for Fafnir Offshore. The Havyard 833 WE ICE designed vessel will be delivered in July 2015 with the contract value being just over NOK 350 million.

Farstad has secured a series of charters for 12 of its fleet including a number of AHTS and PSV fixtures. The Far Swift has been taken on by Petrobras for two years with a two year option. Meanwhile, the Far Spica is expected to commence a charter with Total in South Africa shortly. The AHTS vessels Far Fosna and Far Grip are due to go to Oil Field Services/Gazprom for 100 days from the end of May to carry out work at Sakhalin. A number of other vessels in the fleet secured charters in Australia & Thailand.

The Seabed Worker is expected to return from the Congo where she has been carrying out a brief job. The ROV support vessel could arrive back in the North Sea as soon as the 26th of May when she is understood to have clear availability.

Shell UK has struck a deal to take on the North Cruys for around 50 days. The charterer has returned the Highland Guardian to the UK spot market where she will be available as a sublet for the time being.





A sister ship to the BOA Bison has been ordered from NorYards

The Maersk Lifter is expected to leave the market in the middle of May and take up a 150 day job with Canyon. The vessel is next expected to return to the spot market in October at the earliest.

The Demarest Tide has been fixed by Chevron for a term contract that will see her supporting two wells with an estimated duration of five months in total.

The Harkand Da Vinci DSV which had been undergoing a dive system upgrade has been working for Ithaca and is due to commence work for CNR shortly.

The Olympic Triton is currently carrying out wind-farm work until the end of June when she will return to the market unless options to the end of August are taken up.

The STX PSV 09 CD designed Skandi Aukra will go to

ConocoPhillips for four months after arriving in the North Sea from Angola.

The UT-776 CD PSV Island Commander has had her contract with ConocoPhillips extended for a further year. The vessel will now be on charter with the client until June 2015 although there are also additional options that could see her extended in the future through to 2018. The vessel has been working with ConocoPhillips since delivery in 2009 and was converted in 2010 to a well stimulation vessel.

NorYards has signed a contract with NFDS 2 Offshore (majority owned by BOA Offshore) for a new VS 491 CD AHTS. The vessel will be a sister ship to the BOA Bison, which is due to deliver in Q2 2014. The hull of the new vessel will be completed at Nantong Mingde Heavy Industries in China before being towed to Fosen in September. The vessel will be delivered in Q2 2015 at a contract price of around NOK 650M. ■

“The Maersk Lifter is expected to take up a 150 day job with Canyon from the middle of May”

Inside Story



The UK Government is to spend more than GBP 200M on a new Arctic research vessel

Interest in the Arctic Heats Up

The UK Government has announced plans to spend more than GBP 200M on a state-of-the-art arctic research vessel that will provide marine scientists with access to the latest technologies. However, this has inevitably led to a question mark over commitment to the current vessels that have been carrying out work on behalf of the UK Government in recent years.

According to the British Antarctic Survey (BAS) the new flagship, which will deliver in 2019, will combine the best features of existing polar research ships although it will be larger and have greater endurance

and ice strengthened capability. With an endurance of 80 days it will also enable scientists to commence field research earlier in the season.

The new vessel will have an LOA of 129.6m, helideck and hangar as well as accommodation for up to 60 researchers and technical support staff. In addition it will be able to deploy and recover large remotely operated and autonomous marine vehicles. The vessel will have ice-breaking capabilities that will allow it to break ice up to two metres when travelling at three knots. Professor Mike Meredith is Leader of the BAS Polar Ocean science programme and Deputy Direc-



The Ernest Shackleton formerly the Polar Queen

tor of Science and he feels this new investment will enhance the understanding of the oceans and have a wider impact too. He said: “This new ship will build on a legacy of outstanding research, and will lead to ground-breaking and exciting discoveries that will ultimately generate new knowledge that benefits our society and economy.”

Director of the BAS Professor Jane Francis said: “The last 15-20 years has seen remarkable developments in science and technology. Incorporating these new technologies in a new ice-strengthened research ship will offer a step-change in Britain’s capability to deliver bigger and better science.”

The BAS already has a pair of Royal Research Ships (RRS) that it currently uses for operations namely the RRS Ernest Shackleton and the RRS James Clark Ross. The latter vessel is essentially a marine science and oceanographic research vessel. However, the RRS

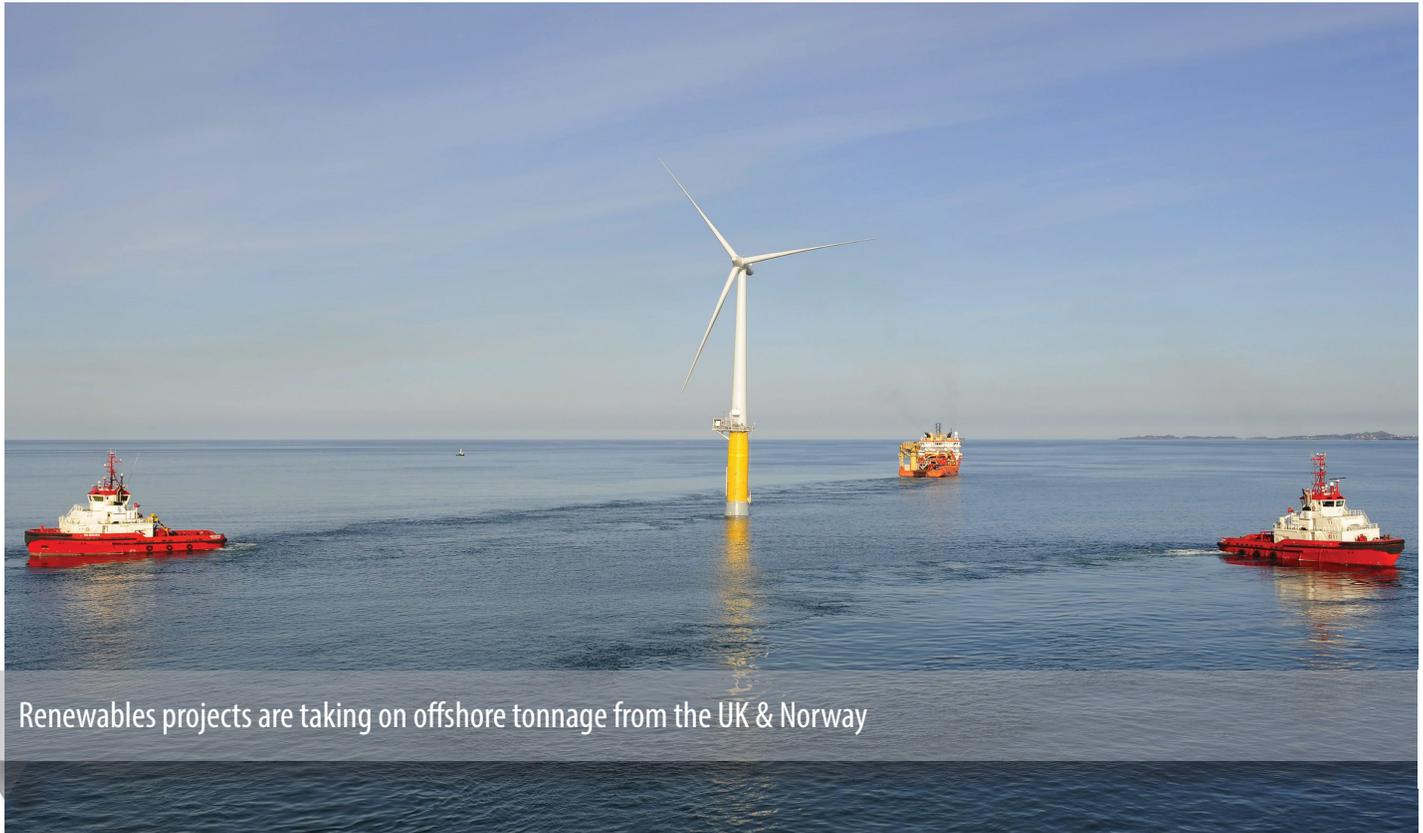
“The BAS has offered the Ernest Shackleton for charter during the summer periods in the past few years.”

Ernest Shackleton is from an offshore background, formerly the Polar Queen she has been on long term bareboat charter from GC Rieber since August 1999. The first one-year extension on this charter was declared at the end of last year and will be effective from August this year. A further four annual options are also in place.

This vessel has an LOA of 80m, DP2, 50t offshore crane and 5t ROV crane as well as 37 cabins. During the summer periods of the last few years the BAS has offered the RRS Ernest Shackleton for charter in the North Sea, North Atlantic, Baltic, Arctic and Mediterranean areas. The vessel is currently expected to be available from around the middle of May this year for up to four months and potentially in subsequent seasons after that.

The current plan is to operate these vessels until 2020 at which point the new vessel should have arrived and a decision on the future of the fleet will be made. ■

Market Forecast



Renewables projects are taking on offshore tonnage from the UK & Norway

Green Light for Renewables

Offshore renewables work is having an increasing impact on the offshore fleet and with a new announcement for a further eight major renewable electricity schemes in the UK this is only going to get bigger.

The UK is at the forefront of offshore windfarms and the recent plans have given the go-ahead for a further five projects that will add an additional 3,184 MW of capacity. As a round-up of the new plans we will see Dong extend the Walney offshore windfarm in the Irish Sea and work will take place at Dudgeon offshore windfarm off the coast of Norfolk. Meanwhile at the Hornsea 1 scheme there is planned capacity for 1,200 MW off the East coast

of Yorkshire. There will also be extension of the Burbo Bank windfarm off Liverpool Bay. Finally in Scotland, there are plans for 664MW capacity at the Beatrice windfarm in the Outer Moray Firth.

According to the UK Government the project will provide up to GBP 12 billion of private sector investment and lead to 8,500 jobs by 2020. Along with a number of on-shore schemes announced at the same time, they could add a further 4.5 GW of low-carbon electricity to Britain's energy mix which would be around 4% of the overall capacity and enough to power three million homes.

A number of offshore companies are already well posi-



The Siem Garnet has already built up a track record for renewables work

tioned in this market. Some players such as Siem have distinct set ups and in this case Siem Offshore Contractors quite often utilises vessels that would previously have been working in the oil and gas sector.

Around the middle of May we expect the Siem Garnet to depart the North Sea market, where she has been active in Norway, for a role in the renewables sector in Germany. The 28,000 BHP AHTS vessel, which has a bollard pull of around 300t, will be out of the spot market until around November.

Siem Offshore Contractors also has further work lined up in the coming seasons having recently been awarded a contract for the turnkey supply and installation package for the Nordsee One 54-turbine offshore windfarm being developed by RWE Innogy in the German Bight sector of the North Sea. The marine installation work for this project is due to take place in 2016.

There are many offshore vessels that are now working in the sector. For example the Gwnt y Mor project offshore

North Wales which will have 160 turbines has a whole variety of tonnage employed. Amongst the offshore vessels are the DSVs Toisa Vigilant, Red7 Tonjer, there is also the Fugro Saltaire which is carrying out trenching and survey work, the Polar Prince is onsite performing cable installation along with the Polar King.

“As the offshore wind capacity increases the oil & gas fleet will be increasingly relied upon.”

This is without even mentioning the installation vessels Friedrich Ernestine, Sea Jack and Sea Worker as well as the myriad of support and guard vessels.

At other sites we are also seeing the UT-755 L designed Highland Eagle carrying out geotechnical work at the Walney windfarm and the Maersk Responder performing a trenching workscope on the West of Duddon Sands project.

As the offshore renewables industry builds momentum we can be sure that the capabilities of the offshore oil and gas fleet will be increasingly called upon in the future to fulfil the vessel needs for these schemes. ■



There will be two parades in Kristiansand for the celebrations, photo: Trygve Tønnesen

Norway May 17th Celebrations

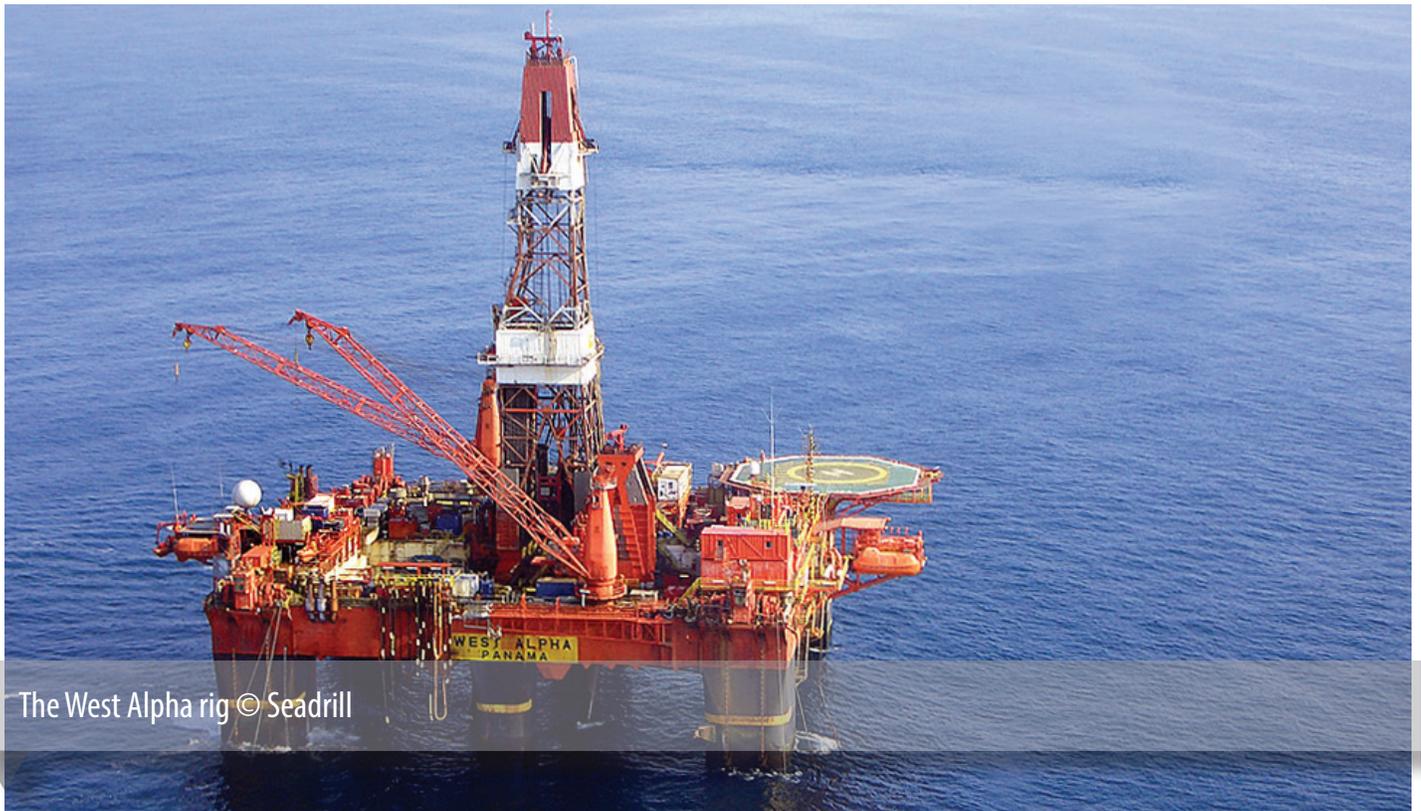
The traditional May 17th Constitution Day celebrations will be taking place all over Norway this month including in Westshore's home town of Kristiansand. The activities, which are held to mark the declaration of Norway as an independent kingdom two hundred years ago in 1814, will include two parades in the city centre.

Kristiansand will host marching bands, a concert with a sing-along, parades from all over the city including the regional schools and a motorcade. The climax will include a large firework display and jazz band. In Oslo, the Royal Guard will perform drills and play music on the main street of the capital.

“The celebrations will mark 200 years since the declaration of Norway as an independent kingdom.”

Westshore Shipbrokers will be attending the OTC conference in Houston from the 5th to the 8th of May. We shall have personnel from our Brazil, Canada and Norwegian offices at the event. These include Daniel Del Rio, Managing Director of our Brazil subsidiary. He will also be joined by the Managing Director of Westshore Arctic Darrell Cole who will be travelling down from our office in St John's in Canada. In addition, Jon Inge Buli from our Head Office in Kristiansand will also be at the event. All of our personnel will be happy to take questions and offer advice on their particular markets. ■

The Market in April



The West Alpha rig © Seadrill

April brought with it a change in the weather and a changeable market too. The PSV market started the month extremely tight with utilisation of the fleet at 92% this was followed by a dramatic fall away as more tonnage returned to port and the flow of fresh requirements dried-up. However, demand surged again as we began to approach May with the utilisation in the closing week of the month once

again hitting the 92% level. The AHTS market was extremely active this month with a number of rig moves clashing and causing availability to tighten and rates to spike shortly before the Easter weekend. The market sold out briefly with fixtures being done at the GBP 70,000 and above. However, the demand fell off once again over the holiday period. Limited levels of availability saw tonnage taken at the GBP 80,000 mark in the last week of April and utilisation hit 97%.

		Average Monthly Rates (NOK)		
Vessel Type		apr.14	mar.14	apr.13
AHTS	> 25,000	428 808	192 706	412 750
	18,000 to 25,000	375 408	193 744	308 017
	< 18,000	296 682	193 197	200 041
PSV	> 900 m ²	117 554	118 350	134 836
	< 899 m ²	79 756	91 650	101 576

	apr.14	mar.14	apr.13	mar.13
# of spot supply fixtures	63	68	88	93
# of rig moves	31	20	28	26
# of AHTS fixtures	92	64	82	79
Average Utilization (%)				
AHTS	78,4 %	46,9 %	70,1 %	69,1 %
PSV	82,8 %	80,8 %	86,5 %	89,1 %