THE NAVIGATOR

MARCH 2013
ISSUE 19

THE MONTHLY REPORT FROM WESTSHORE SHIPBROKERS AS

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SHIPBROKERS AS

INSIDE THIS ISSUE:

02 HEADLINE NEWS

Norwegian shipyards switching hands and changing names

Although there has been a little back and forth with regards to the full takeover of STX OSV by Italian shipyard Fincantieri, they have confirmed an agreement for 50.75% of the shares from STX Europe. The Fincantieri Group had before the move 21 shipyards in 3 countries, with this move marking their entrance into the top five shipbuilders in the world and biggest in Western Europe. This purchase is no small move, as of summer last year STX OSV had an orderbook of 55 vessels valued at NOK 18 billion. The Italian company had been under attack from Asian yards in their key segments, and this move marks a major diversification in their portfolio and follows a number of various strategic moves made by the yard over the last years. The company has also notified that it will change the name of the yard in order to draw on the Norwegian heritage. Roy Reite is now the CEO of the newly named shipyard group "VARD", stating that the new name conveys strength and stability, and their leading position in the offshore and specialized vessels industry globally. So far the company has not succeeded in completing the full takeover of the yard, with remaining shareholders not accepting the SGD 1.22 per share offer made.

However these are not the only yards switching hands, the rumors that STX have required capital for debt repayment have been fluttering around for a while and all the yards have knowingly been for sale for a period of time. Prior to Fincantieri purchasing the majority of shares in STX OSV, the yard sold STX Norway Florø and STX Norway Design Florø AS to Westcon Group AS at the close of last year. Westcon have stated that the acquisition has better positioned them for the offshore market, and provides further possibilities of future activities within ship repairs. Recently Bergen Group, who has been having financial concerns lately given some delays in the shipbuilding unit and cost overruns, announced the sale of their shipyard Bergen Group Rosenborg in Stavanger to Worley Parsons for NOK 1,088 million. The sale by the Norwegian company has given them the ability to continue refocusing on the yard in Hanøytangen. The CEO of Bergen Group said they would be hard pressed not to consider further sales of either its BMV yard in Bergen or Fosen near Trondheim should a bid come relative to the Worley Parsons bid which was three times market value. (However there are no plans to sell one of the two.) Westcon and Bergen Group have both been involved with regards to brief stints, upgrading or preparing rigs for the Norwegian Continental Shelf, and these moves will allow them to continue in their efforts to increase work in a market that has been growing in line with the offshore industry.

World Wide Supply AS & Remøy Management *Who are they?*

February has been a good month for PSV owners, at least relative to the last three months which have seen PSV's with decks larger than 900 m^2 achieve rates in the NOK 60,000 to NOK 70,000 levels, while those with decks small have ended in the NOK 50,000 to NOK 70,000 levels. The oversupply was a clear factor in these months that are notoriously poor (historically low levels this time around). However in February the situation was turned on its head and we hit much higher levels historically, and although rate levels can still move upwards relative to the highs seen in the more favorable months, we can consider the past 30 days as uplifting and positive for vessel owners. One of the major factors playing into this market is the number of NB's and one of those players with an orderbook that we may not be so familar with is World Wide Supply.

There has been a lot of talk about Damen Shipyards and their current strategy of breaking into offshore market. The shipyard was established some 85 years ago and has since 1969 delivered more than 5,000 vessels. They are a global company with 35 yards around the world and their headquarters in the Netherlands. One of their customers has been World Wide Supply, a company owned by a number of Norwegian and international investors. The company has on two separate occasions made orders of in total 6 PSVs with two additional options. The vessels will be built in Damen's Galati Shipyard in Romania with the design of the vessels, engineering and main equipment provided by Damen Shipyards Gorinchem in the Netherlands. The company has employed Remøy Management (one of the main investors in WWS), who have experience from the offshore market going back 30 years with CEO Ståle Remøy and chartering manager Sigurd Remøy to locate work for their vessels, all of which are currently scheduled to be delivered on time in 2013. The World Diamond will be delivered in June, while the World Peridot will come in August, the four remaining vessels (World Pearl, World Emerald, World Opal and World Sapphire) will then be delivered every month thereafter.

The company has stated that they will actively look for work for the vessels in the UK continental shelf, West Africa and the Mediterranean, however all markets are potentials if the specifications of the vessels suit the fixture. They are actively looking for long term contracts, however if no suitable contract has been secured by delivery, the vessels will proceed to the UK spot market. The plan is to crew the vessels with a mixture of nationalities, however the officers will be Norwegian. These vessels have the Damen 3300 design and are all equipped with dynamic positioning 2, a fire fighting system and oil recovery equipment with the ability to traverse at speeds of up to 13.7 knots. The vessel dimensions come in at a length of 80.1 meters with a breadth of 16.2 meters and a main deck of 720 m^2. The vessels will also have the capacity to accommodate 22 people with the capability to transport conventional containers on deck with a max weight on deck at 1400 tons. The vessels with their sleek design are well equipped, built with clean design and the latest technology within emission reducing standards. They will enter a difficult market, however the management team feel their experience, contacts and know how will make this a pleasant reunion for the company.

04 FEBRUARY MARKET SUMMARY

After a very weak January, which was to be expected, the availability during the close of the month began to tighten with utilization coming in at 98% on the first day of February. At the same time the market conditions for the Anchor Handlers were also in owners favor, which when ample in supply tends to act as a buffer for Oil companies when fixing vessels for supply duties in a tight market. The rates hovered around the 150,000 mark plus/minus 20K during the beginning of the month, before coming slightly down towards the end of the month. A couple of fixtures for Olympic and passenger duties were recorded at even higher levels, above the NOK 200K mark. The activity levels have been solid to start the year, although it is important to note that the change in term to spot split has ensured more activity. At the end of February there were 55 vessels on the spot above 3,000 dwt in NW Europe, versus 33 in the summer of last year. We saw a total of 82 fixtures in February, one less than the number seen in January, however average rates for the month for vessels with larger than 900m^2 deck increased from NOK 65,507 to NOK 142,760 per day. Average utilization for the month came in at just under 90% with Aberdeen pulling the levels down slightly.

Bad weather and a handful of vessels getting their beauty treatment at yards left the market fairly tight for Anchor Handlers. Coming into the month of February the market had already seen some fixtures in the NOK 1 million range and although we did not see these levels in February rates remained solid on both sides of the North Sea in the early stages. Similar to that of the PSV market, the UK side saw rates come down around the middle of the month when availability increased again. Despite the fall on the UK side, rates for small anchor handler hit historically high rates. Vessels below 18,000 BHP came in at 222,040 per day more than 40% higher than February of last year's rates and last month's rates. For those vessels above 25,000 BHP we saw rates at NOK 379,099 per day more than double the rates seen at the same period last year. This size segment has held strong, given that the Norwegian market has held fairly tight throughout the month. The solid rates during the month are backed by 17 rig moves and some 51 fixtures during the month, figures that are higher than the last three years however down from January. On the whole owners have been more determined to hold rates in periods when availability has increased slightly, demonstrating that they are gaining in confidence for the market.

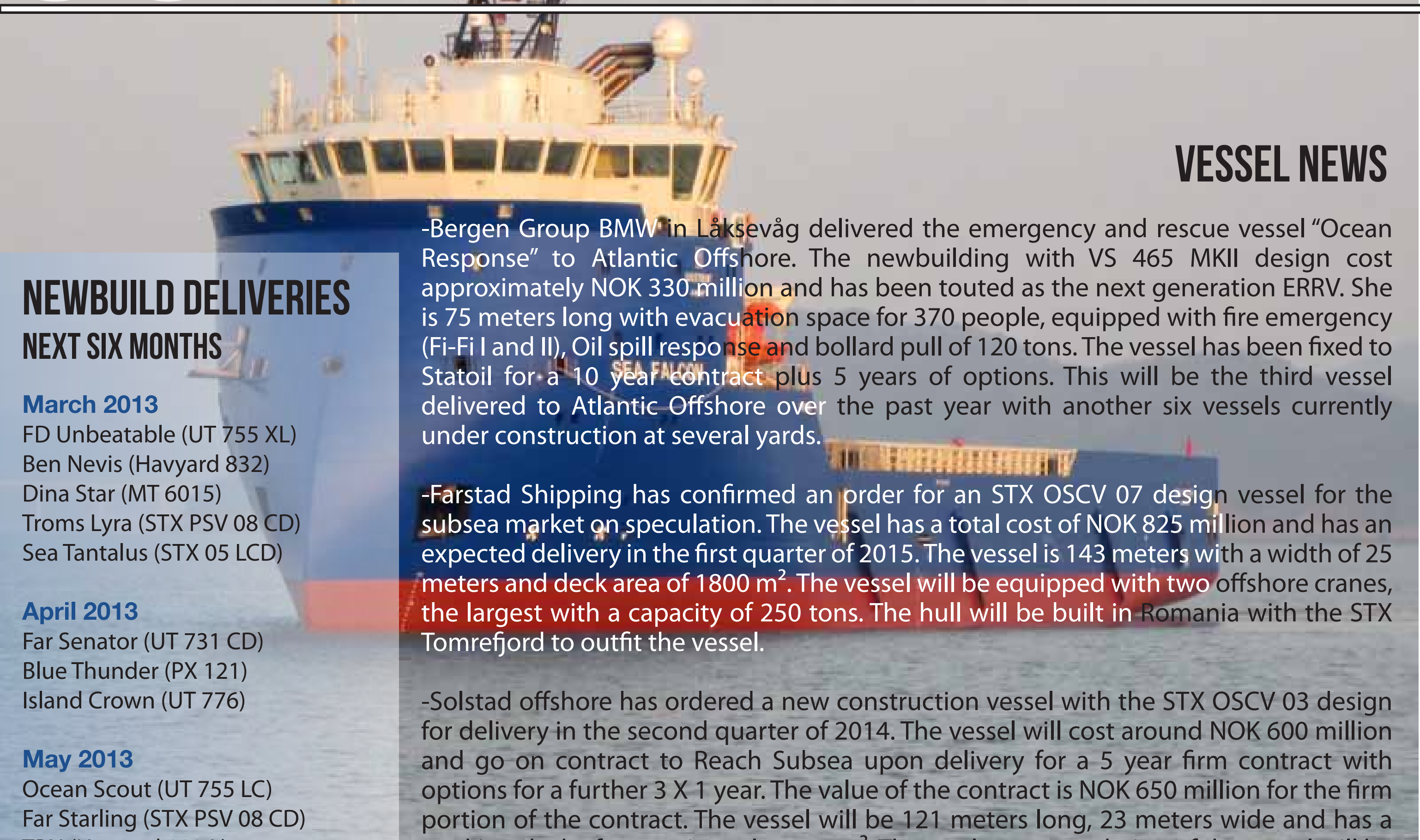
Date	Vessel	Operator	Scope	Rate (p/d)	Region
01.02.2013	Far Superior	GDF	PSV for 1 well approx. 90/100 days	RNR	UKCS
01.02.2013	Bourbon Topaz	ExxonMobile	General Support / 1 well (est 120 days)	GBP 19,000	Ireland
01.02.2013	Bourbon Tampen	ExxonMobile	General Support / 1 well (est 120 days)	GBP 19,000	Ireland
01.02.2013	Bourbon Rainbow	ExxonMobile	General Support / 1 well (est 120 days)	GBP 19,000	Ireland
01.02.2013	Bourbon Calm	ExxonMobile	General Support / 1 well (est 120 days)	GBP 19,000	Ireland
01.02.2013	Far Server	GDF	PSV for 1 well approx. 90/100 days	GBP 11,000	UKCS
01.02.2013	KL Brofjord	ConocoPhillips	Supply Duties, 5 months firm + 3 monthly options	GBP 15,500	UKCS
05.02.2013	FD Honorable	E.On	2 wells firm + 1 well option	GBP 11,000	UKCS
12.02.2013	KL Saltfjord	ConocoPhillips	All duties, 6 weeks firm + 2X1 week options	RNR	UKCS
22.02.2013	Brage Supplier	Premier Oil	Up to 5 wells	RNR	UKCS
25.02.2013	Olympic Energy	ConocoPhillips	6 months firm + 2 monthly options + options	RNR	NCS
26.02.2013	Normand Corona	Shell Norway	Supply duties , 4 months firm + 2X1 monthly options + opt	NOK 160,000	NCS
26.02.2013	Normand Ferking	Statoil	All duties, 3 years firm + 3X1 options	NOK 230,000	NCS
26.02.2013	Havila Mercury	Statoil	All duties, 3 years firm + 3X1 options	NOK 220,000	NCS
26.02.2013	Havila Mars	Statoil	All duties, years firm + 1 year option	NOK 220,000	NCS

Date	Operator	Scope / Period	Start up	Region
05.03.2013	CNR	PSV for 3 months or 1/2/3 years + options	01.05.2013	UKCS
05.03.2013	ConPhil N	PSV for 24 months + 3 x 1 year opt + 3 x 2 months opt + 3 x 1 month opt	30.03.2013	NCS
27.02.2013	ConPhil N	Supply duties, 72 days firm and/or 32 days firm + opt	19.05.2013	NCS
26.02.2013	BP UK	Heading Control, 3 months firm + 3 x 1 months opt	23.03.2013	UKCS
22.02.2013	Statoil	PSV for 4+4 months or 6+6 months option	01.04.2013	NCS
21.02.2013	Capricorn	Ice Management (2 x AHTS + 1 x MPSV), 45 days firm + 30 x 1 day option	15.06.2013	Greenland
12.02.2013	Talisman	PSV for 1 or 2 years firm + options	25.04.2013	UKCS
07.02.2013	EOG	PSV for 5 wells firm, abt 250 days.	01.05.2013	UKCS
03.02.2013	Shell UK	PSV for 5 years, supply and standby duties	15.06.2013	UKCS
10.01.2013	Peterson	PSV for 1 year + 2 yearly options	20.03.2013	UKCS
13.12.2012	BP UK	PSV for upto 5 years firm	01.04.2013	UKCS
01.12.2012	ConocoPhilips Alaska	Ice Management, 100 days + 30 days opt	01.07.2014	Alaska
20.11.2012	BG UK	PSV for 3 yrs or 5 yrs + options	25.03.2013	UKCS

Average Monthly Rates (NOK)				
		feb.13	*jan.13*	*feb.12*
AHTS	*> 25,000*	379 099	252 088	155 907
	18,000 to 25,000	255 323	136 531	133 911
	< 18,000	222 040	151 334	140 407
PSV	*> 900 m ^{2}*	142 760	65 507	101 048
	< 900 m^2	116 423	72 099	72 056

	feb.13	jan.13	feb.12	jan.12
# of spot supply fixtures	82	83	72	77
# of rig moves	17	20	15	16
# of AHTS fixtures	51	57	41	37
Average Utilization (%)				
AHTS	71.9%	68.3%	61.4%	72.3%
PSV	89.1%	86.5%	85.6%	85.3%

05 NEWBUILDING NEWS



VESSEL NEWS

-Bergen Group BMW in Laksevåg delivered the emergency and rescue vessel "Ocean Response" to Atlantic Offshore. The newbuilding with VS 465 MKII design cost approximately NOK 330 million and has been touted as the next generation ERRV. She is 75 meters long with evacuation space for 370 people, equipped with fire emergency (Fi-Fi I and II), Oil spill response and bollard pull of 120 tons. The vessel has been fixed to Statoil for a 10 year contract plus 5 years of options. This will be the third vessel delivered to Atlantic Offshore over the past year with another six vessels currently under construction at several yards.

-Farstad Shipping has confirmed an order for an STX OSCV 07 design vessel for the subsea market on speculation. The vessel has a total cost of NOK 825 million and has an expected delivery in the first quarter of 2015. The vessel is 143 meters with a width of 25 meters and deck area of 1800 m^2. The vessel will be equipped with two offshore cranes, the largest with a capacity of 250 tons. The hull will be built in Romania with the STX Tomrefjord to outfit the vessel.

-Solstad offshore has ordered a new construction vessel with the STX OSCV 03 design for delivery in the second quarter of 2014. The vessel will cost around NOK 600 million and go on contract to Reach Subsea upon delivery for a 5 year firm contract with options for a further 3 X 1 year. The value of the contract is NOK 650 million for the firm portion of the contract. The vessel will be 121 meters long, 23 meters wide and has a working deck of approximately 1300 m^2. The total accommodation of the vessel will be 100 persons with a crane with capacity of 250 tons.

-DOF Subsea has entered into a contract with STX OSV for an Offshore Subsea Construction Vessel scheduled for delivery in Q1 2015. The OSCV 12 design will be approximately 161 meters long with a beam of 32 meters. The company also recently confirmed a long term charter deal for a Jones Act offshore support vessel from US Owner Harvey Gulf for four years upon delivery in June of this year. The vessel is being built at East Shipbuilding in Florida.

-Sinopacific Shipbuilding has confirmed four anchor handling tug supply vessels for the Femco Group. The vessels with the Sinopacific design SPA-150 are to have 12240 bhp with 150 tons BP. All the four vessels will be delivered during 2015 and are expected to be traded in South East Asia and Russia's Far East.

-Sealion Shipping Ltd, on behalf of Toisa has placed an order for a large multipurpose offshore construction vessel with Hyundai Heavy Industries. The vessel will have a customized Sealion/Ulstein X Bow design and will be 150.5 meters long with a beam of 32 meters and carry two cranes, the largest with a 900T capacity. THE MOCV will have accommodation for 250 people with a deck area of 2900 m^2 and two large working ROVs. The company has stated that the vessel can support a wide variety of subsea operations worldwide, and will be their fifth construction vessel to join their fleet.

-Boa Offshore has recently clarified their newbuilding program which previously consisted of eight vessels. They have now opted to continue with four of the vessels, two of each design. Two VS 491 CD Anchor Handlers and two VS 495 DEM MKII designed MPSVs at Nantong Mingde in China with outfitting for the anchor handler to be done at Bergen Group Fosen Shipyard and the multipurpose supply vessels will be finished up at Factorus Vulcano Shipyard in Spain. The first Anchor Handler is expected to be delivered in April, 2014.

NEWBUILD DELIVERIES

NEXT SIX MONTHS

March 2013
FD Unbeatable (UT 755 XL)
Ben Nevis (Havyard 832)
Dina Star (MT 6015)
Troms Lyra (STX PSV 08 CD)
Sea Tantalus (STX 05 LCD)

April 2013
Far Senator (UT 731 CD)
Blue Thunder (PX 121)
Island Crown (UT 776)

May 2013
Ocean Scout (UT 755 LC)
Far Starling (STX PSV 08 CD)
TBN (Havyard 833 L)
Sea Titus (STX 05 LCD)
FD Untouchable (UT 755 XL)

June 2013
North Pomor (ST 216 Arctic)
Fanning Tide (STX 09 CD)
Blue Guardian (PX 121)
Island Duke (UT 717 CD)
Far Statesman (UT 731 CD)
Skandi Iceman (STX AH 12)
Sea Flyer (PX 105)
World Diamond (Damen 3300 CD)

July 2013
Makalu (Havyard 832)
Sea Tortuga (STX 05 LCD)

August 2013
Sea Triumph (STX 05 LCD)
Sea TBN (PX 105)
World Peridot (Damen 3300 CD)

Recently delivered
Vestland Cetus (VS 485 MKII)
Lundstrom Tide (STX PSV 09 CD)
Blue Power (PX 121)
Far Sitella (STX PSV 08 CD)
Sayan Princess (VS 485 MKIII)
Sea Falcon (PX 105)

06 DRILLING & PRODUCTION

-Sevan Drilling have confirmed a letter of intent with an operator in the US Gulf of Mexico for a three year contract on the third of its newbuild semisubmersibles. The construction of the third unit is currently on schedule and expected to be completed by October of this year at Cosco Shipyard. The agreed charter rate is approximately USD 500,000 per day plus a mobilization fee with an expected final agreement to be made by the end of Q1.

-Seadrill has exercised options for the construction of two high specification jack-up drilling rigs at Dalian Shipbuilding in China. The units are based on an F&G JU2000E design with water depth capacity of 400 ft. and drilling depth of 30,000 ft. The rigs are expected to be delivered in the Q3 and Q4 of 2015 for a total cost of approximately USD 230 million each. The company will now have six rigs under construction at the same yard with two to be delivered this year and the four in 2015.

-Singapore's Energy Drilling has entered into a contract with COSCO Shipyard in Guangdong to build a semi-submersible tender rig with the GustoMSC Ocean400 TD rig design. The rig has a water depth capacity of 350 to 2000 meters with pre-laid mooring, with a drilling depth of 9000 meters an d expected to be delivered in June 2015.

-Northern Offshore has confirmed a contract with ADTI for the jackup Energy Endeavour to operate in the British sector. The contract is for 60 days and has a total contract value of NOK 52 million giving a daily rate of approximately USD 152,000 per day. The expected start-up of the contract is June 2013.

-The Songa Trym has finished its upgrade at the CCB yard and has started up its three year contract with Statoil. This was the second rig to recently rejoin the operating fleet, with the Songa Delta having left the same yard in November of last year. The Songa Delta cost the company USD 140 million, while the Songa Trym cost the company an estimated USD 205 million. The company has now stated that both rigs are now well equipped for their Statoil contracts and potential work upon completion of those contracts. The company also has the four Category D rigs under construction in Korea with the following delivery schedules: Songa Equinox/ June 2014, Songa Endurance /October 2014, Songa Encourage / February 2015, Songa Enabler / May 2015.

-DONG Energy has fixed the jack up rig Maersk Resolve from Maersk Drilling for work on the Hejre field in the Danish North Sea. The contract is for approximately 750 days following a five well contract with the option for a further two wells and another 280 days. The contract is expected to commence in the summer of 2014 and is valued at approximately USD 148 million.

-RWE Dea the German utility company is poised to cut debt and generate fresh capital for new investments through a divestment of the Dea subsidiary, which holds acreage off both UK and Norway. The company stated that the sale would also remove future capital expenditures and therefore provide financial leeway for the company moving forward. An estimated value of this portion of the company has set at USD 6 billion. Given the recent interest in entering into the North Sea market from many different areas, there is little doubt that interest for the Dea subsidiary is there.

-Asia Offshore which had three jack up rigs under construction at Keppel Fels shipyard in Singapore has delivered its first unit, which will move to the Persian Gulf to work for Saudi Aramco as of April 2013. The two other units are to be delivered later this year. Keppel Fels shipyard has also recently delivered the jack up rig UMW Naga 4 to UMW O&G Corp. slightly ahead of schedule. That was the fourth rig delivered this year with the company announcing that they would deliver 22 newbuild units in 2013.

07 IN AND OUT

PLATFORM SUPPLY VESSELS - IN

Vessel	Design	Manager	ENTRY	From
Normand Flipper	UT 745 E	Solstad	Mid - Feb	Drydock
Rem Supplier	UT 755 LN	Rem Offshore	Mid – March	Perenco
Havila Clipper	Havyard 832 CD	Havila	Mid – March	Statoil
Far Splendour	P106	Farstad	Mid – March	Peterson
Dina Supplier	UT 755 LC	Myklebusthaug	End – March	MOUK
Energy Swan	ST 261 LMV	Golden Energy	End – March	Asco
VOS Precious	UT 755 LN	Vroon	End – March	BP
Sjoborg	Havyard 833	Skansi Offshore	Start – April	Statoil
UP Jasper	VS483 MKII	Ultrapetrol	Start – April	Nexen

PLATFORM SUPPLY VESSELS - OUT

Vessel	Design	Manager	EXIT	To
Eldborg	Havyard 832 CD	Skansi Offshore	Start – March	Statoil – East Africa
Far Scotsman	STX 08 CD	Farstad	Mid – March	Statoil – East Africa
Bourbon Topaz	PX 105	Bourbon Offshore	Mid – March	Exxon Mobil - Ireland
Bourbon Clear	PX 105	Bourbon Offshore	Mid – March	Exxon Mobil - Ireland
Bourbon Tampen	P 105	Bourbon Offshore	Start – April	Exxon Mobil - Ireland
Viking Athene	VS 470 MKII	Eidesvik Offshore	Start – April	Lundin
Island Contender	UT 776 CDG	Island Offshore	Start – May	Lundin
Island Crusader	UT 776 CDG	Island Offshore	Start – May	Lundin
Vestland Cetus	VS 485 MKIII	Vestland Offshore	Start – May	MOUK
Energy Insula	VS 485 MKIII	Golden Energy	Mid – May	ConocoPhillips N
Energy Swan	ST 261 LMV	Golden Energy	Mid – May	ConocoPhillips N
Troms Castor	VS 485 CD	Troms Offshore	Mid – May	Chevron Canada
Torsborg	Havyard 832 L	Skansi Offshore	Mid – June	BP

ANCHOR HANDLERS - IN

Vessel	Design	Manager	ENTRY	From
Skandi Stord	KMAR 404	DOF	Mid – Mar	Upgrade
Siem Garnet	VS 491 CD	Siem Offshore	Start – April	Layup

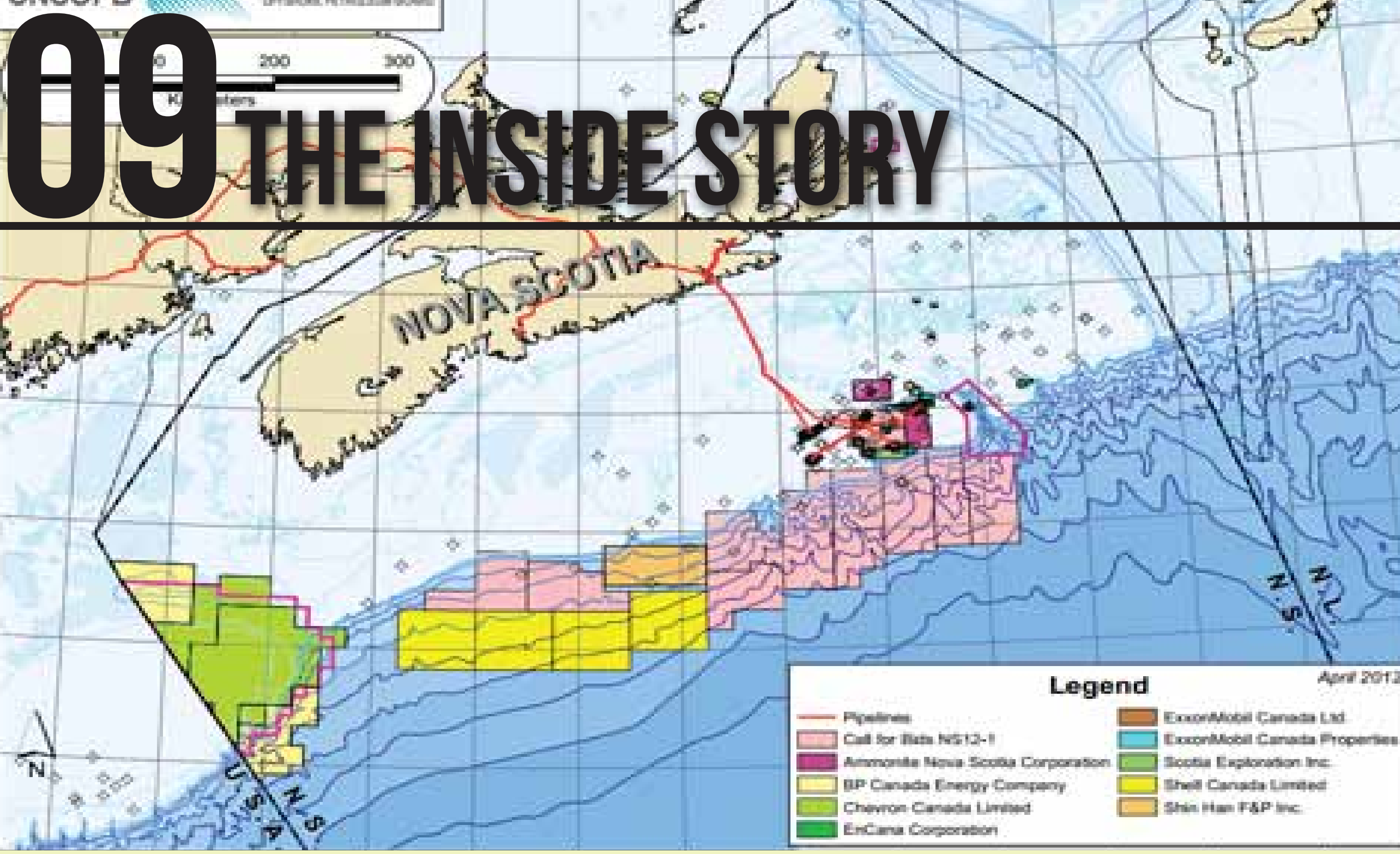
ANCHOR HANDLERS - OUT

Vessel	Design	Manager	EXIT	To
Normand Pioneer	UT 742	Solstad	Mid - Mar	Technip
Normand Ranger	VS 490	Solstad	Mid - Mar	Technip
Strilborg	UT 722	Møkster	Start – May	RWE Dea
Magne Viking	VS 4622 CD	Viking Supply Ships	Mid – May	Chevron/Canada

08 MARKET FORECAST

The coming month will see a large number of PSVs entering the spot market with a good deal Newbuilds delivered in February, in total six vessels! Two of those vessels went onto long term contracts to Shell and Apache. On top of those arrivals we can still see another five vessels to come in March, with April and May combined looking to drop another seven platform supply vessels on the market. The market has been providing fairly decent rates on the Norwegian side of the North Sea lately, and the major question has been whether the positive rates for owners can deal with the substantial influx of more vessels. There is no doubt that the UK market tends to have alot more availability, and unless operators in the region start needing to fix larger tonnage we can expect rates to remain at fairly low levels. There are always a few Norwegian crewed vessels in Aberdeen given the higher frequency of work in the UK, however when the market in Norway really tightens, these vessels get brought back over. The reason for going to Aberdeen in the first place is that vessels tend to sit longer in Norway despite the higher utilization. When it comes to the Norwegian market, nothing is certain. The market has occasionally shown a tremendous ability to absorb newly delivered vessels and held fairly tight in periods where the activity has been solid, rates have noticeably come up when the AHTS market has held high levels of utilization. Despite a large number of vessels entering the market and still due to enter the market, the number is not so significant with regards to vessels entering the Norwegian side of the North Sea. Those that were recently delivered included three vessels built in Norway however all of them have sailed to the UK in order to save NOK 15,000 to NOK 20,000 per day on crewing costs. Not one single of those vessels delivered in February sailed to a port in Norway, and although thirteen vessels are to be delivered in the next three months (1 AHTS and 1 MPSV), the number that will reach Norwegian seas is limited. You might let your eyes wander to the page three of this report and note the number of term opportunities outstanding with a majority in the UK, however there are three requirements for ConocoPhillips and Statoil in Norway outstanding. Our term department has predicted that the activity levels for term contracts will remain fairly consistent with the last couple of years, however so far in 2013 the pace has been very strong and while we last year saw the same, it followed with a dip in activity in March. This time around we can expect the activity levels to remain decent into the next month with the current number of outstanding requirements fairly high, and further requirements expected. It is however prudent to note that the end of 2012 ended with very few fixtures and therefore this could merely be a bit of catch up.

Either way we look at it, recent term levels have seen vessels fixed at rates from NOK 165,000 all the way up to NOK 185,000 if we believe all market sources. Despite the countless vessels having been delivered to the market, term rates are rebounding from the low levels we saw during the final quarter of 2012. I tend to end all my PSV articles with a caution, mainly because whenever I end up writing them the market turns up or is already is doing decently and the essence of what I'm writing becomes somewhat positive for owners given what the status of the market should have been with all these deliveries over last year. It is important to remember that last year we also saw a very positive start, only to see a very negative trend from May and onwards when a solid number of vessels began to arrive to the market. Although the delivery schedule this year is more top heavy in the beginning of the year. We are still cautious for the PSV market with rates likely to fall below last year's levels, however one should note that during the first 6 days of March there have been 21 supply duties fixtures, which if activity continues on the same level will result in 105 fixtures for the month. With levels like that we will undoubtedly see utilization levels in the 90's for alot of March, regardless of the high number of spot vessels in the N Sea.



Oil Companies lining up big numbers in Nova Scotia...

Shell's operations in Alaska have not exactly been without issues, the entire operation has been a substantial investment with estimates of more than USD 4 billion having not yielded a complete drilling campaign quite yet. The bureaucratic hurdles to prevent drilling in the region have been the cause of significant investment in order to successfully complete the leaps. Shell now needs to address a number of violations raised by the Coast Guard, with US Interior getting involved again having requested a two month review of the work in Alaska. Both of the rigs to be used in the drilling campaign are now expected to transit to Asia for repairs in preparation for another attempt this coming summer, however rumors (now confirmed) have it that potential reviews and investigations could prevent any offshore work in 2013. The continued struggles in Alaska could lead Shell to increase focus in other areas, one of them being an area they invested substantially in during a 2011 license auction round.

This license auction occurred in Canada, where a majority of recent focus has been on the activities in Newfoundland and Labrador, however this auction was for blocks offshore Nova Scotia, which is also sailing up as an area of great potential. The region is estimated to hold 120 billion cubic feet of gas and some 8 billion barrels of oil. Although Nova Scotia has been involved in the offshore sector for some time with its first discovery at Sable Island in 1971 and approximately 130 exploration wells drilled having been drilled to date, the Cohasset-Panuke project produced oil from 1992 to 1999 with more than 44 million barrels brought to market and was a major reason for much of the offshore oil infrastructure now in place. The petroleum industry in Nova Scotia has been struggling over years and has not seen that wealth of offshore resources like the neighboring province of Newfoundland and Labrador. There are currently two production wells in the province with the Sable Offshore Energy Project, which is expected to continue producing until 2016/2017 and the Deep Panuke offshore gas development which is expected to come online shortly. However what is of interest to shipowners around the globe are the recent large commitments made by Shell and BP for area offshore Nova Scotia, and the future plans for these two oil majors.

In the beginning of last year Shell came out the winner of four parcels of deep water area ranging from 1400 to 3700 meters in the provinces southwestern shore. The bid put forth by Shell of CAD 970 million for work on the parcels over the next six years was record breaking. Shell has planned further seismic surveys of their blocks beginning April of this year with four vessels. The two year survey should last until September with Shell looking to identify potential drilling targets, before firing up again next year. The current target is to begin drilling in 2015 with a multi well drilling program. Following the Shell bid, BP in 2012 broke the year old record with CAD 1.04 billion for four blocks in the 2012 licensing round, covering almost 14,000 square kilometers and located approximately 300 kilometers off the Nova Scotia coast. Their exploration plans must be submitted before April and they are currently expected to perform seismic surveys next year with the oil company also planning a drilling campaign for 2015.

10 THE LAST WORD

Some of the pictures from this month's Navigator have been taken by our own Jørgen Welde Knudsen while attending the newbuild baptism of the "Blue Power" a PSV with the PX121 design delivered from Ulstein Shipyard. The vessel which is owned by Blue Ship Invest will be managed technically and commercially by Atlantic Offshore. They have also committed to take onboard the "Blue Thunder" a sister vessel to be delivered in April of this year. Blue Ship Invest, which is Ulstein Shipyard's investment arm, has another two vessels to be delivered after the April delivery.

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As always Westshore Shipbrokers could use you help in finding good topics to cover in the monthly editions of the Navigator for the upcoming year. Please send us your suggestions and we will research the topic and include your ideas in our upcoming issues.