THE NAVIGATOR

MAY 2012
ISSUE 9

THE MONTHLY REPORT FROM WESTSHORE SHIPBROKERS AS

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INSIDE THIS ISSUE:

02 HEADLINE NEWS

Arctic fever in the 22nd Licensing Round

The licensing rounds on the Norwegian continental shelf (NCS) are held in two ways, the Awards in Predefined Areas (APA) system focuses on mature regions of the NCS while the ordinary concession rounds every second year focus on the frontier areas of the shelf. Recently the Norwegian Ministry of Petroleum and Energy announced the 22nd round after having received nominations from 37 companies for blocks that they believe to be of interest. A total of 228 blocks or parts of blocks were nominated, of which 107 received multiple nominations. Upon completion of this nomination period the trend demonstrated a solid underlying interest in the Barents Sea with 181 of the nominated blocks in the region.

The 22nd round will consist of two separate licensing rounds, both mature and frontier, with the aim to award new production licenses for the areas beginning in 2013. After the nomination rounds the predefined area for mature regions increased by 48 blocks or parts of blocks from last years set. 33 of these are in the Barents Sea, 14 in the Norwegian Sea and two in the North Sea. The licensing round for frontier areas will include 86 blocks with 72 of these found in the arctic Barents Sea and 14 in the Norwegian Sea. Both licensing rounds show that the Petroleum and Energy Ministry have responded to the overwhelming interest shown to the arctic areas.

The Oil and Energy minister Ola Borten Moe has stated that the expansion for mature areas is important for continued good resource utilization with opportunities for further exploration around the Goliat and Snøhvit fields in the Barents Sea. This expansion is a major turnaround from previous years where a very small portion of the blocks were in the Arctic Barents Sea. The ministry is hoping that existing infrastructure can be utilized as the bulk of blocks this year are near current operations, which should allow companies to tie in new discoveries into existing developments. The interest in the arctic stems from several major discoveries in the region amongst those the Skrugard and Havis oilfields last year, in addition to the confirmation of the accord reached between Russia and Norway settling the long existing border dispute.

The effect of this transition to fields further north should be noticed within the realms of offshore vessel design, especially for those vessels that will be required for year round operation. Most vessels built for the North Sea today have 1C ice class, which is likely the minimum requirement on hulls for these regions. The important factor for operation in these areas is that the vessel has de-ice capabilities. There are relatively few vessels in the market with this ability, however it is possible to retrofit a vessel. The Stril Challenger of Simon Møkster Shipping is one of the vessels that has undergone the upgrade, with a cost in the region of NOK 15 to 20 million and a time frame of 3 to 4 weeks. Most yards are able to provide for this transformation and given the relatively short time frame we can expect more vessels to undergo the process should they desire to bid on tenders in the Barents Sea.

03 NEWS UPDATE

THE TOTAL SOLUTION

Earlier this month Total released a statement reporting that they would spend approximately GBP 350 million to halt the gas leak on the Elgin Platform, which has been emitting gas at a rate of nearly 7 tons per hour since the 25th of March. Towards the middle of April Total stated that their latest flight over the platform confirmed a decrease to approximately one third of the initial release estimate.

Total were able to board the North Sea platform Elgin in the beginning of April and laid out the plans for stopping the leak. These plans comprised of drilling two relief wells, while performing a "top kill" procedure to halt the gas leak by pumping drilling mud into the well. In preparation for this procedure they have installed a diverter onto the wellhead as a safety measure, which is carrying the gas away from the platform. In the middle of April Total fired up the first drilling operation with the semi-submersible Sedco 714 spudding the first of the two relief wells. Although the second relief well has not yet begun, the Rowan Gorilla V jack up has been hired by Total and will be on site sometime in May. The dynamic "top kill" procedure will not begin until early May with the semi-submersible

West Phoenix having been chartered in along with the deepwater well intervention vessel Skandi Aker. Although Total have not released time frames for the above actions, however UK's Department of Energy and Climate Change (DECC) have reaffirmed that the first relief well is expected to take approximately six months.

Britain could be facing up to a 6% cut in gas supplies as a result of the closure of the three fields (Elgin, Franklin and Shell's neighboring Shearwater), however this imbalance will most likely be covered by additional output from other fields or higher imports from Norway. On a positive note the UK's Department of Energy and Climate Change have stated that there is no indication that the leak has had a significant environmental impact.

As mentioned last month the consequence of this accident to the spot market has been vital. Initially a number of vessels were hired in for their firing fighting capabilities, in total four vessels have been occupied for all of April. In addition the Siem Aquamarine was fixed for part of April and now recently the REM Gambler has been fixed for its

work ROV capabilities. The Sedco 714 rig move kept three vessels out of the market for a period, while the impending Rowan Gorilla V move is expected to require the same amount of tonnage. The West Phoenix has its own DP system and has moved into position without assistance. The mentioned fixtures have increased demand during a period which has at time been tight, certainly pressing rates to higher levels. The initial vessels were fixed at high rates of GBP 72,500, with the current vessels receiving rates slightly above market. The supply of vessels has been greatly shaped by this incident and will continue to affect the North Sea market until the situation has been remedied.

04 NEWBUILDING NEWS

NEWBUILD ANNOUNCEMENTS THIS MONTH

-Farstad Shipping ordered two AHTS vessels of UT731 CD design for a total cost of NOK 1.2 billion at the end of March. The 24,000 BHP vessels, scheduled for delivery in the first quarter of 2014, will be 87.4 meters in length with a bollard poll of 260 tons. The hulls for the vessels will be built in Romania, before outfitting will take place at STX Langsten yard. Farstad Shipping already has two vessels of the same design on order at the yard, which are due for delivery in 2013.

-Bergen Group Fosen has signed a contract with Volstad Maritime for the construction of an advanced offshore construction vessel. The contract has an approximate value of NOK 750 million, with the design by Skipsteknisk in Aalesund. This is the second contract the two have agreed upon in the last couple of months and will be the eight vessel order by Volstad in the yard. Five of these have been delivered, while the first of the three under construction is expected to be delivered this summer. The two that have recently been confirmed are to be delivered Q3 and Q4 2013.

-Siem Offshore has confirmed the contract with STX OSV in Norway to build two offshore construction vessels with the STX OSCV 11 design. We have estimated the vessels to cost approximately NOK 600 million apiece, with any additional specifications increasing the price. The vessels are scheduled for delivery in the Q3 and Q4 2013.

-Kleven Maritime will build an advanced subsea support and construction vessel for Rem Offshore, with a contract value of NOK 550 million. The vessel design will be Marin Teknikk 6022 with a crane with lift capacity of 250 tons at 650 meters or 135 tons at 3,000 meters water depth. Kleven have delivered 12 vessels to Rem with the Rem Leader LNG powered VS 499 PSV to be delivered in Q4 later this year.

-The private equity division of Pareto has ordered an AHTS at STX OSV. The vessel will have a AH12 design and be equipped for multi role operations in harsh and arctic areas. The hull of the vessel will be built in Romania, before outfitting will take place at STX Søviknes yard. The overall length will be 94 meters with a beam of 24 meters with delivery date in June 2013.

-Seadrill has exercised their option to build a new tender rig at COSCO Nantong shipyard in China. The total cost for the new unit is estimated at USD 135 million. Seadrill has also ordered another ultra deepwater drillship for delivery in 2014 at a project cost of approx. USD 600 million. The ship will have the same design as the previous orders with water depth capability of up to 12,000 feet.

NEWBUILD DELIVERIES

NEXT SIX MONTHS

May 2012
Olympic Energy (STX PSV 06 LNG)
Brage Trader (STX PSV 09 CD)

June 2012
Island Crusader (UT 776 CDG)
Far Scotsman (STX PSV 08 CD)
Troms Sirius (STX PSV 09 LCD)
Olympic Orion (MT 6015)
Evita (VS 485 MKII)
Bourbon Clear (PX 105)

July 2012
Vestland Mistral (VS 485)
FD Incomparable (UT 755L)
Viking Fighter (STX PSV 08CD)
Torsborg (Havyard 832)
Simek TBN (UT755 LCD)

August 2012
Blue Prosper (PX121)
Skandi Aukra (STX PSV 09)
Bourbon Clear (PX 105)

September 2012
Island Contender (UT 776)
Østensjø TBN (ST 920)
Viking Princess (VS 489 LNG)
Far Skimmer (STX PSV 08 CD)

October 2012
Vestland Mira (Havyard 832 L)
STX Leader (STX PSV 09 CD)
Far Solitaire (UT 754 WP)

05 DRILLING & PRODUCTION

The UK drilling quarterly according to Deloitte

A report on the UK offshore drilling segment was released in April stating a mixed start to 2012. Offshore activity has risen during the first quarter compared to 2011, which shows 11 wells spud on the UK continental shelf (UKCS), a 22% increase. However when carrying on from the last quarter in 2011 we see a 15% decrease. A reduction in activities is usual in the winter season due to weather, as such the report shows an increase in March. March had almost double the amount of spuds as January and February combined. In addition to this news, the report mentions that there will be a positive effect from the recent tax relief measures put into place by the UK government, written about in last month's Navigator. They also remark that the average monthly Brent oil price trend has reversed from the end of 2011 to a sustained growth over the three months. The high oil price should lead to increased drilling activity going forward.

ON THE MOVE IN MAY...

NTVL – Centrica
Paul V Loyd JR – BP UK
Sedco 711 – ADTI
Borgland Dolphin – MLS
John Shaw - TAQA

UPCOMING AND ONGOING

-Jurong Shipyard has confirmed a contract to build a harsh environment ultra deepwater semi-submersible rig for North Atlantic Drilling based on the Moss Maritime CS60 design. The total cost of the rig will be USD 650 million. The 6th generation rig will be built for water depths of 3,000 meters and maximum drilling depths of 12,000 meters. The rig will be engineered and winterized for year round drilling operations for areas such as the Barents Sea with e4xpected delivery Q1 2015.

-North Sea explorer Valiant Petroleum has secured a slot on the Stena Carron drillship for their Handcross prospect west of Shetland in Q1 2013. The area is expected to have 180 million barrels of oil equivalent.

-Ocean Rig has penned a deal for its drillship Olympia off the coast of West Africa for three years. The vessel is already in the area and the contract is expected reap in total USD 652 million over the period (including bonuses). DryShips announced their intention to sell 9 million shares of its Ocean Rig unit in a public offering for USD 16 a share.

-Seadrill has received an offer of a new three year contract starting Q2 2013 for a semi submersible for operations offshore West Africa with the potenial contract value estimated at USD 710 at 97% utilization . The decision awaitsboard confirmation.

-Prospector Offshore Drilling has landed a contract with Total UK for their first jack up Prospector Rig 1. The contract is vlaued at USD 135 million and will start during Q2 2013 after it has been delivered from the yard in January. The contract is for 690 days with extension options.

06 DRILLING & PRODUCTION

NEW ADDITIONS TO THE RIG FAMILY

There has been a lot of news surrounding the three new rig concepts Statoil has released over the last year. The Category B, D and J rigs are able to operate at water depths of 70 to 500 meters and as opposed to today's rigs have larger deck space to deal with subsea equipment. The North Sea has over 500 subsea wells and the number is continually growing with Statoil planning to drill more than 100 wells a year, however today's capacity is at 70 wells. The hope is that the new rigs will be 20% more effective, which should provide solid savings on the bottom line given the current high day rates.

They began their rig renewal program with awarding Songa Offshore the contract for two category D rigs worth an aggregate USD 2.47 bln fixed for an eight year charter period with three four year option periods July last year, following up with the confirmation of the two options on additional units February this year. The two additional units have been fixed on contracts with the same duration with an aggregated value of USD 2.66 bln. The rigs will be built in South Korea at Daewoo Shipbuilding & Marine Engineering with Aker Solutions supplying the drilling equipment at a fixed price of USD 570 million per unit. This design is specifically created for mature fields, working in 100 to 500 meters depth and drilling up to 8500 meters. They will primarily be used for drilling of production wells and well completion with maximizing oil and gas recovery as the main objective. The first unit is due for delivery from Korea February 2014 with the final unit to be delivered in May 2015.

They have recently followed up by entering into a long term agreement with Aker Solutions for a category B rig contract. Aker Solutions are currently under negotiation with yards for the construction, with the rig expected to be ready for operations in the second half of 2015. The contract is for eight years with three options for two year periods worth an aggregated USD 1.9 bln. The category B differs from category D in size, this smaller semi-submersible is designed for year round well intervention and will also operate at depths up to 500 meters. The rig is expected to fill the gap between Statoil's category A light intervention vessels and the conventional category C rigs. The rig is expected to reduce operating costs for well intervention by as much as 40%.

The most recent tender is for two category J rigs, which are jack ups able to operate at water depths from 70 to 150 meters and drill down to 10,000 meters. The jack ups are tailor made for harsh environment on both surface and subsea wells in shallow waters primarily for drilling and completion of production wells. The rigs are to be delivered in the second half of 2015.

The NCS has always been recognized for its high recovery rates and with these initiatives ensure a large step in increasing recovery rates from subsea wells. Statoil have spearheaded this initiative due to high rig rates, strained capacity and an aging fleet demonstrating their intention to increase activity substantially in the future, which will be a welcomed increase in demand for OSV owners and their newbuilding plans. Statoil has included the option to winterize the units for the Barents Sea, which once again shows the push North in the NCS.

(The image on the top of the page shows the Cat D rig to the left and the Cat J rig to the right with the Cat B rig i image in the text.)

07 IN AND OUT

Vessel	Design	Manager	ENTRY	From
Olympic Energy	STX 09 LNG	Olympic Shipping	Start – May	Newbuild
Brage Trader	STX 09 CD	Møkster	Start – May	Newbuild
Island Crusader	UT 776CDG	Island Offshore	Start – June	Newbuild – Norway
Troms Sirius	STX 09 LCD	Troms Offshore	Start – June	Newbuild – Norway
Bourbon Clear	PX105	Bourbon	End – June	Newbuild
Vessel	**Design**	**Manager**	**ENTRY**	**From**
Rem Provider	UT 755 LC	Rem Offshore	Start – May	ADTI
FD Honorable	UT 755 L	Gulf Offshore	Start – May	BG UK
Bourbon Sapphire	P105	Bourbon	Start – May	DONG
Frigg Viking	VS 470 MKII	SBS Marine	Start – May	Enroute
Idun Viking	VS 470 MKII	SBS Marine	Start – May	Enroute
Troms Castor	VS 485 CD	Troms Offshore	Mid – May	MOUK
Troms Artemis	VS 485 CD	Troms Offshore	Mid – May	Statoil
Ocean Scout	UT 706	Sartor	Mid – May	Lay up
Island Captain	UT 776 CD	Island Offshore	Mid – May	Halliburton
VOS Precious	UT 755 LN	Vroon	Mid – May	Saipem
Olympic Princess	MT 6000	Olympic Shipping	End – May	TEAM
Olympic Electra	MT 6009L	Olympic Shipping	Start – June	Centrica
VOS Producer	Own Design	Vroon Offshore	Start – June	Helix
VOS Prelude	UT 755 LN	Vroon Offshore	Start – June	BP
Rem Supplier	UT 755 LN	Rem Offshore	Start – June	SPD
Normand Arctic	PSV 12 LNG	Solstad Shipping	Start – June	Statoil
Ocean Pride	Havyard 832 L	Sartor	Mid – June	Allseas
Bourbon Front	PX 105	Bourbon	Mid – June	Allseas
Brage Supplier	STX 09 CD	Møkster	Mid – June	Allseas
Toisa Invincible	VS 483	Sealion	Mid – June	Allseas
Olympic Commander	MT 6015	Olympic Shipping	End – June	Chariot Oil & Gas
Energy Swan	ST216L	Golden Energy	End – June	BP
Vessel	**Design**	**Manager**	**EXIT**	**To**
Edda Frigg	SK 60/09 DLB	Østensjø	Start – May	Allseas
Edda Freya	SK 60/09 DL	Østensjø	Start – May	Allseas
FD Incredible	UT 755L	Gulf Offshore	Start – May	GeoGlobal Resources
Dina Supplier	UT 755 LC	Myklebusthaug	Start – May	MOUK
KL Brofjord	STX 06 CD	K Line	Mid – June	Statoil
Stril Polar	PSV09LCD	Møkster	Start – July	Wintershall

Vessel	Design	Manager	ENTRY	From
Far Scorpion	UT 731CD	Farstad	Start – May	Statoil
Island Valiant	UT787LCD	Island Offshore	End – May	EMAS
Maersk Tender	VS 472	Maersk	Mid – May	Saipem
Far Sabre	UT 712L	Farstad	Mid – May	En Route
Normand Skarven	UT716	Solstad	Start – June	Statoil
Vessel	**Design**	**Manager**	**EXIT**	**To**
Esvagt Connector	AHTS	Esvagt	Mid – May	Statoil
KL Sandefjord	AKER AH 12 CD	K Line	Mid – June	Statoil
Siem Ruby	VS 491CD	Siem	Start – June	Petrobras – Brazil
Maersk Launcher	A - Class	MSS	End – August	Petrobras – Brazil

08 MARKET FORECAST

WHAT LIES AHEAD.

There was a lot of optimism for Anchor Handlers carrying into April, with many predictions pointing to a continued increase in the market rates. The month of March had seen rates climbing continually with what seemed like a production line of requirements. In addition the situation with the Elgin Platform and uncertainties regarding the quantity of tonnage required to deal with the situation fuelled further speculation of even greater demand for vessels. The limited tonnage and the onslaught of requirements pushed rates for larger AHTS to an average of close to GBP 39,000 per day in March. The strong market did carry on into April, however not as strong as most predictions. Overall the market for AHTS over 18,000 bhp increased with average rates around GBP 43,500 per day on the spot market.

We still hold a firm belief in higher rates in the larger AHTS sector however our belief is that an increase will not occur until June and July. We believe that the month ahead will have a lower amount of rig moves on the Norwegian side of the North Sea. There are firm displays by ship-owners of this same belief, especially Solstad and Deep Sea Supply whom have recently begun increasing their exposure to the North Sea market in expectations of an even stronger AHTS market. There have not been many departures from the market recently, after a number of vessels left for South America (The Maersk Launcher and the Siem Ruby have had their departures pushed) and the Caspian Sea last month. Statoil have recently picked up two vessels for term contracts over the summer, while the Vidar Viking is on its way to Sakhalin. There has been some spillage from the Subsea market, with a handful of vessels fixed to assist which is in line with expectations. We can expect this to increase slightly over the course of the summer. Otherwise the Elgin situation will continue to claim tonnage from the market, with four vessels currently occupied by Total.

The PSV market has as we predicted continued with solid rates, similar to March. Given the current AHTS rates and predicted market, we expect to see fewer AHTS picking up supply jobs going into May. There have been a few term contracts signed recently with the Normand Skipper fixing at NOK 230,000 per day, which demonstrates a positive outlook on the market. Otherwise we have seen another six vessels fix term contracts. We expect rates to hold firm going forward provided the high level of short period work continues. So far the PSV demand has been able to absorb the fairly active delivery schedule for PSV's, this will be stepped up a notch over the next three months with a number of vessels expected to enter and many vessels returning from term contracts.

In general we see that the market has been strong and the momentum is solid. There have been periods with ample supply in the market, both AHTS and PSVs, while the rates have remained at strong levels. This demonstrates the optimistic view going into the summer. We have also seen that a majority of options on spot contracts called with market rates holding firm. There have been a number of vessels returning to the spot market, in addition to a large delivery schedule on the PSV side. This has added to the supply and will continue through the summer. We have seen a number of vessels leave through the term market and there are three five year tenders expected to surface shortly in addition to a shorter term contract. We believe May will hold firm, with the following months of June and July seeing a increase in rates. All in all the supply of vessels will increase slightly but we expect the summer optimism and continued string of demand from oil companies to hold the market strong for the foreseeable future.

Norway’s carbon tax is more than doubled!

There have been lengthy negotiations surrounding the expected changes to the current climate measures and how Norway would reach their goal of cutting CO2 emissions by 30% from 1990 levels by 2020, and becoming carbon neutral by 2030. One of those measures particularly relevant to the oil sector is the carbon tax rate, which currently stands at NOK 220 per ton. The oil industry accounts for approximately 26% of total emissions in Norway and is therefore the industry which has been hit the hardest with an increased carbon dioxide emissions tax of NOK 200 per ton.

The doubling of the tax rate has been implemented in order to promote the goal of increasing the electrification of fields on the NCS by connecting those to onshore power plants rather than using the gas turbines on the platforms which cause excessive pollution. The government has especially had new developments on their mind such as the Johan Sverdrup field. Making electrification for new field developments a requirement was discussed but the choice to stimulate the movement through taxes and credits was greatly preferred. The government also noted that the electrification can only potentially occur if there is a sufficient renewable energy source onshore. A positive note in this regard is that the oil industry will have a role in identifying potential areas suitable for this transformation.

Since 1991 the Norwegian petroleum sector has paid a CO2 tax and as from 2008 they were included in the EU emissions trading system. The price for CO2 quotas have been low due to the prevailing economic conditions, this has in turn reduced the pressure on the Norwegian petroleum sector to cut emissions. The government has stated that the price for emissions is more justifiable now, however should the price of CO2 quotas increase substantially a cut in the tax rise should be expected.

The Oil Industry association have questioned whether this increase will have a significant effect on emissions as they feel that the majority of changes in the industry that were affordably sound have been completed, leaving the very expensive measures left. They are however pleased the suggestion that the CO2 charge be linked to the current EU quota price, providing the oil industry with more predictable cost levels for future investments. In

addition to the tax increase, the government has decided to establish a state financed climate and energy fund to promote the development of green technology to cut emissions, which is to be funded with NOK 30 bln in 2013, increasing to NOK 50 bln by 2020. This fund could potentially be a source for further development in vessel design, the next article covers the latest LNG fuelled trend which could certainly use a development in cost price.

LNG fuelled vessels -the future?

In all aspects of society we have seen a push towards green initiatives, whether it be smart cars or how we dispose of our garbage on a daily basis. This is no different in shipping, with clean design vessels having been an option for ship owners for some time. As we progress forwards the clean agenda will become an even greater force in the decision making process of ship owners around the world especially as we move into areas previously deemed off limits. As can be read in the accompanying article, the Norwegian government recently put forward plans on how to reach their carbon emissions decrease targets. The measures taken last week show a doubling of current costs associated with emissions. Decisions like these show that ship owners will need to take steps in furthering the development of cleaner services. LNG fuelled designs for offshore vessels is one of those solutions and a number of vessel owner have already begun to take this step.

There have already been some deliveries with Viking Prince having recently hit the water and entered into an existing contract with Lundin. Eidesvik are also expecting the Viking Princess later this year. The Normand Arctic came at the tail end of 2011 and picked up a short term contract with Statoil, however she could return to the spot market in May. The Skandi Gamma was delivered last year and is on a long term contract with Statoil. Rem Shipping is also awaiting the delivery of an LNG fuelled vessel in the Rem Leader being built at Kleven Shipyard where the two Eidesvik vessels were born. One of the pioneers in the segment is the Viking Energy, which has spent its career with Statoil. Eidesvik also have the Viking Queen and Viking Lady on term contracts to Statoil. A number of the larger owners have tested the waters with LNG vessels in order to get acquainted, the major obstacles so far have been the availability of fuelling stations for the vessels which has increased tremendously in last year and the cost associated with providing the dual fuel option. There has been mention that the gas tanks on LNG vessels take up a lot of space and thereby reduce capacity, however this is not the case. So far all owners have responded positively to the vessels.

The cost of building LNG fuelled vessels should decrease over time as more ships are built, however currently costs are estimated at approximately 5 to 10% of the total contract cost. The Eidesvik vessels cost approximately NOK 440 million each to build giving us an estimated additional cost of NOK 44 million, which is the general rule of thumb for most industry experts of NOK 40 to 50 million. As mentioned the main driver for the investment in these vessels is the environmental aspect as they provide a cleaner solution and should as such reduce environmental costs which will only rise in the future. There are large costs associated with NOx emissions on diesel fuelled vessels, with an LNG fuelled vessel the emissions are reduced by 90%. This is a tremendous savings and will be very beneficial to the environment in the long run. The CO_2 emissions will be reduced by up to 20%. In addition to the environmental aspects, the cost of LNG right now is less than oil and should therefore reduce their operational costs. LNG also provides up to 16% more energy than diesel when burned, which provides more efficient fuelling. Another benefit of the vessel is its clean combustion thereby reducing the time span between every engine maintenance requirement.

The costs are extensive for these vessels, and it will take at least 10 years to regain the added investment given today's associated costs. Given the fuelling needs for these vessels, the resale potential is obviously limited. A potential hitch for debt financing from banks, however a majority of these vessels move towards long term contracts, which should provide banks with added comfort. Fuelling stations will arise as needs become more prevalent, many owners have already commented that the availability has been good and growth has already been seen. The question arises as to whether future tenders will specifically request LNG fuelled vessels, potentially in the Arctic regions. There are undoubtedly benefits to LNG fuelled vessels, the cost at this time is however substantial, this has not stopped some of the big owners to venture into the field. We believe that moving into the future there will be more owners willing to opt for the LNG fuelled design.

Report by

Offshore Analyst
Jon Inge Buli

THE LAST WORD

Westshore Asks:

“How many vessels will be available for hire in Norway on the 17th of May?”

March Market Recap:

After the steep incline in PSV rates during March we have seen a tapering of the increase in rates in April. As was seen in the summer of 2011 the incline in rates reached an average of GBP 20,000 first in May, rising steadily from February. While this year we reached these levels in March and have since then seen the rates hover in this region. The PSV market has been fairly tight in Norway with the UK side having been slightly softer, however rates have remained at similar levels as March despite more availability. There has been a higher availability of AHTS during the month, which has led to many of them fixing PSV requirements. Towards the end of the month supply has been amble, however an anticipated busy summer has kept rates at solid levels.

After solid rises in the average rates for all segments in the AHTS sectors, the vessels with BHP less than 18K have seen a decrease in average rates in April. Vessels in the category from 15K to 18K have fallen from a March high of GBP 32,300 to GBP 24,100 per day. The larger AHTS have however not followed suit, with rates increasing from GBP 38,700 to GBP 43,500 per day. There has been a continued focus on the need for larger vessels from the oil companies for rig moves. Rates for these larger vessels are well above 2011 levels which saw a very steady incline until the end of the summer apart from a June July drop. The rates for slightly smaller vessels have fallen to 2011 levels after the spike in March. Although not included in the average rates presented, it is prudent to note that given the higher supply of AHTS a number of them have been fixed on shorter term supply duties.

This months competitors:

Atle Holgersen
Simon Møkster
Answer: 3 PSV and 6 AHTS

Anette Hansen
Troms Offshore
Answer: 2 PSV and 6 AHTS

Ivar Storesund
Solstad Offshore
Answer: 1 PSV and 3 AHTS

Last month’s winner is..

In last month’s Navigator we asked the panelists what they believe will be the highest fixture for an AHTS during April. Based on our available figures the Olympic Hera ran away with the highest rate at NOK 535,000. All of the competitors predicted that a spike in rates was around the corner, the tag team duo of Atle Holgersen and John Haugstad were the least optimistic and ran away with the victory once again pouncing our own Inger Molver who must have been encountering a little baby madness with her guess. Once again congratulations to the Møkster boys that have continued their winning streak and have been promised a prize should they take their fifth win on the trot. We have therefore brought in some ringers this month to try and knock them off their throne.

A special thanks to Frode Andreassen and our own Jørgen Knudsen for some of the photos provided. We would also like to thank the various sources, especially Tommy Sandtorv. We appreciate the time spent to assist us.