

# THE NAVIGATOR

WESTSHORE'S MONTHLY NORTH SEA REPORT

## New Statoil Tender

Latest fixtures to lift market?

## Designs on the Future

Global demand for Norwegian led vessel technology

## North Sea Rig Focus

Globally 200 newbuild rigs expected by 2016 - what share will come to these waters?

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# Latest Statoil tender has potential to transform market again

**Statoil's new call for PSVs has the power to push the support vessel market on to new levels. The number of vessels taken on by the national oil company could determine the strength of the market into 2014.**

The market has been waiting for Norwegian oil company Statoil to come out with a tender for PSVs following their large foray into the market earlier this year in March. A sector of the market that was heavily discussed given the significant orderbook had in a way been rescued by the swoop made by the company for 15 vessels. Rates in Q4 of 2012 and Q1 2013 had been weak, and although seasonality has much to do with this, the spot was swamped with vessels.

In February of this year before the tender, IHS Petrodata had 55 vessels trading spot and 155 term vessels in the North Sea, this was up from 33 spot vessels and 165 term vessels seen in the summer of 2012. The difference was significant and the season made the situation in January of this year look even worse. The vessels contracted by Statoil not already on were later picked up from April well into September.

The swoop by Statoil surprised the market and changed the dynamics quickly with the rest of the year showing a fairly tight supply market on the Norwegian side. Although obviously with Statoil not picking up as many spot vessels, the significant increase in spot demand in Norway curtailed. Statoil as we know represent more than 60% of the market here on the NCS, so a change of their strategy will cause tidal waves throughout the market. As of August 1st there were 189 term vessels in

the North Sea and 24 Spot vessels. Not all the doing of Statoil, however the move by Statoil saw many other oil companies come in and secure tonnage and suddenly we were seeing rates on the spot reach NOK 300,000 levels from the below NOK 100,000 levels seen at the beginning of the year.

Given these numbers one can clearly see what the excitement surrounding their tender sent out at the end of October has led to, with the market recently seeing a dip. Although the fall in utilization is a consequence of the supply on the UK side, the market in Norway with vessels returning from other global markets is no longer constantly sold out and rates are back down to the NOK 100,000+ levels



This combined with some of those vessels picked up by Statoil earlier in the year seeing their contracts coming to a close or not having all their options called, and a tough seasonal period rolling in. The close of October saw 178 term vessels and 11 more spot vessels in the North Sea market increasing the total to 35, very similar to what we saw in the summer of 2012.

This time around Statoil have actually come out for two tenders, one for their NCS vessels and a smaller tender for their Faroe Islands campaign where they last year had the KL Brofjord and the Esvagt Connector. In this tender they are looking for the same as they chartered last time with one PSV and one standby vessel for the completion of the Brugdan II well estimated to be for 70 days with a one well option of 90 days. Commencement for the vessels is expected to be some time from the end of February to the beginning of May next year. For the NCS tender they are looking for vessels in the same mold as they did in the February tender with a window for startup from the beginning of next year to the end of June with three alternatives this time: 1) 3 months firm and 3 monthly options, 2) 6 months firm and 2 X 3 months options and 3) 2 years firm and 2 X 1 year options.

As was the case last time out, the trading limits for these vessels will be the North European area including the Barents Sea. Obviously most owners will be looking to get their vessels onto these contracts, and those already on would like to see their vessels continue with the Norwegian oil company. The market will be waiting in excitement to see if Statoil stay in the same ball park with regards to the number of vessels. It is prudent to note that the market always remembers the amount from the previous round and anything less is considered a fall. However, there were few brokers and owners that

expected 15 vessels to be fixed to Statoil last time around.

A lot of focus had been on the limited number that Statoil had picked up in rounds before that, especially in regards to the Anchor Handler tender seen at the start of this year. One thing is however clear, for market conditions to improve for owners once we come out of the winter season Statoil will need to pick up a number of vessels as there is still a large orderbook in place. Although it is important for owners remember that Statoil already have seven newbuild vessels fixed on long term contracts coming out fresh from the yards throughout the year with the first expected already in January.



### **New Semi for Awilco**

Awilco Drilling are close to concluding a newbuilding order of a Moss CS50 Semi-submersible drilling rig for work in the North Sea with an option for two more in a deal worth up to USD 1.8bn. Three Asian yards were competing for the contract - Cosco Shipyard, Daewoo Shipbuilding & Marine Engineering, a winner is yet to be disclosed.

### **New Strategy for West Rigel**

The Seadrill owned company North Atlantic is altering their plans for the Semisubmersible West Rigel that is currently under construction at the Jurong shipyard. The recent discoveries in harsh environments in the Barents Sea and Newfoundland have led to a change in strategy for the rig with an upgrade in order for the rig to meet full year drilling operations in Arctic waters.

### **West Aquarius Extended in Canada**

Statoil and Seadrill have agreed on a contract extension for the semi-submersible West Aquarius that has been utilized in a successful campaign in the Flemish Pass in Canada. The new contract has seen the rig extended with the oil company until April 2017.



### **Prosafe Strikes New Deals & Extensions**

Total has agreed a new contract with Prosafe for the Safe Bristolia, the accommodation rig has been extended at the Elgin Franklin field where she has been since May for another 61 days with a 14 day option. The new contract has been valued at USD 15.9 million, which indicates a decrease in daily rate. Shell has also extended the accommodation rig Regalia which will be at the Draugen topside project for a further two weeks.

### **Two new Drillships for African Owner**

Daewoo Shipbuilding has confirmed another two drillships with the DSME e-Smart design capable to drill up to 12 km at a maximum 3.6 km deep sea for delivery at the end of 2015 for a total value of USD 1.24 billion to an unnamed African owner.

**Transocean Gets 5-Year Chevron Deal**

Chevron has awarded a 5 year contract to Transocean today for the charter of a new drillship to be built at Daewoo Shipbuilding with delivery in Q2 2016. The drillship is designed and outfitted to operate in water depths of up to 12,000 feet and drill wells to 40,000 feet. In addition, the drillship will have accommodation for 240 people.

**Polar Pioneer Could Go to Alaska**

Transocean have confirmed that the Polar Pioneer will go on a three year contract for USD 620,000 a day, an increase from the USD 522,000 per day it received on its Statoil contract. The vessel will begin on its new contract as from May 2014, and rumors have indicated that the rig is on its way out of the North Sea with Alaska being a potential market.

**Marathon Extends Transocean Winner**

Transocean have confirmed the extension of an existing contract with the Transocean Winner to Marathon as from Jan 2015 for one and half years with a day rate of USD 499,000 up from its previous rate of USD 453,000 per day.

**Fredriksen Orders Two New Rigs**

Northern Offshore, a John Fredriksen related company has confirmed the order of two LeTourneau Super 116E Class rigs for USD 180 million per unit. The rigs are to be built in China with delivery expected during Q1 and Q3 of 2016.

**Leiv Eiriksson Continues in Barents Sea**

Following OMV's discovery at the Wisting prospect in the Barents Sea they continued drilling at the Wisting Alternative prospect with the rig Leiv Eiriksson which has come up dry.

**Rochelle Production for Nexen**

Nexen has commenced first production from the Rochelle field 115 miles northeast of Aberdeen. The Field development includes two subsea production wells and a pipeline to the Scott platform. Drilling continues on East Rochelle which is expected to be on-line in the fourth quarter of this year.

**New Ekofisk Platform Commences Production**

Production has begun from the new Ekofisk platform operated by Total. The milestone has come two months ahead of the planned schedule. The Ekofisk South project includes 35 production wells and a seabed installation for eight water injection wells as well the Ekofisk 24 Z wellhead platform. Meanwhile, the Eldfisk field is also being worked on in preparation for an additional platform and a further 40 wells due for start-up in 2015.

**Sevan Louisiana Begins Transit**

Sevan Drilling ASA has taken delivery of Sevan Louisiana from Cosco Quidong Shipyard ("Cosco") in China. Sevan Louisiana is Sevan Drilling's third deep water drilling rig and will start the transit to the US Gulf of Mexico. It is expected that the rig will commence operation for LLOG Bluewater towards the end of Q1 2014.

### Østensjø Newbuild to be Chartered by DeepOcean

Østensjø have placed a major order with Kleven Shipyard for the delivery of a large offshore construction vessel with the Salt Ship design 304 OCV. The vessel is 149.8 meters with a width of 27 meters and 2,300 square meter deck and will be chartered out to DeepOcean for five and half years with four yearly options. The vessel will be equipped with a vertical lay system, a 3000 tons carousel below deck and a 400 tons active heave compensated (AHC) knuckle boom main crane that can lift 600 tons in double fall mode. DeepOcean is expected to utilize the vessel in their SURF segment in the North Sea with a delivery expected in March 2016 for a total cost of NOK 1.4 billion.



### Oceaneering Newbuild Set for Gulf of Mexico

Oceaneering International has ordered a subsea support vessel from BAE Systems with the MT 6022 design. The vessel is expected to be delivered in Q1 2016 and will work the Gulf of Mexico. The unit will be equipped with class 2 dynamic positioning, accommodation for 110 personnel, a helideck, a 250-ton crane, a working moon pool and a pair of remotely operated vehicles (ROV).

### Multipurpose Vessel Order in Croatia

Jan de Nul Group has contracted a new multipurpose vessel at Uljanik Shipyard, Croatia with the ability to install up to 10,000t of cable. She will be equipped with a 5,500t capacity turntable above deck and 4,500t capacity turntable below deck. The vessel will be also able to install 10,000t of rock in a single load. She will be delivered in 2015.

### Helix Sells Caesar

Trevaskis bought the 2002 built Helix Pipe Lay vessel the Caesar at the start of this quarter for USD 138m with the vessel renamed Lewek Centurion. The vessel will be operated by EMAS who have since chartered the vessel to Cecon. The vessel has 405t pipelay tension capacity and a 300t crane. She cost Helix Energy a reported USD 400m to construct back in 2002.

### New Contract for Normand Fortress

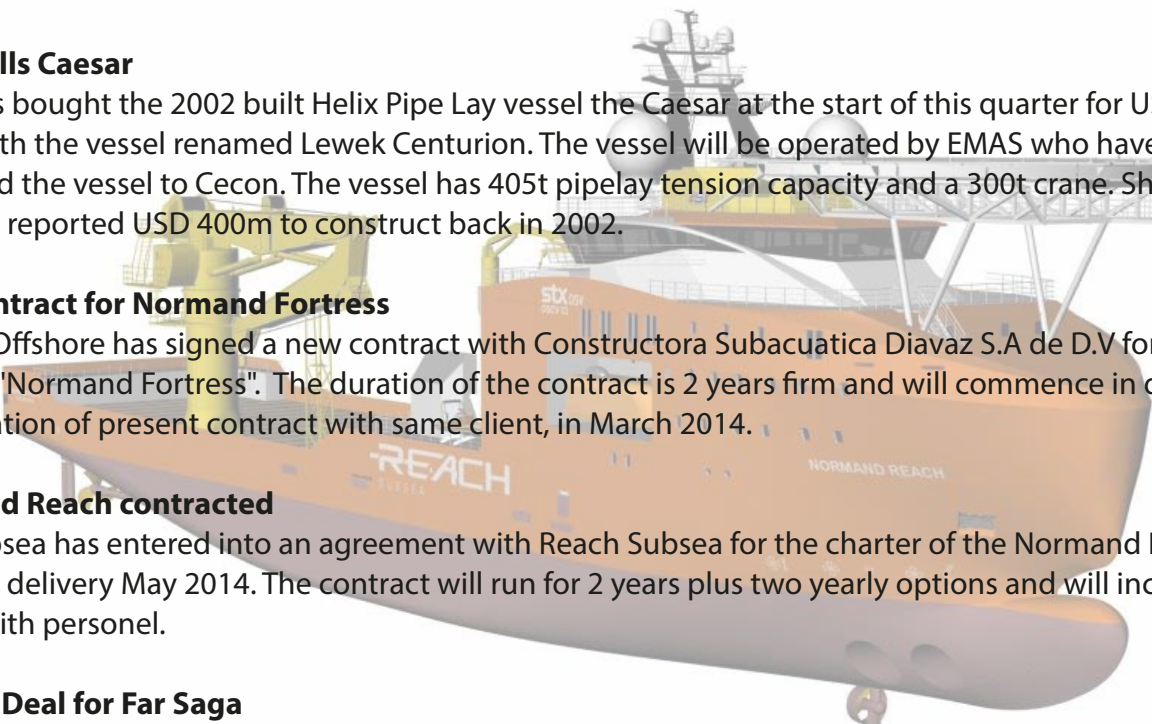
Solstad Offshore has signed a new contract with Constructora Subacuatica Diavaz S.A de D.V for charter of the CSV "Normand Fortress". The duration of the contract is 2 years firm and will commence in direct continuation of present contract with same client, in March 2014.

### Normand Reach contracted

DOF Subsea has entered into an agreement with Reach Subsea for the charter of the Normand Reach as from her delivery May 2014. The contract will run for 2 years plus two yearly options and will include two WROV with personel.

### Six Year Deal for Far Saga

Petrobras has awarded the IMR vessel Far Saga (2001, UT 745 L) a 6 year contract with 6 years options. Far Saga will leave the North Sea during December 2013.



## Deliveries

### November 2013

Sea Titus (STX 05 LCD)  
Sea Tortuga (STX 05 LCD)  
Sea Frost (PX 105)

### December 2013

Seabed Supporter (Sawicon)  
Sea Spider (PX 105)  
Sea Spear (PX 105)

### January 2014

Lewek Inspector (Havyard 857)  
Juanita (Salt 100)  
Island Dawn (UT 717 CD)  
EDT Jane (PX 105)  
Sea Triumph (STX 05 LCD)

### February 2014

Island Pride (UT 737 CD)  
North Cruys (ST 216 Arctic)  
Far Sigma (UT 731 CD)  
Rem Ocean (MT 6022)  
Polar Onyx (SX 121)  
Atlantic Merlin (VS 4622 CD)  
Sea Springer (PX 105)

### March 2014

Highland Princess (UT 755 XL)  
Boa Bison (VS 491 CD)  
Ocean TBN (VS 485 MK III L)

### April 2014

Far Sirius (UT 731 CD)  
Sea Supra (PX 105)

### Recently Delivered

Island Duchess (UT 717 CD)  
Edda Ferd (ST 920)  
Sea Spark (PX 105)  
Highland Knight (UT 755 XL)  
Skandi Iceman (Vard AH12)  
World Pearl (Damen 3300)  
World Emerald (Damen 3300 CD)  
Demarest Tide (STX 09 CD)



An agreement for the sale of the six PSVs with PX 105 design built on speculation by Ulstein Shipyard between 2012 and 2013 have now been acquired by a newly established offshore shipping company Nordic American offshore. The acquisition will be funded through 20% debt and 80% will come through a private placement with Nordic American Tankers investing USD 50 million equating to approximately 15/20% of the company, while Ulstein Shipping will take 5%. The vessels Blue Fighter, Blue Prosper, Blue Power, Blue Thunder, Blue Guardian and Blue Prospector will very likely remain under management agreements with Remøy Shipping and Atlantic Shipping.

Salt Ship design has confirmed an order for two seismic support vessels with the 450 SSV design to be delivered from Cemre Shipyard in Turkey. The vessels have been ordered by Norfield, while the vessels will be operated by Vestland Offshore.

Vroon has called their options for two additional Ulstein PX 121 vessels to be built at Cosco Guangdong for delivery in 2015. The owners have stated that all four vessels are to be operated in Europe.

Oceana have confirmed a contract with Ulstein to build two PX 105 vessels in Brazil. The contract includes designs and an extended main equipment package, in addition to engineering and purchase support.

In other related news asset management firms Vinci Partners and P2 Brasil signed a deal with Companhia Brasileira de Offshore and Estaleiro Alianca owned by Fischer group to purchase their assets. The transaction has joined CBO, Alianca and Oceana.

Rieber has an agreement in place for sale of ice-breaker/patrol ship HMS Protector (formerly ROV support vessel Polarbjorn) to UK MoD. Since 2011 vessel has been on bareboat to MoD. The sale will provide Rieber with an accounting gain of Nkr 370 million while cash effect is Nkr 485 million.



# Norwegian Vessel Design & Technology is in Demand Across the Globe

As most people know by now, the history of offshore vessels owners in Norway is fairly short with the first oil developments on the NCS coming in the 1970s. At this time fishing vessels were converted in order to provide supply services, with many of the fishing companies experienced in operating in harsh environments. This experience has naturally translated well to the offshore industry, with demands on ships and equipment having led to the Norwegian cluster being one of the foremost providers to the industry with some of the most innovative and technologically advanced ships in the world.

Although far from a new occurrence, over the last years it has become more and more common place to see Norwegian vessel design companies confirm contracts to foreign owners at foreign yards with costs associated to the building substantially less than building the vessels in Norway. So far this year we haven't seen a significant number of newbuild announcements for vessels to be built at Norwegian yards, however there have been a number of companies announcing vessels to be built at Asian yards. The clients of the design companies Marin Teknikk, Havyard, VARD and Ulstein, that have announced contracts, have been a combination of familiar offshore names and newly formed companies' intent on focusing towards developing offshore markets, where higher demands on assets have been placed and opportunities therefore arisen.

Earlier this year Toisa confirmed the construction of an Ulstein designed multipurpose offshore construction vessel to be built in Korea, while earlier this month Oceaneering confirmed a contract with Marin Teknikk for the construction of an MT 6022, an advanced subsea support and construction vessel to be built atsea BAE Systems for the GoM market. This construction vessel order

follows last year's Otto Candies announcement that they would be working with Marin Teknikk for the 6020 design at their own yard in Louisiana. Other relevant deals last year include Basic Offshore having confirmed two vessels of the Havyard 832 L design with an option for another six vessels, the company will focus on the West African market where there has been a growing demand for larger PSV vessels and will build the vessels in the Chinese state owned yard CSSC Guangzhou Huangpu Shipbuilding.

Since their announcement at the end of 2012, they have confirmed two of their options. Ulstein have had great success with a number of duo sales for their PX 121 design with companies like Britoil confirmed two last year to be built in Indonesia and Vroon with four to be built at COSCO in China, most recently they fixed a contract with Nantong Rainbow Offshore for two of the medium sized vessels to be built at Xiamen ITG Shipbuilding. They have now also confirmed a contract with up and coming Oceana in Brazil to build two of the larger PX105 vessel. As has been of note lately, a number of the companies have been active selling to foreign offshore owners. Marin Teknikk with their subsea designs, Ulstein have had great success with their PSV designs both recently and earlier on with the Bourbon and Seatankers vessels, while



Havyard are coming in at both sides of the spectrum having also sold a number of Anchor Handler designs, in particular the contract with Swire Pacific.

It has been clear that this has become a very specific target market for the various companies, however there may perhaps be certain lessons to be taken from the traditional shipping arena and Japan's dominance in the shipbuilding arena. Chinese yards have taken over with the gap in quality for certain types of vessels closing and

NOK 12 million to NOK 20 million, with options likely to be priced cheaper. We believe that owners around the world will push more towards familiar and well reputed Norwegian designs where assistance in the build process and experience in the industry is a must in order to have a project come in on time.

A changing global market with oil companies preferring assets they are familiar with has without a doubt become a must in the market. A recent change in the

**"It is prudent to note that most long term contracts in Norway are still given to Norwegian designed vessels built in Norwegian yards."**

the cost substantially lower, however it is important to remember that those assets being built in China are those that are technologically inferior. Japan is still building technologically advanced vessels. Perhaps the comparison should be drawn with Anchor Handlers and Subsea vessels versus PSVs? It is prudent to note that most long term contracts in Norway are still given to Norwegian designed vessels built in Norwegian yards, in addition to a few reputable European yards putting their names into the mix.

The current environment has seen a limited orderbook at Norwegian yards, with the design companies having to look to other markets. Just as vessels owners have begun to diversify to other markets with their assets, these assets have become more interchangeable within various regions. We have seen over the last ten years that a market once less globally diversified has seen owners forced to realize the need to focus on other global regions.

The cost of purchasing the license for specific designs and onsite assistance differs based on the packages, however one could expect a cost range from

Brazilian market that will have a positive effect on further foreign Norwegian designed NB orders and could very well be the cause behind the recent Oceana order is the newly added fuel efficiency portion on Petrobras contracts, which was written about in last month's Brazilian Wave. Although the sale of Norwegian designs is something that has been around for quite some time, it seems that the gas pedal has been stepped on and the question is whether this is actually positive for those design companies that have their own yards, while those companies like SALT, Vik Sandvik and Marin Teknisk will certainly benefit from a larger market in the long term. We could see that in the future more advanced subsea and anchor handler vessels being built in Norway, while the building of somewhat less technologically advanced vessels like PSVs moves abroad?



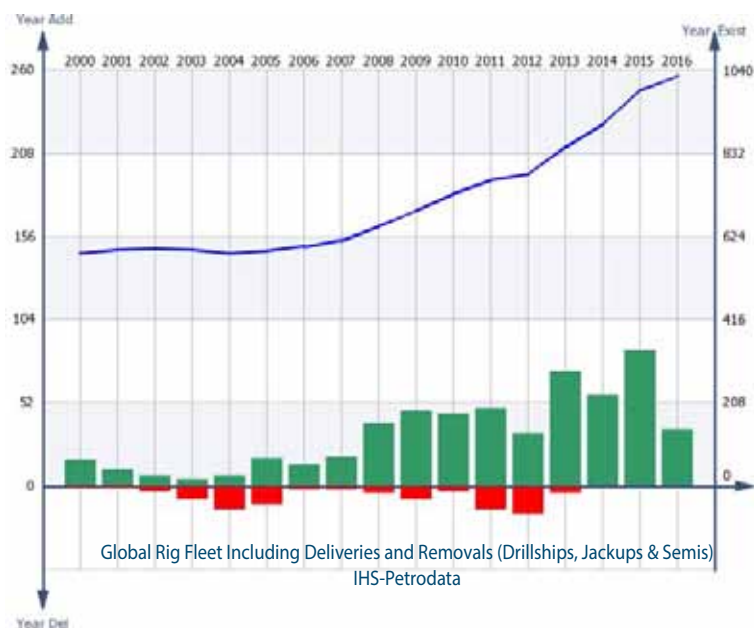
## A View of the Rig Market Through to 2014



As global rig demand pushes towards the 95% utilisation level and dayrates surge on the increased desire for drilling units around the world – The Navigator takes a look at how the North Sea and Northwest European market is performing. According to recent figures from IHS-Petrodata there are now 819 Mobile Offshore Drilling Units (MODU) in the global fleet and their utilisation is up a further 1% since last year. Newly built rigs are quickly finding contracts often while still in the yards.

The strong oil price, which continues to remain at around USD 109, is driving oil companies to seek rigs at almost any cost and the competition is pushing up dayrates and rig owners are being given new prominence in the eyes of investors. Awilco drilling, which owns the North Sea based WilPhoenix and WilHunter semisubmersible rigs was even described recently by Seeking Alpha as “the World’s Most Undervalued Company”. This view from the stock market analysis website was due mainly to its daily rig rate revenue of USD 675,000 a day which is set to increase to USD 700,000 in January and to USD 772,000 in November 2014.

The push for drilling in the next couple of years could potentially be seen as a push to extract oil ahead of significant volumes of US shale hydrocarbons making it on to the markets although this week the head of OPEC publicly stated that it will not be affected by shale oil production.



The chart shows the rapid increase in the global rig fleet between 2000 to 2016 including jackups, semisubmersibles and drillships. As can be seen, the main increase in the fleet comes from around 2007 when there were 624 units through to 2016 when the expected number of units operating globally is anticipated to be around 1040. A large chunk of these orders is made of a significant increase in the drillship fleet which is due to increase from around 40 in 2007 to nearly 160 by 2016 according to IHS-Petrodata. The Northwest European market makes up to 12% of the rig demand in terms of outstanding tenders and pre-tenders with West Africa and Southeast Asia coming to 23% each.

Looking forward further units are expected to mobilise to Northwest Europe between 2010 and 2017 a total of 54 are anticipated to mobilise to these waters for contracts in order to cover the outstanding demand. This includes a number of newbuild units that are under construction. Increasingly Northwest Europe is seeing an influx of units fresh from the construction yards. The latest developments indicate that EnSCO is in advanced discussions over a 2-year contract that could see the EnSCO 122 come the North Sea upon completion at the Keppel FELS yard in Singapore in 2014. Further details of this maiden charter are expected to be announced soon.

Conversely we have also seen a few of the local rigs confirmed for projects outside the North Sea. One of those that has been widely publicized is the West Alpha, which is expected to fire up a campaign in the Kara Sea next spring, however the term will be short given that the area is ice bound between October and June.

Although very tight, there is still availability of rigs going forward, one of those companies is Prospector Offshore Drilling and they have already fixed two rigs to

Total for work in the UK North Sea, while they sold another two of their rigs for a total of USD 458 million. In total they have 6 rigs remaining with the same Friede and Goldman JU2000E design capable for harsh environments. The first has been delivered and is on its way to the North Sea for the Total contract, with the next to arrive in the Q1 2014 unfixed, and the third unit and first to arrive from Shanghai Waigaoqiao Shipyard coming in Q2 2014, also going to Total.

Thereafter we will see 3 more units from Shanghai in Q3 2014, Q3 2015 and Q1 2016, all of which are currently unfixed. Especially those units being delivered in 2014 could see some action from North Sea players. There is also the fourth COSL rig coincidentally named COSL Prospector which has been winterised and readied for use in harsh environments that will be delivered in Q3 2014. The first three rigs having signed contracts with Statoil and are currently working on the NCS, one could predict that this fourth rig might be a very suitable candidate for any activities in the Barents Sea. Given a fairly tight market with a significant number of those rigs currently on the shelf having contracts out 2016, one could infer that owners of these rigs are not fixing for a lack of opportunities, rather they currently find themselves in strong negotiating position and are not in a rush to fix.



## ■ AHTS

Vessel	Design	Manager	ENTRY	From
Maersk Tracer	VS472	Maersk Supply Service	Early-Nov	Noble Energy
Strilborg	UT722	Møkster	Early-Nov	RWE-DEA

## ■ PSV

Vessel	Design	Manager	ENTRY	From
Stril Neptun	VS470	Simon Møkster	Early-Nov	ConocoPhillips
Dina Star	MT6015	Myklebusthaug Shipping	Early-Nov	MLS
Highland Knight	UT755XL	Gulf Offshore	Early-Nov	Newbuild
Lundstrom Tide	STX PSV09CD	Tidewater	Early-Nov	ConocoPhillips
Toisa Valiant	Wuhu-China	Sealion Shipping	Early-Nov	RWE-DEA
Troms Artemis	VS485CD	Troms Offshore	Early-Nov	Statoil
Bourbon Front	PX105	Bourbon Offshore	Early-Nov	Statoil
Havila Clipper	Havyard 832CD	Havila	Mid-Nov	Statoil
Edda Frigg	SK60/09DLB	Østensjø	Mid-Nov	Shell
Skandi Sotra	MT6000	DOF	Mid-Nov	Statoil
Normand Skipper	VS4420	Solstad Shipping	Early-Dec	Halliburton

Vessel	Design	Manager	EXIT	From
Brage Trader	STX PSV09CD	Møkster	Early-Nov	SPD
SBS Typhoon	VS470 MKII	Viking Supply Ships	Early-Nov	Enquest



## Westshore Welcomes New Team Member

Sean Bate has joined the company to take on the role of Offshore Analyst. The 34-year old has a strong background in the Offshore Support vessel industry having spent over five-years working with Global Shipbroking firm Braemar Seascope Offshore.

Whilst there he was Offshore Market Analysis Manager and covered the global offshore support vessel industry and produced a number of publications for major shipowners, oil companies and investors.

Sean has a solid market intelligence knowledge having also previously worked for IHS-Petrodata covering the offshore subsea and field development newswires and databases.

He was also editor of the specialist Subsea publication The Aquanaut. Sean is a fully qualified Member of the Institute of Chartered Shipbrokers and has previously provided material for the Institute's Offshore textbook.





## The Market in October

	okt.13	sep.13	okt.12	sep.12
# of spot supply fixtures	82	52	84	88
# of rig moves	28	22	21	14
# of AHTS fixtures	79	54	58	57
<b>Average Utilization (%)</b>				
AHTS	69.1	80.2	68.3	76.4
PSV	85.1	95.5	85.7	92.7

		Average Monthly Rates (NOK)		
Vessel Type		okt.13	sep.13	okt.12
AHTS	> 25,000	307 333	585 145	206 429
	18,000 to 25,000	249 201	440 218	203 719
	< 18,000	147 359	380 754	167 925
PSV	> 900 m <sup>2</sup>	120 227	226 373	93 045
	< 899 m <sup>2</sup>	79 166	197 139	91 395

The **PSV market** had already begun to see a slight decline in September with utilization gradually coming down from the 100% utilization seen at the start to the mid 80's levels seen at the beginning of the market. The month has seen Vessels returning from other markets and term contracts coming to a close, along with a number of vessels delivered to the market. This seasonal period we are entering is normally negative for owners and we have thus seen the tight market of the summer come to a close with availability on the UK side up significantly and a market that normally was sold out in Norway with wares on the shelf. The month began with 30 vessels on the spot and 179 term in the North Sea, not significantly up from 25 spot vessels and 181 term vessels seen a month earlier. In total the month saw the utilization come up pretty high and fall pretty low ending at 82%, while it's been the

very active month with 82 spot fixtures reported. The low average rates are a result of a very poor UK market with many rates fixing under the GBP 10,000 level. The Norwegian side also came down heavily from the highs seen in September, however maintaining rates within the NOK 125,000 to 175,000 per day range for larger vessels with the close of the month seeing the higher bracket reached on a Siddis Mariner fixture.

The **AHTS Market** has seen one of the most active months so far this year with 79 fixtures and 28 rig moves in total. Rates started out at low levels for owners, and utilization reached 55% within the first week of the month, however charterers were forced to up the ante towards the middle of the month with utilization tightening up. The change in vessel availability for Anchor Handlers over 18,000 BHP in the North Sea accord-

ing to IHS Petrodata has been fairly heavy during the course of the month with 22 vessels available on the spot and 12 on term, while the beginning of November sees 29 vessels available in the spot market and 6 term vessels. During the month we also saw a NB enter the market with the Skandi Icecman picking up its first job moving the Leiv Eiriksson. This market has continued to show its volatility with an ability to clear out quickly despite a good deal of supply at periods. However given the lower rates at the beginning of the month the averages have come in significantly lower than seen in the previous month. Despite the fall in average monthly rate, the market has still outperformed last year in 9 out of the 10 months seen so far this year. At the close of the month we have seen utilization come down again with the close of the month coming in at 68%.