THE NAVIGATOR

WESTSHORE'S MONTHLY NORTH SEA REPORT

The Barents Sea

What needs to happen?

Russia Kara Sea

Exxon/Rosneft on the verge of fixing a number of vessels?

Gulf of Mexico, a region to watch despite the Jones Act?

US and Mexico, what can we expect and what business can be done in the region?

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Contents

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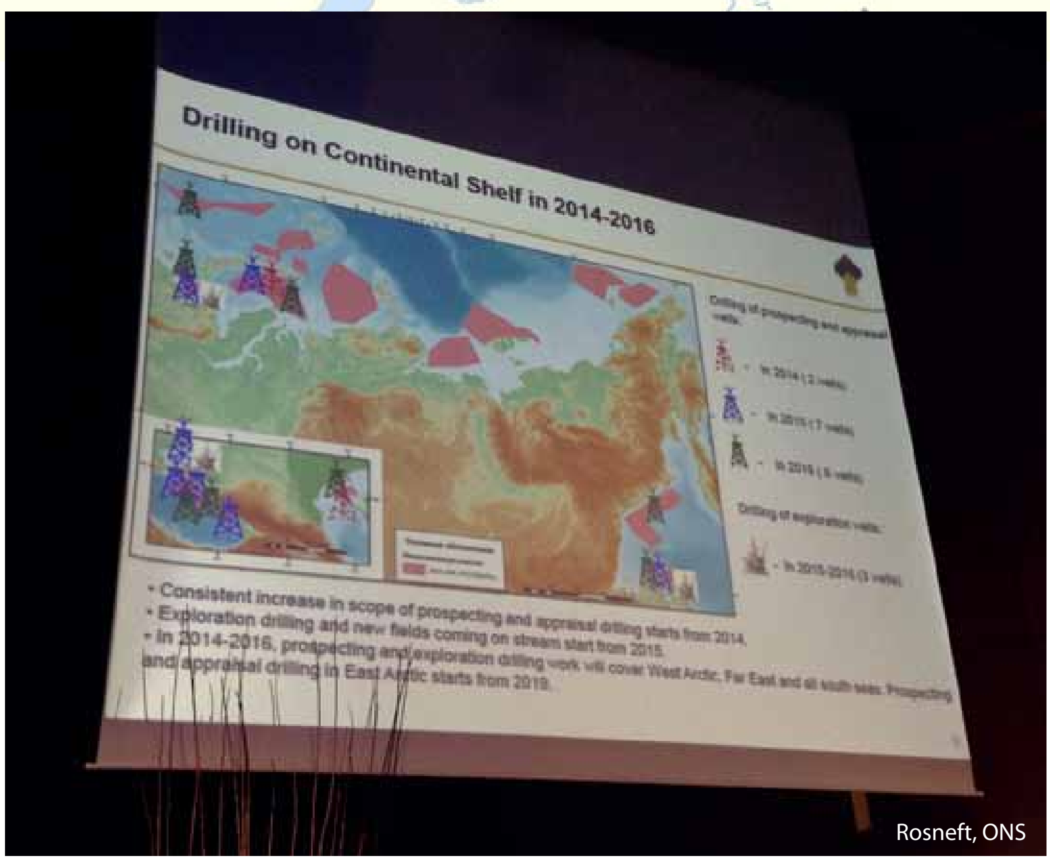
Kara Sea program could spice up the North Sea market...

While many have been considering Greenland as the major game changer for the North Sea market, the Kara Sea project has the potential to do the same and is a project that has already been confirmed through joint venture partners Rosneft and Exxon.

Having worked together on the Sakhalin I field, in 2011 the two companies signed a cooperation agreement to develop the Arctic reserves, with two operating companies created in 2012 to develop projects in the Kara and Black Seas. The arctic area is considered to contain close to 70% of Russia's reserves, with ExxonMobil likely to be able to provide the necessary expertise and technical abilities which they have gained through such projects as Hibernia in the North Atlantic and Prudhoe Bay in Alaskan waters. The total investment figures stated for the two new areas in cooperation agreement put estimates of more than USD 350 billion over the next decades, with the initial cost of exploration at approximately USD 3.2 billion, the majority of which is to be financed by ExxonMobil. The total investment figures are particularly high for the Kara Sea which is obviously a result of the harsh conditions in the area, but the estimated 4.9 billion tons of oil and 8.3 trillion cubic meters of gas in the area probably has something to do with the willingness to invest. The cooperation between the two companies has so far seemed to flow nicely and continued progress has been made, it now looks like the first drilling project in the Kara Sea with the West Alpha is all but confirmed publicly, with what could be up to 12 vessels to be fixed shortly for a campaign from end of April to October in 2014 with potential options for 2015 and 2016. The need for so many vessels lies in the fact that the Murmansk supply base is almost two to three days steam from the intended exploration blocks. This could be the first of many projects going forward with the two companies earlier this year having increased their initial joint venture acreage, a total of 600,000 square kilometers of area over seven new blocks in the Chukchi, Laptev and Kara Sea. The first likely drilling area is the Universitetskaya structure with a projected 9.4 billion barrels of oil equivalent at sea depths of 300 feet and oil strata at approximately 5,000 feet. The below picture denotes Rosneft drilling plans with two wells in 2014, seven wells and eight wells in 2015/2016.



Rosneft, ONS

The Russian arctic region has never been a major hotspot for drilling with few platforms in action and a limited number of exploration campaigns to speak about, however over the last years the mention of the new shipping route to Asia has been on most people's tongues and lately it has become more apparent to many that this is a major development area for the shipping and offshore community. The question becomes whether the regulations will allow the development to come within a decent timeframe and whether non-Russian service providers can take part in the expected activity. Recently the government made a decree that all export duties for new projects in the Arctic shelf would be lifted, an action likely to boost investment in the area. There are currently only four active platforms in the arctic region of Russia, with the Prirazlomnoye oilfield in the Pechora Sea discovered in 1989 and estimated to contain approximately 500 million barrels of oil. The Prirazlomnoye platform is the first Arctic-class, ice-resistant oil platform in the world. And then there are the three platforms at Sakhalin in the Sea of Okhotsk.

Despite the limited existing activity, there are a number of seismic campaigns ongoing and the likelihood for further exploration campaigns is large. With this significant potential, foreign ship owners might be looking to see how they can bring in vessels to their fleet that could capitalize on the plethora of opportunities to come. Obviously one major point is the short season and whether owners can economically build for this period, but the oil companies are continuously searching for opportunities to extend windows and solid vessel specifications will be key to achieving that. In this upcoming campaign in the Kara Sea, waivers will have to be applied for in order to get permission for vessels without substantial ice class and those high spec vessels that already have ice class are very likely to be picked up. Currently there are no major Russian offshore companies dominating the market, many of the oil companies have their own aged fleets with the likes of Sovcomflot the largest and most likely to continue growing within this sphere having recently received two multifunctional icebreaking support vessels from Arctech in Finland, which is partly owned by Russian United Shipbuilding Corp. To conclude the possibilities in this region are immense if the current plans by the oil companies involved go ahead, however there is also the other side of the matter to be looked at with current rumors floating around the market already now listing at least 6 AHTS and 4 PSV from Norwegian owners likely to migrate from the North Sea market leaving a tighter supply situation in home waters with domestic owners likely to capitalize.


Sakhalin Area, Russia

DRILLING & PRODUCTION

Ocean Rig has confirmed the order of another seventh generation ultra deepwater rig at Samsung Heavy Industries. The unit will cost USD 600 million and will be their fifth unit at the yard and ninth UDW unit in total. The company has taken delivery of one rig so far, with two units entering next year and a fourth in 2015. The rig just ordered is expected to be delivered at the end of 2015, with an option for another to be delivered early 2016. The company has also confirmed that their SS rig Eirik Raude, which earlier this year finished working off Ireland at the Dunquin prospect has had her options confirmed with Lukoil for another two wells in Sierra Leone, estimating that the rig will be occupied until December 2014.

COSL Drilling Europe, who currently has three rigs on to Statoil are building a fourth rig for delivery in the second quarter 2015. The construction began in the summer of 2012 and is currently 75% completed. The first rigs have been identical, while this one is to be more capable of working in harsh weather conditions and has been aimed towards the Barents Sea. Statoil are likely to let go of the Polar Pioneer by year end, which now seems to be leaving the Norwegian Continental Shelf with sources stating that the rig is a potential candidate for Shell in their Alaskan project.

Statoil have now confirmed that the discovery at the Bay du Nord prospect in the Flemish Pass basin offshore Newfoundland in Canada could hold between 300 and 600 million barrels of recoverable oil. The company has stated that the discovery brings them another step closer to becoming an operator in the area, with a only a few wells drilled in the licensed area totaling 8500 km^2, more work is required. The license which holds the three finds of Mizzen (100 to 200 boe), Harpoon (not stated yet) and Bay Du Nord is a joint partnership with Husky (35% stake).

Maersk design

The Island Innovator was given the thumbs up by the Norwegian Petroleum authorization board (Ptil) at the end of August and will upon completion of a few more tests proceed to operations for **Lundin** on the Johan Sverdrup field.

Songa Offshore and their two rigs Songa Venus and Songa Mercur are potential sale candidates for the company with Tanjung Offshore surfacing as potential purchasers of the rigs.

BP has confirmed a five year contract with Maersk Drilling for a newly ordered jack up the "XL Enhanced 4". The new ultra harsh deepwater unit is scheduled for delivery from Daewoo Shipbuilding in South Korea mid-2016. The total project cost for the unit is USD 650 million, with an option for another two units for delivery in 2016 and 2017. The estimated value of the contract between BP and Maersk Drilling is USD 812 million, with options to increase the duration to 10 years.

Talisman Energy has announced that it wishes to sell down all their assets on the Norwegian Continental Shelf in order to focus on their core areas of Columbia, North America and the Far East, following last year's sale of 49% of their UK Shelf interests to Sinopec. The bid deadline has been stated as October 15th.

ENI have reiterated that it is on schedule to produce oil from the Barents Sea "Goliat" field sometime during third quarter 2014. The project was originally scheduled to produce in Q3 2013, however last fall the company announced delays of up to a year and cost overruns of NOK 6.2 billion. There had been rumors that this would be further delayed, however the Italian company has now refuted such claims.

The design concept for the Cat I rig has been given to **Inocean** along with an option on the Front End Engineering Design, with the winning design based on the INO-80 drillship. The rig will have to have a hull able to operate in ice conditions of up to 2 meters and is specially designed for Arctic environment.

Prospector Offshore Drilling has received the first of six high specification harsh environment jack ups with the Friede and Goldman JU 2000 E design. The Prospector 1 will now be mobilized to the UK North Sea, where it will go on contract to Total UK. The Prospector 2 is to be delivered first quarter 2014.

Subsea news...

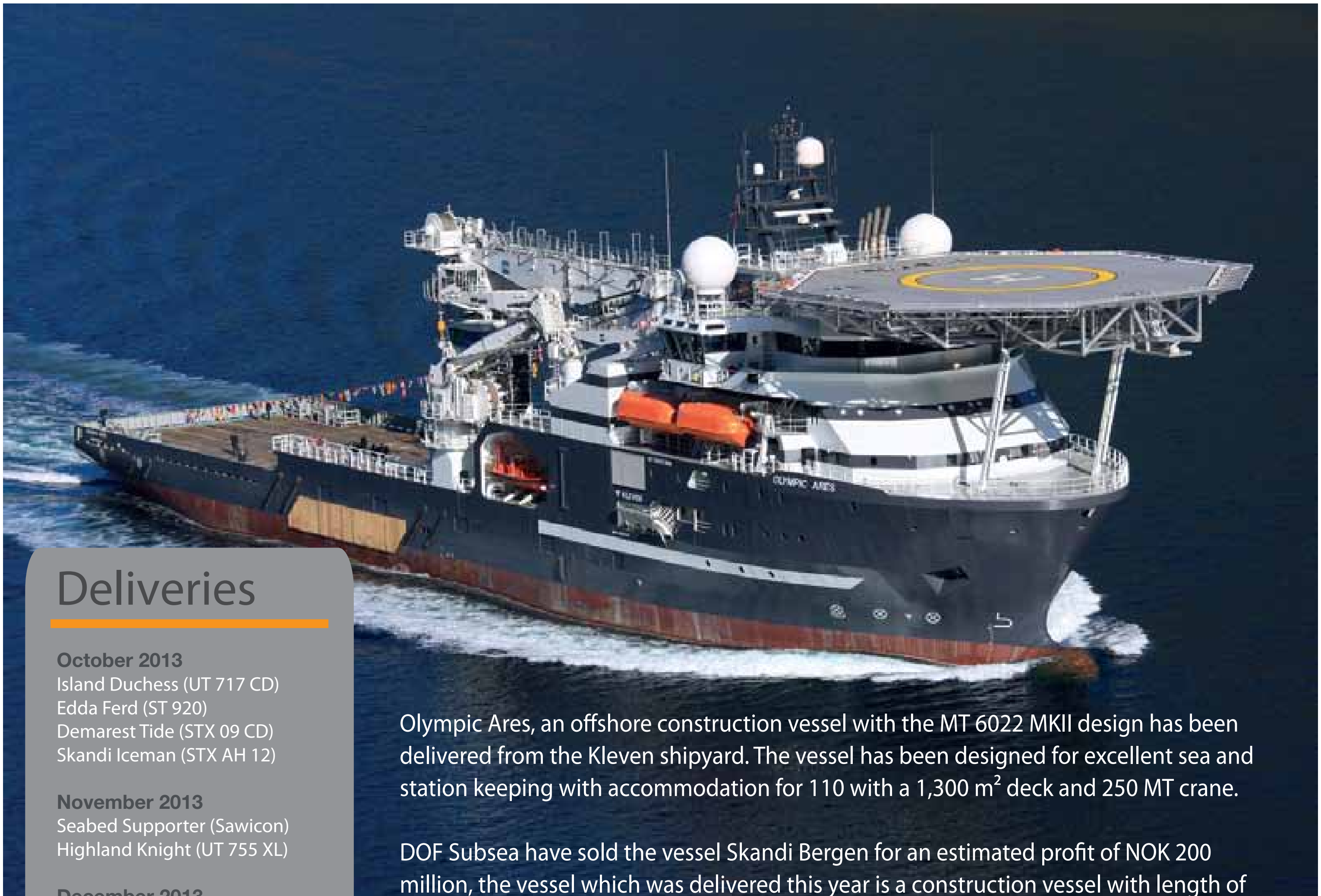
Ocean installer was awarded a contract with Statoil for subsea lines modification work on several fields on the Norwegian Continental Shelf. The company states the value of the contract at approx. USD 55 million with options that could amount to USD 95 million. The contract will likely be serviced by the Normand Vision, the STX OSCV 06 construction vessel arriving to market in June 2014. The work scope of the SURF contract is replacement/installation of flexible risers, flowlines, jumpers, structures and umbilicals.

Technip has won a contract with Statoil to make and supply flexible risers for fields on the NCS with options for further risers and flowlines. The award is for 10 replacements with options for 15 risers and flowlines.

Heerema's new deepwater construction vessel has been christened "Aegir" in Rotterdam, the vessel is capable of executing complex infrastructure and pipeline projects in ultra-deep water. She is the first vessel to make use of a portable Reel system. The vessel is 211 meters long and 46 meters wide, with its first project in the Lucius Field in the Gulf of Mexico for Anadarko.

NCS Survey has been awarded a five year contract with AKOFS Wayfarer AS, a Norwegian marine contractor, for the supply of positioning and survey services aboard Aker Wayfarer. The vessel is currently in Scotland, but will begin another project with Wellstream in Brazil, where the vessel will be managed NCS Survey do Brasil.

NEWBUILD NEWS



Deliveries

October 2013
Island Duchess (UT 717 CD)
Edda Ferd (ST 920)
Demarest Tide (STX 09 CD)
Skandi Iceman (STX AH 12)

November 2013
Seabed Supporter (Sawicon)
Highland Knight (UT 755 XL)

December 2013
Siem Daya 2

January 2014
Lewek Inspector (Havyard 857)
North Cruys (ST 216 Arctic)
Juanita (Salt 100)
Island Dawn (UT 717 CD)
EDT Jane (PX 105)

February 2014
Island Pride (UT 737 CD)
Far Sigma (UT 731 CD)
Rem Ocean (MT 6022)
Polar Onyx (SX 121)
Atlantic Merlin (VS 4622 CD)

March 2014
Highland Princess (UT 755 XL)
Boa Bison (VS 491 CD)
Ocean TBN (VS 485 MK III L)

Recently Delivered
Blue Protector (PX 105)
Sea Tantalus (STX 05 LCD)
Highland Chieftain (MMC 879CD)
Highland Guardian (MMC 879CD)
Olympic Ares (MT 6022 MKII)

Olympic Ares, an offshore construction vessel with the MT 6022 MKII design has been delivered from the Kleven shipyard. The vessel has been designed for excellent sea and station keeping with accommodation for 110 with a 1,300 m^2 deck and 250 MT crane.

DOF Subsea have sold the vessel Skandi Bergen for an estimated profit of NOK 200 million, the vessel which was delivered this year is a construction vessel with length of 120,8 meters and 22 meters beam.

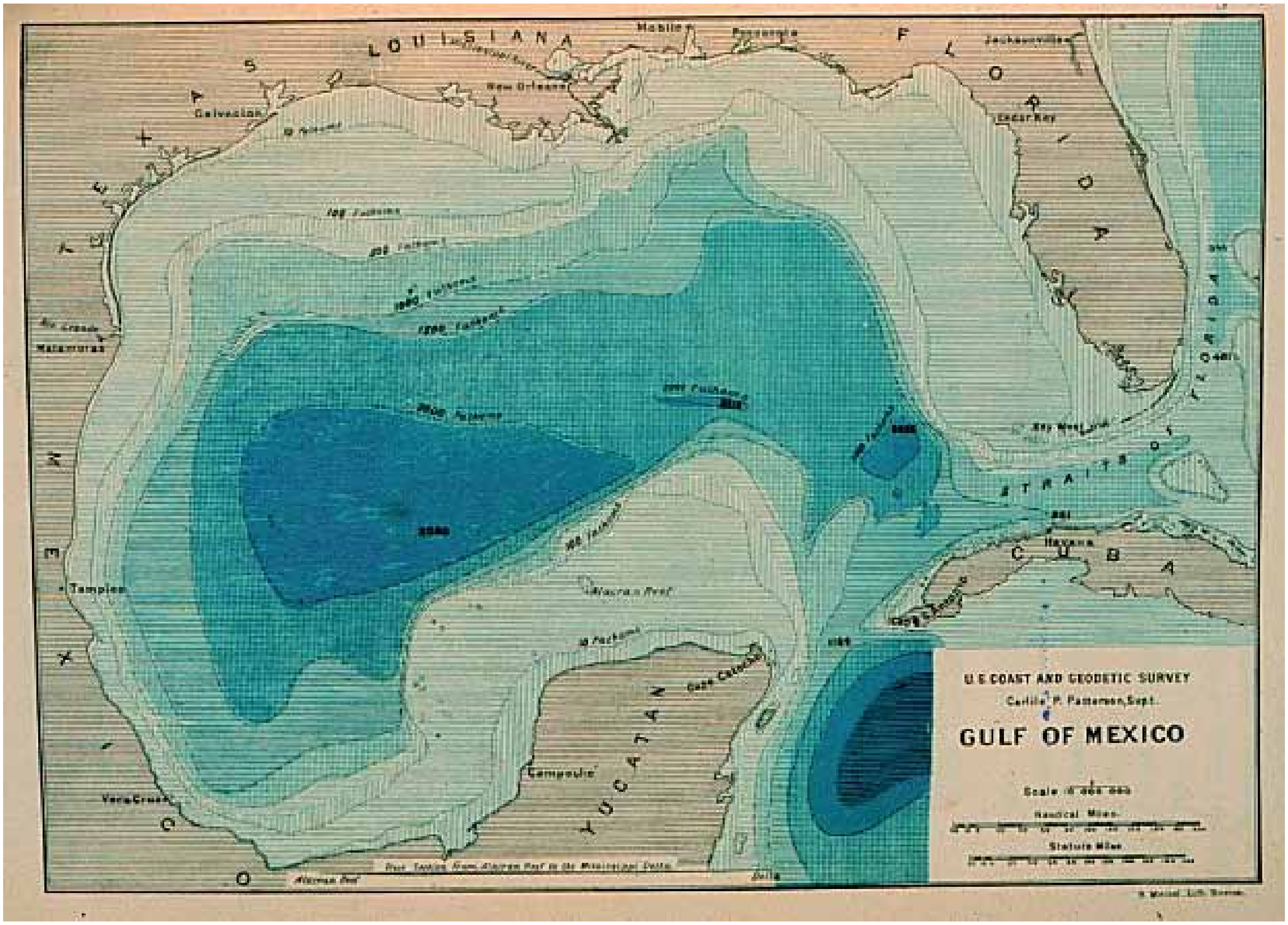
Siem Offshore has acquired 50% of Secunda, a local Canadian company from private equity company Birch Hill for a total of CAD 16.25 million. Secunda has been a presence on the East Coast of Canada for over 20 years and currently controls six vessels in their fleet and is managing the Troms Capella while on contract to Chevron Canada for the Stena Carron drilling campaign.

The final vessel of the six Ulstein shipyard boat series with PX121 design has been delivered and is currently in the market. The Blue Protector has been delivered and will go on a management agreement with Atlantic Offshore, which means that three of the vessels are now with Atlantic Offshore and the remaining three are with Remøy Shipping.

The Sea Tantalus with STX 05 LCD design is in the North Sea after having been delivered from Cochin Shipyard in India, she will undergo some upgrades in Norway prior to working the spot market on the UK side. So far the Sea Falcon (PX 105), Sea Flyer (PX 105) and Sea Forth (PX 105) have been delivered, with the Sea Titus (STX 05 LCD) likely to be delivered soon.

Newly established Carlotta Offshore have confirmed a contract with Vard Vung Tau for the construction of a PSV with Vard 1 08 design for delivery fourth quarter 2014.

The Global fleet - Is the Gulf of Mexico an area offshore owners should look too…



It seems that a market once known to be fairly a-typical from the shipping world given that assets were not as interchangeable globally seems to be changing rapidly with owners spreading their global arms in order to diversify into other markets and ensure that their own operational experience and strategic know how is used to its maximum. One of those areas which has not seen significant attention from North Sea owners is the Gulf of Mexico (GoM). When we speak about the GoM, most people automatically assume we are talking about the US, however there are two sides to it and recent governmental changes in Mexico will hopefully lead to increased investment in the region that is in dire need to develop its deepwater assets or at least begin to prevent the declining production. In 2004 production in Mexico peaked with 3.4 million barrels per day, they have since seen their production steep below the 2.6 million barrels a day mark, in relation Brazil aims to produce 2.5 million barrels per day by 2016. Mexican President Enrique Peña has announced plans to reform the energy industry, initially the fairly aggressive solutions have been scaled back to profit sharing agreements with foreign companies while the state retains all ownership of oil and gas produced. These changes are expected to increase oil production to 3.0 million barrels a day by 2018, and if approved by congress could allow for many more opportunities for offshore vessel owners.

It is no secret that the US Gulf of Mexico (Jones Act) market has been strong for US owners, with strong rates across the boards and high utilization. The positive market has led some of the owners to begin to look to other shores outside their normal areas of Mexico, Brazil and the US with the recent Tidewater purchase of Troms Offshore a prime example of this, and Harvey Gulfs mention of an acquisition in the North Sea. The US has seen very high utilization and most owners have been bringing any available Jones Act tonnage back to the gulf market when coming free from charter. One of those regions that early on saw a decrease of these vessels was Mexico. Although the Mexican market is protected and requires vessels to flag and crew Mexican, there are special dispensations provided for vessel owners to maintain their native flag on waivers provided quarterly for up to 2 years. When the neighboring market has seen such an increase in activity since the Macondo incident, the overspill to Mexico has been limited and with a significant increase in the rig fleet (Jack ups) in Mexico over the last years and going forward the next three years we can conclude that there are and will be many needs for vessels in the area. There have been a good number of Mexican owners or prospective ones looking for purchase or bareboat opportunities of tonnage in order to reflag Mexican and bid for projects. There has been a demand for PSVs, however with Mexican state owned company Pemex increasing the expectation of age on vessels, we are not likely to see much aged North Sea tonnage make the move. More likely the connection to Asia will be important in this regard, with cheaper tonnage likely to make the move over to these waters, similar to what we have seen in Brazil.

> "It is no secret that the US Gulf of Mexico market has been strong for US owners, with strong rates across the boards and high utilization."

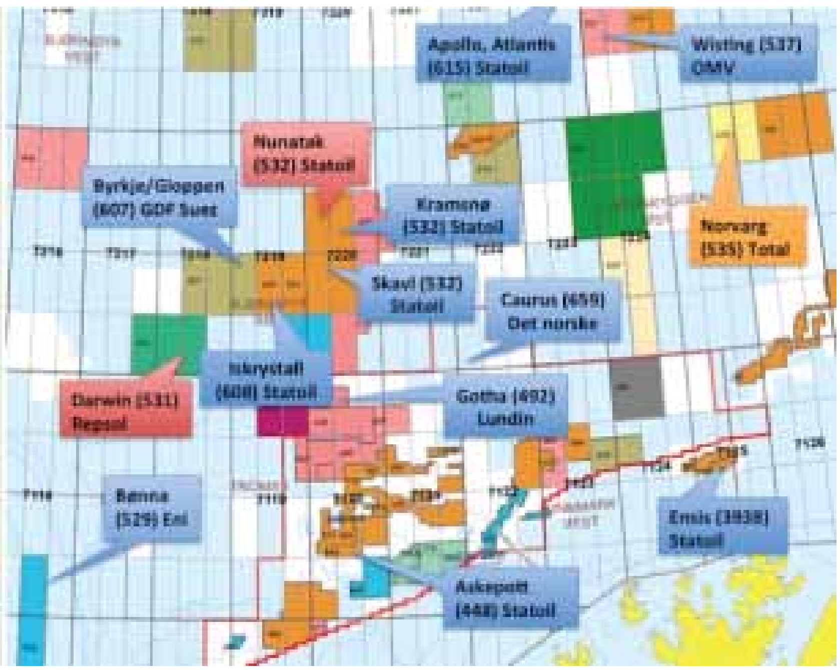
Pemex have been making the rounds the last year to illuminate their needs on the vessel front going forward, although many of their needs include smaller vessels and fast supply vessels, their demand sees them wanting to modernize and replace the existing OSV fleet, in addition to expanding the fleet. One major possibility for North Sea owners will be the need for sophisticated construction assets and MPSVs. Needs from significant local construction players in order to service their Pemex contracts have already arisen, although at times rate expectations lie too far apart. These differences are being closed, this has already been the case for some informed Mexican players and over the next few years we can expect even more realization on this front. Norwegian companies like Solstad and Østensjø are already involved with tonnage in the area. With regards to Subsea assets we have also seen this in the US GoM, as the ability to work outside the Jones Act has allowed foreign owners to bring vessels to the area. Owners like Adams Offshore from Asia and once again Solstad are already involved, most recently the Normand Flower was fixed to Oceaneering on a three plus three year contract with commencement Q4 2013. DOF Subsea has been actively involved in the region, however they have in this case taken an opposite approach and recently fixed the Harvey Deep Sea, a Multipurpose Construction vessel built at Easter Shipyard in Florida by Harvey Gulf for four years. According to Hornbeck Offshore there are 49 deepwater fields to come online in the US GoM over the next five years with a majority of these expected to consist of subsea tiebacks with the offshore CAPEX expected to grow to USD 12.5 billion per year by 2015 from the current USD 9 billion. This is in the US Gulf alone, with Mexico transitioning into deepwater we can expect a lot of activity in the region going forward. Shipyards in the US are fairly laden with a significant number of PSVs being built, the question is whether the US have enough construction vessels being built to handle this growth or the yard capacity to build it after a number of PSV orders

having been made over the last two years. The bigger more experienced companies like Harvey Gulf, Hornbeck Offshore and Otto Candies with a large MT6020 at their own yard are well underway in building suitable vessels, however the number of OCVs and MPSVs in total is not significant relative to the growing demand.

Up north…where infrastructure is scarce

Another find in the Barents Sea by OMV has as expected sparked glowing possibilities and what some might say is excessive optimism for the area. Obviously further finds in the region strengthen the chance for development in the region, however so far we have not seen any suggestions for a plan for the 400 to 600 million expected barrels in the Johan Castberg region. The question becomes just how much Oil and Gas must be found in order to justify a potential development in the region. Statoil have their large campaign underway in the Barents Sea and next year they will drill at the Atlantis and Apollo prospects, which are just north of the find made by OMV this month. Before their project in Hoop region, Statoil will continue drilling the prospects close to Skrugaard, with the first two having not been as successful as first hoped. It is believed that a major find here will be pivotal for a development in the Johan Castberg region, with a current break even in the region expected at USD 80 to 85 dollars a barrel. This amount doesn't leave much room for a solid margin with current Brent price at USD 108 a barrel, and the many projections showing a declining oil price over the next few years. In order to understand the significant difference we can compare it to the Johan Sverdrup field where the break even has been estimated at approximately USD 29 a barrel, and the most recent find in Canada has been estimated at USD 60 to 65 a barrel. OMV are not finished drilling in the area, with the Leiv Eiriksson to drill in the same license north east from the recent find. After hitting what has been estimated to be between 60 and 160 million barrels of recoverable oil and between 10 and 40 billion cubic feet of recoverable gas, they are certainly optimistic with regards to more finds in the area, however amounts of oil must be substantially larger in order to justify developments so far north with the many obstacles in place. This drilling will certainly fire up OMV, who have been active in focusing on upstream activity lately, looking to move away from downstream assets. OMV stated that this was a breakthrough for the

regional exploration activities and they expected more drilling in the near future. Some seismic companies have stated that the Hoop region has a number of very interesting prospects and are confident that this region will open up like the Johan Castberg find. Other companies like Lundin are active in the area with the Transocean Arctic and their Gotha prospect (find now confirmed / 105 to 235 boe), along with Eni and their Bønna prospect with the Scarabeo 8 were spud a couple of months ago. Other companies like Repsol have already come up empty, Total's Norvang prospect needs further appraisal drilling, while GDF Suez look to drill their Byrkje prospect in January 2014



with the Transocean Barents. The results from these exploration and appraisal wells will be extremely vital for the future of the short term activity in the Barents Sea over the next decade. So far these exploration campaigns have been positive for offshore vessel owners in Norway, as the time spent on charter is extended and off course the simple fact that it has increased activity seen on the NCS. It should be prudent for owners that if the oil companies should not be successful in the region, there will be significant ton millage available with less activity and fewer exploration campaigns in the short term.

An important factor to consider may be the recent media focus on the decreasing growth in budgets for oil company's investment within oil and gas exploration and production during the last few months with many reports suggesting the double digit growth that we have seen the last three years due to a gradual slow down with an expectation of 4 to 6% growth over the next couple of years. Some analysts have stated glummy stories of what this might do to the oil service companies, however let's not forget that we are measuring growth here and that the budgets are not decreasing in the near term, they are still growing on top of the growth we have already seen over the last three years! Significant sums are still being invested in the industry, and a large number of rigs are expected to enter with Rystad Energy still stating approximately 51 rigs on the NCS alone by 2016. It is however likely that after a number of large finds globally, we will see trends similar to those that Petrobras have uttered in that it's time to bring oil to the market with a focus on production over exploration. Although trends like this are not necessarily positive for owners in regards to rig move activity, we don't expect any adverse effect for the AHTS owners. If anything this media blast might prove positive for the collective owners group in that building activity for the various segments might not speed into action. Shipyards in Norway have been negative on their orderbook going forward with few new orders over the last six months, especially any speculative orders. However the point to be made here is whether we can see these oil company investments being made in regions like the Barents Sea going forward, or whether focus likely will be on production or more mature areas where infrastructure may already be in place. Earlier this month 50 companies put their names in the basket for the 2014 mature areas auction on the NCS, a slight increase from last year demonstrating continued interest. It will be interesting to see whether the Barents Sea interest continues with the same force that we have seen over the last couple of years. Although perhaps a stretch from relevant, Total are now close to making the same decision as Statoil made last year for the Shtokman field. Although the resources are there, the total investment cost is too extensive, in addition to tax regimes that are not favorable. Keep in mind the fresh change to the Norwegian system, where the government lowered the amount of subsidies for developments. Rystad Energy estimated that such changes could increase break evens on new projects by USD 5 a barrel, putting some marginal fields in jeopardy for the time being. One might note that Statoil use significant amounts of the income they generate on the NCS to fund their explorations and developments in Africa, Brazil, and other areas. The finds in the Flemish Pass look substantially more investor friendly...

AHTS

Vessel	Design	Manager	ENTRY	From
Island Valiant	UT787CDL	Island	Start – Oct	TBA
Siem Garnet	VS491 CD	Siem Offshore	Start – Oct	BARD
Skandi Iceman	Vard AH12	DOF	Mid – Oct	Newbuild
Bourbon Orca	AX 104	Bourbon	Mid – Oct	Shell
Olympic Zeus	A122	Olympic Shipping	Mid – Oct	VSMC
Strilborg	UT722	Møkster	Mid – Oct	AGR
Maersk Laser	Maersk L Type	Maersk Supply	End – Oct	BP UK
Maersk Assister	Maersk A Type	Maersk Supply	End – Oct	DeepOcean
Balder Viking	KMAR 808	Viking Supply	End – Oct	TGS Nopec

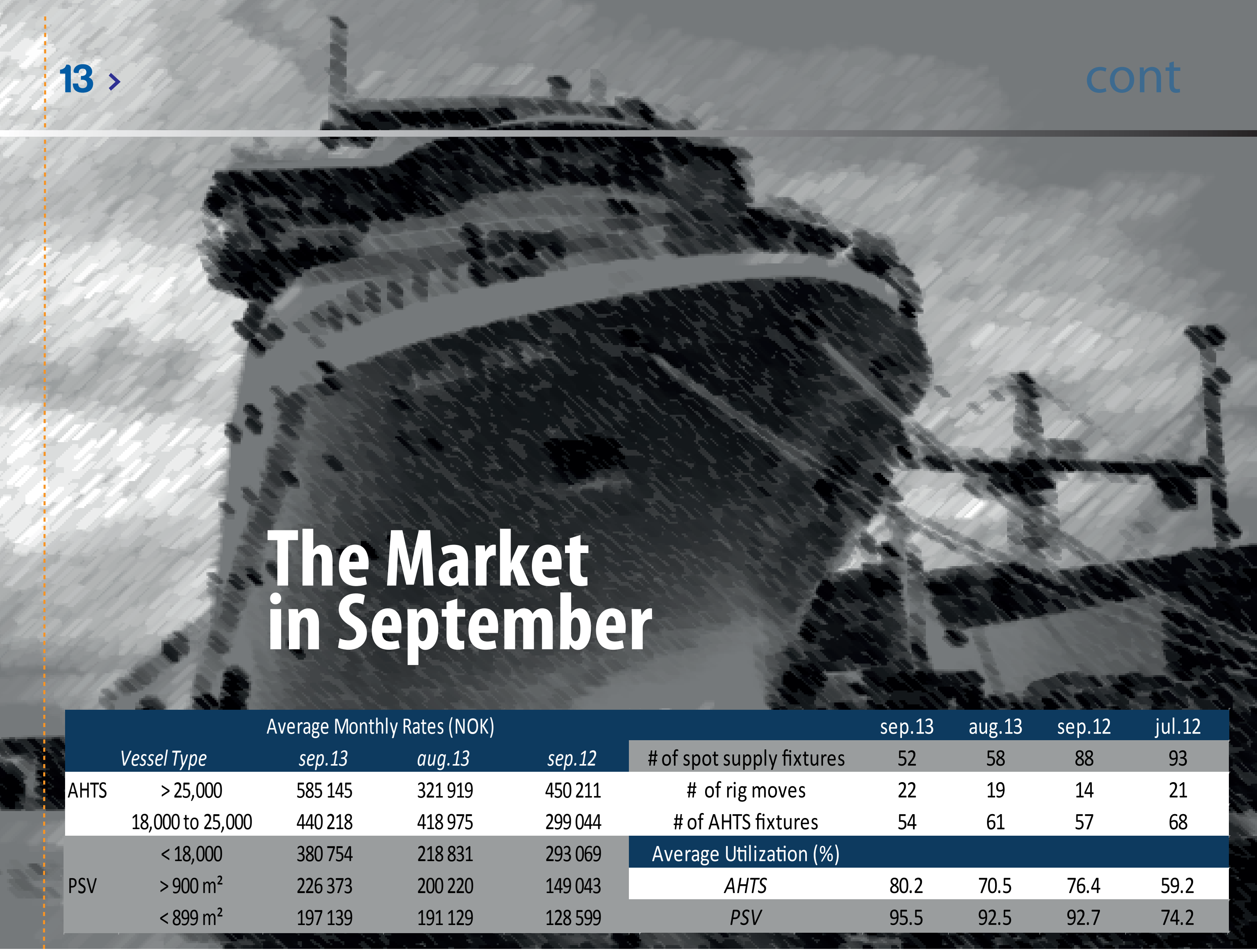
PSV

Vessel	Design	Manager	ENTRY	From
SBS Cirrus	UT705	Viking Supply	Start – Oct	E On
UP Jasper	VS483MkII	Gulf Offshore	Start – Oct	Allseas
Lundstrom Tide	PSV09CD	Tidewater	Start – Oct	ConocoPhillips
Havila Fortune	MT6009 MkII	Havila	Start – Oct	West Africa
Rem Supplier	UT755LN	Rem Offshore	Mid – Oct	Centrica
Freyja Viking	VS470 MkII	Viking Supply	Mid – Oct	Centrica
Demarest Tide	PSV09 CD	Tidewater	Mid – Oct	Newbuild
Island Duchess	UT717CD	Island Offshore	Mid – Oct	Newbuild
Olympic Orion	MT6015	Olympic	Mid – Oct	BP
Rem Provider	UT755LC	Rem Offshore	Mid – Oct	ADTI
Skandi Waveney	UT755L	DOF	Mid – Oct	Shell UK
Troms Lyra	PSV08 CD	Troms Offshore	Mid – Oct	Shell Norge
Far Server	Havyard 832CD	Farstad	Mid – Oct	Nexen
Edda Sprint	SK6009 DL	Østensjø	Mid – Oct	MOG
Island Duke	UT717CD	Island Offshore	Mid – Oct	ADTI
Viking Nereus	UT755L	Eidesvik	End – Oct	BG UK
Olympic Energy	PSV06LNG	Olympic	End – Oct	COP
Dina Star	MT6015	Myklebusthaug	End – Oct	MLS

Vessel	Design	Manager	EXIT	To
Solvik Supplier	VS485CD	Vestland	Start – Oct	Talisman
Siddis Mariner	VS485	Siem Offshore	Start – Oct	SOC
Toisa Invincible	VS483	Sealion	Mid – Oct	ADTI

THE LAST WORD

Cecon is a subsea contractor involved in most spheres such as project management, engineering and installation for oil and gas and renewables industry. The company has had a trifecta of vessels under construction to provide themselves with high spec fleet. After many delays and struggles over the last years, the CECON vessels that have been under construction at Davies Shipyard in Canada are back on track and the first vessel "Cecon Pride" looks to be delivered towards the end of Q1 next year with Sea trials currently scheduled in January. The next vessel "Cecon Excellence" is expected to be delivered in the final quarter of 2014. The three subsea vessels with VS 4220 design are well equipped with a main deck on all vessels at 2,000 m^2 with accommodation for 100 personnel and DP III, the first two to be delivered with 250 MT cranes and the final vessel "Cecon Sovereign" coming with a 400MT crane. The pictures taken are from our visit to the yard in August of this year, with the MD of our Canadian office Darrell Cole present.



The Market in September

Average Monthly Rates (NOK)				
	Vessel Type	*sep.13*	*aug.13*	*sep.12*
AHTS	> 25,000	585 145	321 919	450 211
	18,000 to 25,000	440 218	418 975	299 044
	< 18,000	380 754	218 831	293 069
PSV	> 900 m^2	226 373	200 220	149 043
	< 899 m^2	197 139	191 129	128 599

	sep.13	aug.13	sep.12	jul.12
# of spot supply fixtures	52	58	88	93
# of rig moves	22	19	14	21
# of AHTS fixtures	54	61	57	68
Average Utilization (%)				
AHTS	80.2	70.5	76.4	59.2
PSV	95.5	92.5	92.7	74.2

The ***PSV market*** has been relatively tight throughout the month with an average utilization of 95.5%, which has only been seen to recline due to the increasing supply towards the end of the month. A total of five newbuildings have entered the North Sea during the month and the absorbing nature of the market has continued, however as mentioned the last days in the month have seen vessels come available, of note in Norway where the market has been sold out for much of the month with most vessels signing extensions to their contracts and all options being called. Rates have been solid for the owners with a total monthly average for all sizes at NOK 206 447 per day, which is the second highest average seen this year after the good July month. Despite the incoming newbuilds seen this month, it is prudent to note the many vessels that have left the North Sea over the summer months and this is reflected in the strong rates seen recently. At the end of May the total PSV fleet over 3,000 dwt in the North Sea was 40 vessels on the spot and 176 vessels on term, while on the final day of the September we see 27 vessels on the spot and 182 vessels on term.

The ***Anchor Handler*** market has gone from strength to strength this year until a slight decline on rates seen last month, however most owners were still optimistic and their optimism turned out to be correct with one of the strongest months this the year with vessels over 25,000 BHP attaining average monthly rates of NOK 585,145 per day and vessels below 18,000 BHP at NOK 380,754 per day. However rates have fallen strongly towards the end of the month with a trifecta of vessels for the last rig move on the NCS fetching NOK 375,000 per day and around the GBP 25,000 mark for a move done on the UKCS. Utilization has plummeted to 60% on the final day of the month from close to 100% we saw midway through the month, the reason is numerous vessels available in the UK. The start of October looks to see this utilization even further down with the availability growing in Norway. The number of vessels in the market over 18,000 BHP has remained unchanged, however there are four more vessels available on the spot market hence vice versa in the term market.