

SEABREEZE

THE SEABROKERS MONTHLY MARKET REPORT

APRIL 2020

GLOBAL OIL MARKETS IN UNCHARTED TERRITORY



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OSV MARKET ROUND-UP

ROCK BOTTOM SPOT RATES IN NORTH SEA

The slowdown in the North Sea spot market has been more dramatic over the last four to six weeks than any of us could have imagined. It was inevitable that there would be a reduction in offshore activity this year and that any previous forecasts for vessel demand could be thrown out of the window.

However, the lack of spot requirements in recent weeks will have shocked even the most pessimistic of owners. At no point during the previous downturn did we experience anywhere near as many vessels being laid up in such a short timeframe, and even that hasn't prevented spot PSV fixture rates dropping as low as GBP 3,000 in the UK sector and NOK 40,000 in Norway.

In the AHTS sector, the pool of active vessels is comparatively smaller than the PSV market. This means vessel availability can still tighten much faster in this sector. However, the drastic reduction in activity levels has obviously had a detrimental impact on rates in the AHTS market as well. In the UK sector, the majority of recent charters have been agreed with rates of less than GBP 10,000 per day. In Norway, only a handful of fixtures have involved owners managing to break the NOK 100,000 threshold.

UNCHARTED TERRITORY FOR OIL MARKETS

The knock-on effects from the coronavirus pandemic have been wreaking havoc on the oil markets, with oil demand this quarter reduced by tens of millions of barrels per day. The price of Brent Crude recently fell to levels that have not been seen for more than 20 years, while trading conditions have been even more dramatic in the States, where WTI prices turned negative for the first time in history (as low as -USD 40) as sellers had to pay to have oil taken off their hands.

The immediate impact on the OSV market has been dramatic, with charterers cancelling projects around the globe and

forcing downward pressure on vessel rates as they grapple to control their costs.

The response from owners has also been significant. Having only recently started to make some headway following the previous downturn, many owners have no desire to repeat the experience of sending vessels out on hire at day rates that do not even cover their operating expenses. Owners have been laying up vessels in their droves as their demand expectations for 2020 have suddenly been obliterated. In the North Sea alone, at least 30 PSVs and AHTS vessels have been laid up since mid-March (see p.5 for details).

HORNBECK SEEKS CHAPTER 11 PROTECTION

It did not take long for the first OSV casualty of the coronavirus downturn to materialise, with Hornbeck Offshore seeking Chapter 11 protection in the United States.

Hornbeck has entered into an agreement for a comprehensive restructuring of its balance sheet. The deal with lenders and noteholders will provide the company with USD 100 million of new capital upon its emergence from Chapter 11 bankruptcy protection.

Hornbeck has entered into this restructuring support agreement

with secured lenders holding approximately 83% of the company's aggregate secured indebtedness, and unsecured noteholders holding around 79% of the company's aggregate unsecured outstanding notes.

Hornbeck Offshore hopes to conclude the Chapter 11 process before the end of the second quarter of 2020. The company has emphasised that this process will not impact its ability to operate in the ordinary course of business, and there should be no disruption to its customers, vendors or workforce.

OSV MARKET ROUND-UP

AGREEMENT FOR HAVILA RESTRUCTURING

Havila Shipping has entered into an agreement with its lenders for a debt restructuring. The agreement runs until December 31, 2024. Each lender can extend this by an additional year.

At the beginning of 2020, Havila's outstanding debt stood at NOK 4.22 billion (USD 412 million). For each vessel, this debt will be apportioned into an interest-bearing tranche and a non interest-bearing tranche. The size of the interest-bearing tranche is based on the expected debt service capacity of each vessel during the restructuring period. This makes the total amount of interest-bearing debt NOK 3.1 billion (USD 303 million), with NOK 1.12 billion



Havila Commander (c/o R. Haugen)

(USD 109 million) remaining as non interest-bearing debt. At the end of the restructuring period, all interest-bearing debt will fall due, and non interest-bearing debt will be converted to shares in the company.

In terms of recent chartering activity, Havila has secured a new 18-month contract for PSV Havila Commander with Total E&P UK. The new term started in April, in direct continuation of her previous charter.

MULTI-YEAR DEAL FOR FLETCHER



FS Abergeldie (pictured c/o P. Gowen)

With new term contracts in short supply recently, the Fletcher Group will be delighted to have secured a three-year firm contract for PSV FS Abergeldie. The vessel will provide wind farm support for TenneT in the German sector. Meanwhile,

Fletcher has also recently taken on the management services for another PSV, the World Peridot. Following a reactivation process, Fletcher has already picked up a first charter for the Peridot, also in the renewables sector, with Rhenus Logistics.

HERMIT PSV FOR PETROFAC AND HESS

Having recently concluded her previous term contract with Team Marine UK earlier than expected, it hasn't taken long for the Hermit Fighter to be snapped up for another term fixture. Hermitage Offshore has secured a three-well plus three

wells' options contract for the PSV with Petrofac. The vessel will be providing support for a P&A campaign that Petrofac will be performing with semi WilPhoenix on behalf of Hess UK at the Renee and Rubie fields in the Central North Sea.



Hermit Fighter (pictured c/o George58)

OSV MARKET ROUND-UP

EQUINOR KEEPS VEGA

In a sure sign of a vessel and her crew performing to extremely high standards, Equinor has awarded DOF another contract to keep AHTS vessel Skandi Vega on hire for at least six more months. The vessel has worked exclusively for Equinor since her delivery in 2010, and the charterer holds options to keep the Vega on hire for six more months beyond the end of the firm period in November 2020. Furthermore, Equinor has an option to convert the contract to a firm two or three-year period within the next four months.

However, it is by no means plain sailing for DOF. In a recent



Skandi Vega (c/o H. Otneim)

trading update, the owner noted a sharp decline in tendering activity, with a limited number of contract opportunities visible for the foreseeable future.

Several of DOF's vessels will conclude contracts over the course of 2020, and the owner has warned that many of these vessels may have to be laid up.

VICTORY IN BARENTS SEA



Island Victory (pictured c/o O. Halland)

Island Offshore has deployed its installation/anchor handling vessel Island Victory in the Barents Sea to fulfil a 60-90 day contract with Ocean Installer at the Askeladd and Johan Castberg fields. The vessel, which was delivered earlier this year, is completing work for Equinor as

the end customer. The scope of work includes the installation of subsea manifolds plus extensive survey and subsea activity at Askeladd, using the vessel's two work ROVs as well as her 250t offshore crane. The Victory will also install a complete mooring system at Johan Castberg.

OWNERS LAYING UP PSVs IN THEIR DROVES

Pending the confirmation of a couple of cases, there have now been (at least) 30 PSVs or AHTS vessels laid up in the North Sea region since mid-March. The list consists almost entirely of PSVs apart from a pair of DOF anchor handlers. The list of owners to have stacked vessels includes

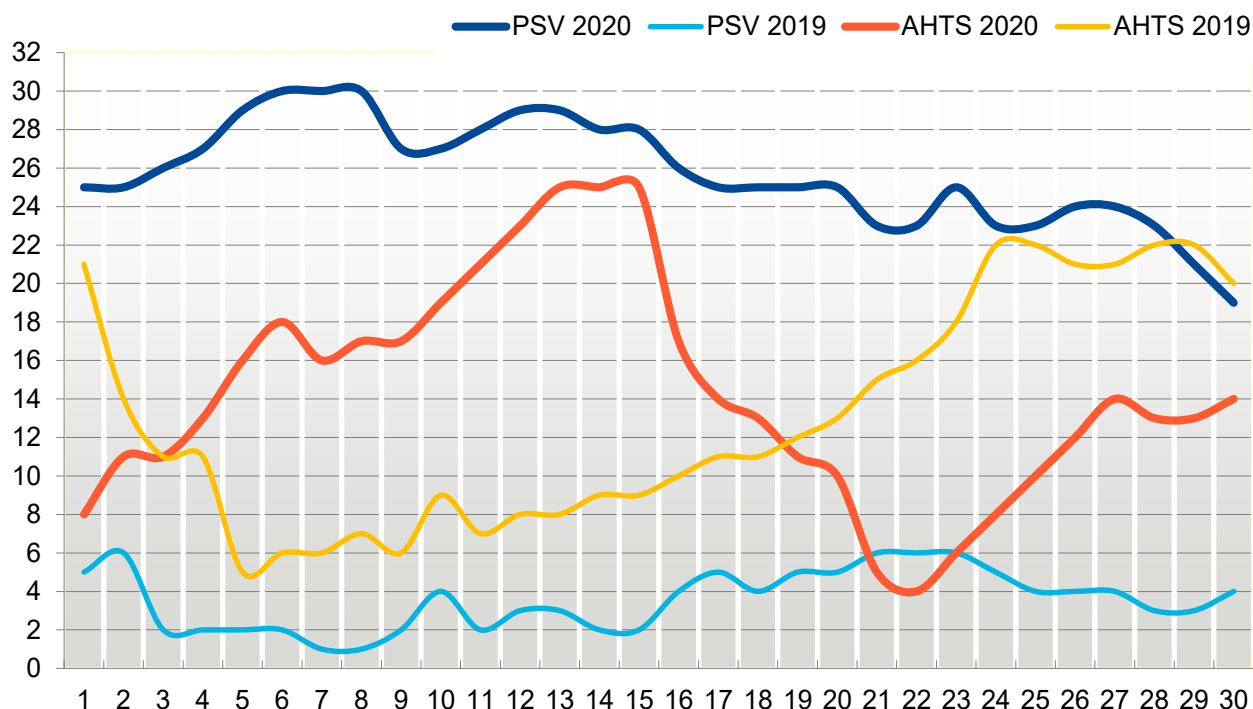
Bourbon, DOF, Golden Energy, Havila, Hermitage, Hoyland, Island, Møkster, Olympic, Opielok, Seacosco, Solstad, Sverre Farstad, Tidewater and Vroon. Other owners, such as Fletcher, have also brought PSVs in house temporarily until trading conditions improve.



OOO Cougar (c/o D. Dodds): one of the PSVs that has recently been laid up

OSV RATES & UTILISATION

APRIL 2020 - DAILY NORTH SEA OSV AVAILABILITY



RATES & UTILISATION

NORTH SEA SPOT AVERAGE UTILISATION APR 2020

| TYPE | APR 2020 | MAR 2020 | FEB 2020 | JAN 2020 | DEC 2019 | NOV 2019 |
|------------|----------|----------|----------|----------|----------|----------|
| MED PSV | 47% | 66% | 63% | 59% | 66% | 67% |
| LARGE PSV | 24% | 58% | 74% | 65% | 80% | 68% |
| MED AHTS | 37% | 51% | 38% | 13% | 62% | 51% |
| LARGE AHTS | 46% | 67% | 57% | 36% | 63% | 62% |

NORTH SEA AVERAGE RATES APR 2020

| CATEGORY | AVERAGE RATE APR 2020 | AVERAGE RATE APR 2019 | % CHANGE | MINIMUM | MAXIMUM |
|--|-----------------------|-----------------------|----------|---------|---------|
| SUPPLY DUTIES PSVs < 900M ² | £3,485 | £15,340 | -77.28% | £3,000 | £5,500 |
| SUPPLY DUTIES PSVs > 900M ² | £3,733 | £16,587 | -77.49% | £3,000 | £5,500 |
| AHTS DUTIES AHTS < 22,000 BHP | £7,087 | £15,703 | -54.87% | £5,000 | £12,266 |
| AHTS DUTIES AHTS > 22,000 BHP | £8,141 | £16,775 | -51.47% | £5,000 | £15,463 |

SPOT MARKET ARRIVALS & DEPARTURES - APRIL 2020

ARRIVALS - NORTH SEA SPOT

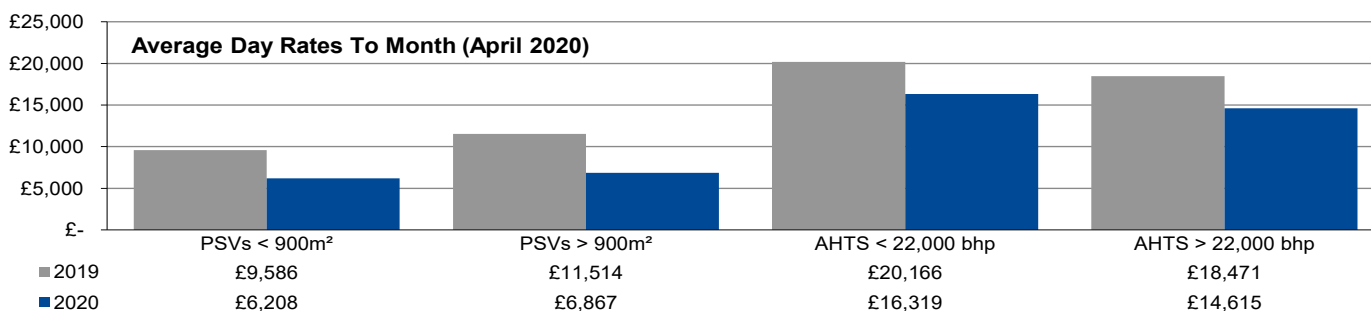
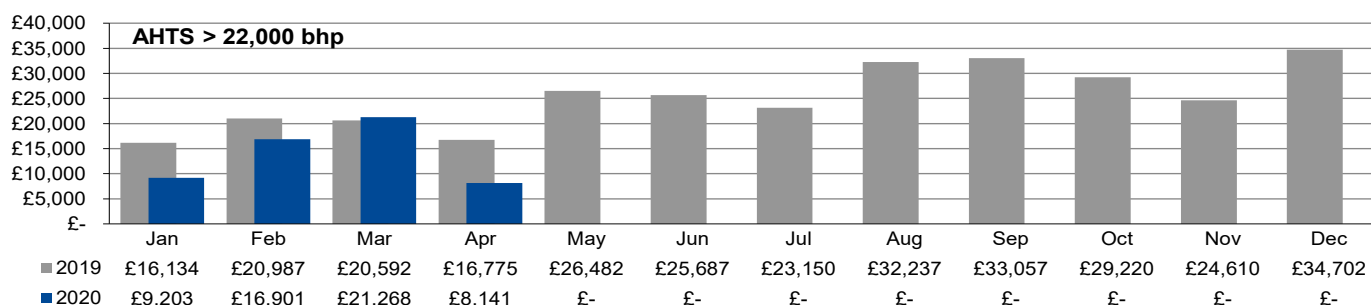
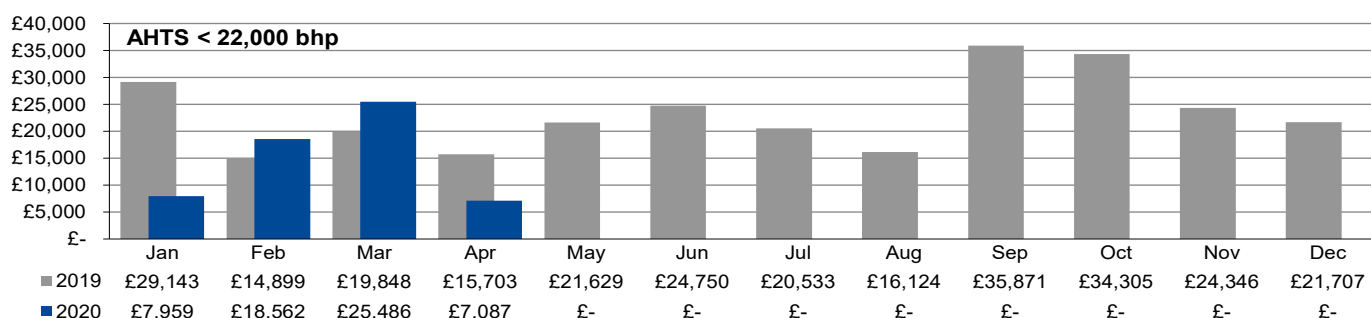
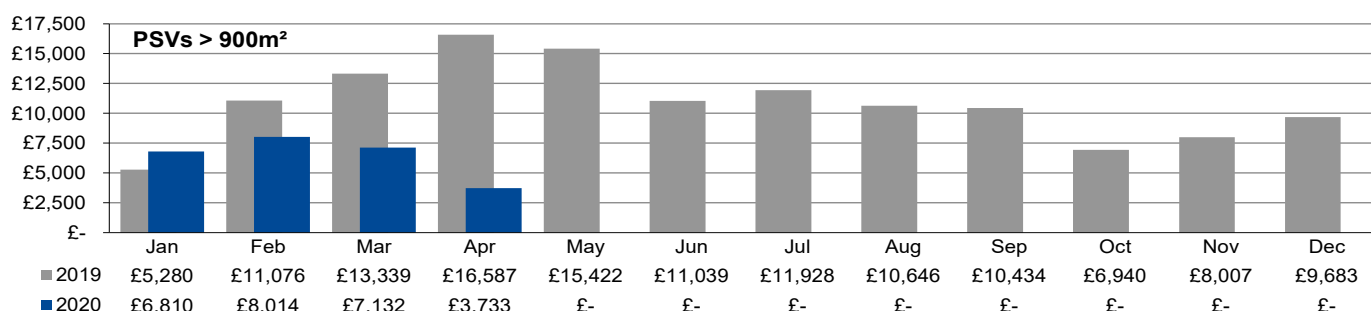
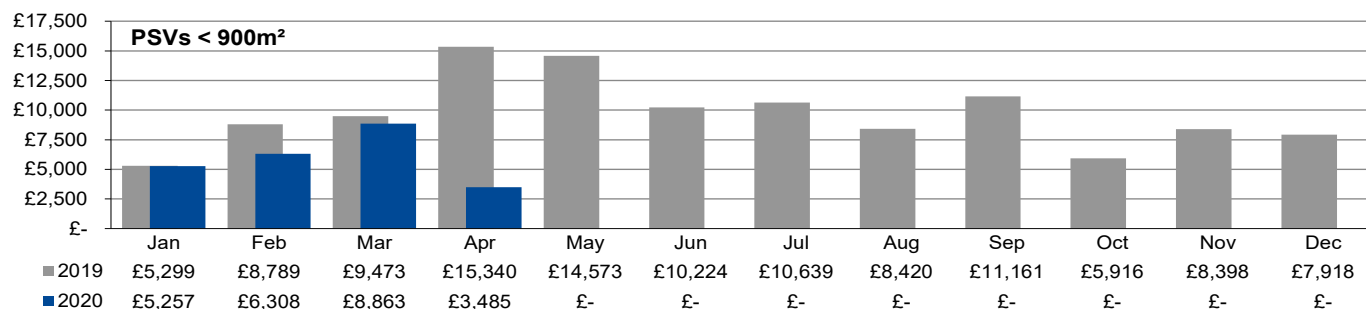
| | |
|-------------------|-------------------|
| ALP FORWARD | EX NORTH ATLANTIC |
| PACIFIC DISCOVERY | EX WEST AFRICA |

DEPARTURES - NORTH SEA SPOT

| | |
|----------|--------|
| PRINCESS | CANADA |
|----------|--------|

* Vessels arriving in or departing from the North Sea term/layup market are not included here.

NORTH SEA AVERAGE SPOT RATES



FEATURE VESSEL

VARD 4 19 DESIGN SOV



Vard has signed a contract with Ta San Shang Marine for the design and construction of Taiwan's first Service Operation Vessel.

This marks Vard's first entry into the renewable energy sector. The vessel, to be built to the VARD 4 19 design, has been chartered by Ørsted on a 15-year contract. She will be working at the Greater Changhua wind farms offshore Taiwan.

The Taiwanese-flagged SOV will be built at the Vard Vung Tau Shipyard in Vietnam with delivery scheduled in 2022. The vessel will have a length of 84.4m and a beam of 19.5m. She will be able to accommodate 87 people in single cabins, with space for up to 60 technicians plus crew.

The vessel will be prepared to operate without fossil fuels, and will feature an optimised hull design and battery-hybrid setup to reduce fuel consumption and to decrease her carbon footprint. The SOV will feature a motion-compensated gangway, dynamic positioning and a 3D motion-compensated crane.

Ørsted will finish constructing the 900 MW Greater Changhua 1 and 2a wind farms between 2021 and 2022. Ørsted also holds the rights to build another 920 MW at its Greater Changhua 2b & 4 sites subject to a FID which is scheduled for 2023.



VARD 4 19 SPECS:

Yard: Vard Vung Tau, Vietnam
Design: Vard 4 19
LOA: 84.4m
Breadth: 19.5m
Flag: Taiwan
Propulsion: Diesel-electric
Accommodation: 87 persons in single cabins
Gangway: Motion compensated gangway with elevator system
Crane: 3D-compensated crane

NEWBUILDS, CONVERSIONS, S&P

SEA TRIALS COMPLETE FOR SWS NEWBUILD

Sea trials have been completed on a newbuild PSV that has been built by Shanghai Waigaoqiao Shipbuilding (SWS) for Tianjin CSSC Jianxin/SinoOcean. Built to the Ulstein PX 121 design, the Guo Hai Min Qiang is one of four sister vessels that have been built to the PX 121 design - the original order for

the construction of the PSVs was placed by Pacific Radiance. The other vessels are now known as Guo Hai Min Fu, Guo Hai Min Sheng and Guo Hai Min Xing. In addition to operating as PSVs, the 83m vessels will also be equipped for the installation of ROVs for inspection, repair and maintenance (IRM) work.



Guo Hai Min Qiang

SK ARCTIK LAUNCHED IN MALAYSIA



Nam Cheong recently held a launching ceremony for the SK Arktik, a newbuild AHTS vessel that has been built at Nam Cheong's Miri shipyard in Sarawak, Malaysia. This is the tenth vessel built to the NC80E design by Nam Cheong since 2015.

The SK Arktik is a DP 2 vessel with a length of 64.8m, breadth of 16m and a clear deck area of 420m². The vessel has a bollard pull of 80t and accommodation for 50 persons. The vessel's main propulsion will be supplied by two Rolls-Royce US 255P30CP stern azimuth thrusters.

ERRINGTON TIDE SOLD TO EGYPTIAN OWNERS

Tidewater recently sold the Errington Tide AHTS vessel to Egyptian owner Ships & Boats Oil Services. The 2009-built vessel, which had been cold-stacked in Egypt for several months prior to the sale, has been renamed as the Sea Bird.

The Errington Tide/Sea Bird is a DP1 vessel with a length of 60.1m, breadth of 16m and a deck area of 390m². She has a main engine output of 5,000 bhp, providing a bollard pull of more than 60t. The vessel has an accommodation capacity for 26 persons.



RAWABI VALLIANZ TAKES OWNERSHIP OF NEWBUILD AHTS



Rawabi Vallianz Offshore has taken over the ownership of the newbuild AHTS vessel that was formerly known as the Swissco Peridot.

The 6,400 bhp vessel was built at the Xin Yue Feng Shipyard in China. She has been renamed

as the Rawabi 30. This is one of three vessels that were ordered by Swissco Offshore back in 2016 but later cancelled. The shipyard has indicated that all equipment can be installed and tested within eight months upon new sale agreements being finalised.

SUBSEA MARKET ROUND-UP

Following on from last month's Seabreeze where the focus was placed on E&P companies delaying projects to reign in spending, this month the focus has firmly been placed on subsea companies. In recent weeks, several have withdrawn their previously announced financial guidance and outlook for the year ahead because of the uncertainty surrounding the coronavirus pandemic and the collapse in commodity prices.

Subsea 7 reacted first with the news that it was retracting its guidance for 2020 because the

headwinds encountered would halt the pace of new awards that would have been required to meet its prior guidance. The measures being taken around the world to contain the virus, such as travel restrictions for crew and country lockdowns impacting dockings, may impact the company's ability to execute existing contracts and recognise revenue in 2020.

Other companies have also made similar statements, with Fugro also withdrawing its 2020 guidance and implementing cost saving measures.

Meanwhile, TechnipFMC has cut capex by 30% and revised its dividend policy for 2020, but will recommence quarterly instalments beginning in April 2021. They also booked a USD 3.2 billion write-down for subsea and surface technologies. USD 2.74 billion of this stemmed from the subsea segment, and the cost reduction target has risen from USD 130+ million to USD 350+ million by the end of 2020.

It isn't all negative news for April though, as we have seen several contracts awarded during the month...

PERENCO AWARDS SHARP CONTRACT



...Perenco has awarded Rever Offshore a contract for its SHARP (Southern Hub Area Redevelopment Project) in the Southern North Sea. The contract comprises of two campaigns that will take place

over the next 18 months. Rever will install a rigid riser and complete the pipeline tie-in diverting production from the Leman AC Platform to the Leman AP Platform, in addition to pre-commissioning work. The work scope covers the fabrication of the riser, the riser hang-off arrangement, platform leg clamps, topside and subsea

spool installation and subsea tie-in plus installation, as well as the pre-commissioning engineering and topside support work to tie-in the platform piping infrastructure. Engineering work has already commenced and the first offshore phase will take place during the third quarter of this year.

SUBSEA 7 TO PERFORM INSTALLATIONS ON ANCHOR

Subsea 7 has secured Chevron's subsea installation services contract relating to the Anchor development, which was just sanctioned last December. The contract covers the project management, engineering, procurement, construction and installation of SURF component equipment consisting of the

production flowlines, risers, umbilicals, flying leads and jumpers. Offshore operations will take place in 2022 and 2023, while first oil is expected in 2024. The Anchor field, located in the Green Canyon area of the US Gulf, will consist of seven subsea wells connected to a semisubmersible floating

production unit. OneSubsea will deliver a subsea production and multiphase boosting system, while Aker Solutions will provide 24km of umbilicals for the project.

subsea 7

TECHNIPFMC TO WORK ON LAMBERT DEEP



Woodside has awarded Technip FMC an integrated Engineering, Procurement, Construction, and Installation (iEPCI) contract to cover the development of Lambert Deep and Phase 3 of the Greater Western Flank fields offshore North West Australia. TechnipFMC will design, manufacture, deliver and install

subsea equipment, including the subsea production system, flexible flowlines and umbilicals for connection to the Angel platform in permit area WA-3-L. Woodside announced the FID for Lambert Deep and GWF-3 in January. The operator will produce hydrocarbons from the Goodwyn GH Reservoir and Lambert Deep field to support ongoing production from the North West Shelf Project.

This will entail the drilling of four new production wells that will be tied-back to existing subsea infrastructure via subsea trees, flexible flowlines, production manifolds and service umbilicals.

Offshore activities are planned to start during the first quarter of 2021, which will include the Lambert Deep well, the three GWF-3 wells and related subsea installation.

FUGRO TO SERVICE WELL-SAFE

Fugro has been awarded a three-year contract with Well-Safe Solutions, a decommissioning service provider.

The contract will see Fugro provide its integrated marine-based solution onboard the semisubmersible rig Well-Safe

Guardian for executing subsea well decommissioning work. Fugro will be responsible for the supply and support of the ROV services, rig positioning and remote operations. Technical support will come from Fugro's remote operations

centre in Aberdeen, Scotland. Remote access via the onshore team will reduce the number of Fugro personnel required onboard the Well-Safe Guardian asset to both improve efficiency and maximise safety.

HELIX TO LAYUP VESSELS

Helix has announced that its 2019-built semisubmersible well intervention vessel Q7000 is en route to the Canary Islands where she will enter warm layup, while discussions with

clients regarding future work this year are ongoing. The warm layup comes after the Q7000 completed her maiden contract at ExxonMobil's Erha field offshore Nigeria, where she completed

work on five wells. Helix also announced that its 1987-built well intervention vessel Seawell will be "lukewarm" stacked while discussions continue with clients over deferred work.

ISLAND SPIRIT SOLD

Island Offshore has sold the UT 755LN designed IMR vessel Island Spirit to Hydrolicer Drift. The new owners took delivery of the 2006-built vessel in mid-April and have renamed her as the Hydro Patriot under the management of Hydro Shipping AS. The new owners are

currently disassembling some equipment, such as the ROV mezzanine decks, ROV winch, A-frame & housing module so the vessel can be converted to operate in the aquaculture industry. This work will take 11 weeks to complete, including the installation of hydrolicers for lice

treatment of salmon. Prior to the sale, the 74m vessel had been laid up since late 2017.



TOTAL DELAYS SAFE CALEDONIA CHARTER



Total and Prosafe have agreed to delay Total's 2020 North Sea campaign which the 454-bed accommodation semi Safe Caledonia had been scheduled to undertake.

The agreement will see the start date deferred for one year and will see the 1982-built semi

commence the charter on the Elgin development during the latter part of the first quarter of 2021.

The charter was originally due to start in April 2020. The contract remains as 162 days with one 30-day option. Prosafe will receive a deferral fee from Total.

FLOATEL VICTORY CHARTER DELAYED UNTIL 2021

Ineos and Floatel International have also agreed to postpone a contract into 2021.

This delay will see the start date of the contract for the 500-bed semisubmersible Floatel Victory

delayed until April 2021. The rig will be working at Ineos' Unity platform in the UK sector.

The four-month work scope was originally due to start in May 2020.



EQUINOR KEEPS FLOATEL ENDURANCE



Unlike other accommodation contracts that we have reported recently, Equinor has recently extended its contract with the semisubmersible rig Floatel Endurance.

The operator will now retain its services at the Martin Linge field until the end of January 2021.

Equinor also has an option to

further extend the charter. The contract was originally due to expire at the end of June 2020. The Floatel Endurance, built in 2015, has a length of 106m. She is capable of accommodating 440 persons in single cabins and is equipped with a telescopic gangway and a maximum lift of 100 tonnes.

MERMAID INVOKES FORCE MAJEURE

Mermaid Maritime has invoked force majeure on one of its contracts due to the lockdowns in force in the Middle East. One of the main factors for this decision came after one of the company's vessels was late returning from a dry docking due to government-imposed restrictions, as well as travel restrictions encountered in the

Middle East which prompted difficulties with crew changes. The owner had to charter in a replacement vessel to fulfil its contractual obligations until the original vessel returned. Mermaid did not name the country or operator but both the 2010-built Mermaid Endurer and Mermaid Asiana have recently completed five-year

special surveys which resulted in them departing their country of operation.

Mermaid Subsea Services secured a USD 8 million loan facility with Export-Import Bank of Thailand to finance the mandatory SPS for its DP2 diving support vessels Mermaid Endurer and Mermaid Asiana.

RENEWABLES

TENNET OPENS CONSULTATIONS ON SUBSEA CABLING

TenneT has commenced market consultations focused on the subsea cabling tenders for its Hollandse Kust (west) Beta and Ten Noorden van de Waddeneilanden offshore wind farm transmission projects. The market consultation will run until June 2020 and the tenders

are scheduled for 2021. TenneT is planning to build two 700 MW substation platforms each connected to shore by two three-core 220 kV AC cables. The project team wants to engage the market in relation to technical feasibility, production capacity, corporate social

responsibility, scheduling and tender resources. The 700MW Hollandse Kust (west) Beta will be commissioned in 2025, while the 700MW Ten Noorden project will be online in 2026. The total subsea export cable length under the projects are expected to be in excess of 200km.

CWIND AWARDED MAINTENANCE CONTRACT

CWind has been awarded a three-year maintenance contract by ScottishPower Renewables for the East Anglia One wind farm offshore the UK. The contract, worth up to GBP

8.2 million, also includes two one-year options for extension. The work scope will involve CWind providing subsea maintenance of the foundations and offshore substation, subsea

surveys, corrective maintenance and pre-engineering studies. The 714 MW wind farm is expected to be fully operational this year.

EDDA WIND SECURES MULTI-YEAR DEALS

Østensjø Group's offshore wind division, Edda Wind, has signed long-term contracts with MHI Vestas and Ocean Breeze Energy for two of its four Salt Ship newbuilds that are under construction at Spanish yards. MHI Vestas has chartered an SOV for 15 years, which will commence during the second quarter of 2022. Meanwhile, Ocean Breeze has signed an 11-year contract which will start

during the first quarter of 2021. MHI Vestas has contracted a newbuild SOV while Ocean Breeze will charter a CSOV and utilise a front runner until the newbuild vessel is delivered during the first quarter of 2022. The CSOVs have a length of 88.3m and accommodation for 120 persons, while the SOVs have a length of 82.4m and an accommodation capacity for 60 persons. The newbuilds will be

equipped with a battery hybrid propulsion system that reduces the emission of greenhouse gases by at least 30%. They will also be prepared for zero emission hydrogen technology to be installed. The Astilleros Gondan yard is building two CSOVs, while two SOVs are being built at the Astilleros Balenciaga yard. The last two newbuilds will be delivered in the fourth quarter of 2022.

VATTENFALL LOOKS TO SEAWAY 7

Vattenfall has awarded Subsea 7 a transport and installation contract covering the developer's four offshore wind farms at the Hollandse Kust Zuid zone in the Netherlands. Under the contract, Subsea 7 will transport and install around

140 monopile foundations and 315km of 66 kV inner-array cables. Subsea 7 will utilise Seaway 7's heavy lift, cable lay and support vessels for the operation which will take place during 2021 and 2022.

The contract is subject to Vattenfall's final investment decision. Based on the current schedule, all of the Hollandse Kust Zuid wind farms will be up and running at the end of 2022 or early in 2023.

DIAMOND FILES FOR BANKRUPTCY PROTECTION

The unprecedented impact of Covid-19 has already claimed its first victim in the offshore drilling market, with Diamond Offshore filing for Chapter 11 bankruptcy protection in the United States. The contractor intends to use the proceeds from the process to restructure and strengthen its balance sheet and achieve a "more sustainable debt profile."

Diamond and its advisors are pursuing negotiations with the company's key stakeholders

regarding a comprehensive restructuring plan to address the organisation's capital structure. Diamond has stated that it has "sufficient capital to fund its global operations... and to make continued investments in safety and reliability" while the restructuring process is ongoing. There is not a requirement for postpetition financing at this time.

In the wake of this development, Diamond received notification from the New York Stock

Exchange that the company's shares were to be delisted.

Diamond's common stock has since begun trading on the OTC Pink markets.



D I A M O N D
O F F S H O R E

TRANSOCEAN SCRAPPING FOUR MORE SEMIS

Transocean recently issued a letter to its shareholders ahead of the company's upcoming AGM, warning them of the market disruption that was about to unravel this year.

While the company rightly acknowledged the significant market improvements that had materialised in 2019, this was overshadowed by the reality that the global outbreak of Covid-19 was likely to derail the progress that had been made by drilling contractors over the last couple

of years. As the global response to the coronavirus pandemic has wiped out oil demand to the tune of tens of millions of barrels per day this quarter, Transocean referenced the steep decline in oil prices that has been recorded this year, with Brent Crude currently trading in the mid USD 20s. This will "likely delay offshore projects that were being contemplated when oil prices were closer to USD 60."

As this translates into reduced demand for offshore drilling rigs,

Transocean commented on how the company was continuing to enhance its fleet by focusing on high-specification assets. Six rigs were removed from Transocean's fleet last year, and so far in 2020 the company has confirmed plans to dispose of four more cold-stacked North Sea semis: the Polar Pioneer, Sedco 711, Sedco 714 and Songa Dee.



MAERSK TO STACK NORTH SEA RIGS

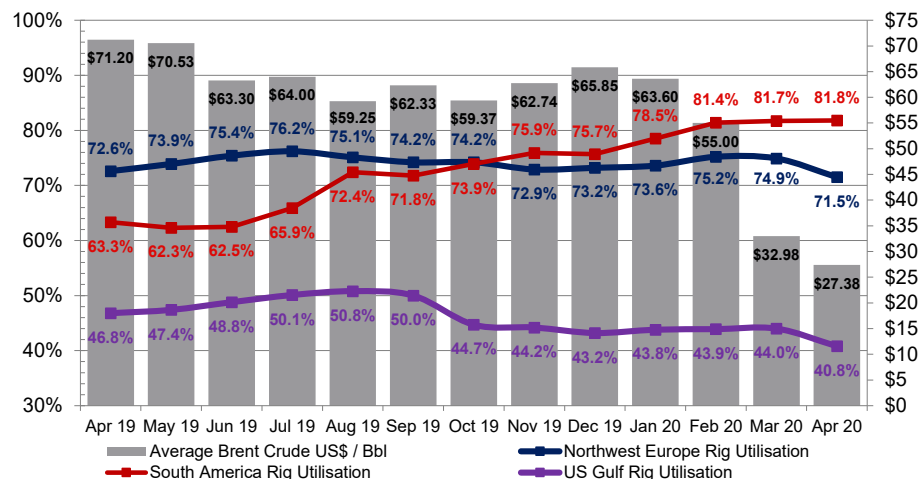


Maersk Reacher will soon be released from contract by Aker BP in Norway

The bad news is drastically outweighing the good for rig owners, and with tenders and projects being delayed or cancelled, Maersk Drilling intends to stack "a number of the company's North Sea rigs" due to the commercial outlook. Consequently, Maersk will be

reducing its offshore crew pool, with 250-300 redundancies in Denmark, Norway and the UK. In more positive news, however, Maersk has secured a four-well extension with Equinor for the Maersk Intrepid. Estimated at 11 months, this extension will run until July/August 2021.

OIL PRICE VS RIG UTILISATION



SAUDI ARAMCO REQUESTING RATE CUTS

Noble Corporation, which has four of its jackups on hire to Saudi Aramco, has revealed that the charterer has requested operating day rate reductions for the rigs it has on hire. The Noble Joe White, Noble Johnny

Whitstine, Noble Roger Lewis and Noble Scott Marks are all contracted to Saudi Aramco until 2022.

Noble has indicated that the rate reduction request is currently under review.

BORR ADDS ONE JACKUP BUT SELLS TWO

Keppel Offshore and Marine has delivered another newbuild jackup to Borr Drilling in Singapore. The Hild, built to the KFELS Super B Class design, is the sixth of 11 jackup rigs that Keppel has been building for

Borr. Separately, Borr has just sold two standard jackups, the Dhabi II and Paragon B152, for total cash proceeds of USD 15.8 million, including the associated backlog for the rigs effective from April 1, 2020.

RIG UTILISATION AND DAY RATES

| UTILISATION | APR 2020 | APR 2019 | APR 2018 | APR 2017 | APR 2016 |
|------------------|----------|----------|----------|----------|----------|
| NORTHWEST EUROPE | 71.5% | 72.6% | 61.9% | 51.5% | 68.2% |
| SOUTH AMERICA | 81.8% | 63.3% | 65.4% | 72.2% | 78.6% |
| US GULF | 40.8% | 46.8% | 40.6% | 29.7% | 38.5% |

| RECENT DAY RATE BENCHMARKS | LOW (USD) | HIGH (USD) |
|-----------------------------------|-----------|------------|
| UK HARSH HIGH SPEC JACKUPS | 75,000 | 120,000 |
| NORWAY HARSH HIGH SPEC JACKUPS | 272,500 | 275,000 |
| UK HARSH HIGH SPEC SEMISUBS | 160,000 | 205,000 |
| GLOBAL ULTRA-DEEPWATER SEMISUBS | 140,000 | 180,950 |
| GLOBAL ULTRA-DEEPWATER DRILLSHIPS | 220,000 | 250,000 |

| INACTIVE RIGS NORTHWEST EUROPE | | |
|--------------------------------|------|------------|
| NAME | TYPE | STATUS |
| BIDEFORD DOLPHIN | SS | WARM STACK |
| BLACKFORD DOLPHIN | SS | WARM STACK |
| COSLINNOVATOR | SS | WARM STACK |
| DEEPSEA BERGEN | SS | WARM STACK |
| ISLAND INNOVATOR | SS | WARM STACK |
| LEIV EIRIKSSON | SS | WARM STACK |
| MAERSK GALLANT | JU | COLD STACK |
| MAERSK INTERCEPTOR | JU | WARM STACK |
| MAERSK RESILIENT | JU | WARM STACK |
| MAERSK RESOLUTE | JU | WARM STACK |
| MSS1 | SS | WARM STACK |
| NOBLE HANS DEUL | JU | WARM STACK |
| NOBLE HOUSTON COLBERT | JU | WARM STACK |
| NOBLE SAM HARTLEY | JU | WARM STACK |
| NOBLE SAM TURNER | JU | WARM STACK |
| OCEAN GREATWHITE | SS | WARM STACK |
| PROSPECTOR 5 | JU | WARM STACK |
| SCARABEO 8 | SS | WARM STACK |
| STENA SPEY | SS | WARM STACK |
| SWIFT 10 | JU | WARM STACK |
| TRANSOCEAN 712 | SS | COLD STACK |
| VALARIS JU-70 | JU | COLD STACK |
| VALARIS JU-71 | JU | COLD STACK |
| VALARIS JU-100 | JU | WARM STACK |
| VALARIS JU-121 | JU | WARM STACK |
| VALARIS JU-123 | JU | WARM STACK |
| VALARIS JU-249 | JU | WARM STACK |
| WEST ALPHA | SS | COLD STACK |
| WEST EPSILON | JU | COLD STACK |
| WEST LEO | SS | COLD STACK |
| WEST NAVIGATOR | DS | COLD STACK |
| WEST PEGASUS | SS | COLD STACK |
| WEST TAURUS | SS | COLD STACK |
| WEST VENTURE | SS | COLD STACK |
| WILHUNTER | SS | COLD STACK |
| WILPHOENIX | SS | WARM STACK |

Source: IHS-Petrodata

CONUNDRUM CORNER, DUTY PHONES

VALARIS TO DIVEST MORE RIGS

In the wake of the coronavirus carnage that has spread through certain sectors of the market, Valaris has reported a quarterly net loss of USD 3.01 billion. The results for the first quarter of 2020 included a non-cash asset impairment of USD 2.81 billion related to three drillships (VALARIS DS-3, DS-5 and DS-6), three semis (VALARIS 8500, 8501 and 8502) and seven jackups (VALARIS JU-71, JU-75, JU-87, JU-100, JU-104, JU-105 and JU-109). In response to the challenges that are prevalent in the market today, Valaris has stated that it expects to "stack certain uncontracted rigs and remove others from our fleet, including three drillships and four semisubmersibles." The seven specific floating rigs to be divested have not yet been specified.

CONUNDRUM CORNER

Last month's answer :-

What numbers should replace the question marks?

- 14 70 19
- 23 92 27
- 19 57 22
- 48 ?? ??

The answer was :- 96 and 50 (Row 1 = first number x 5 and first number + 5; Row 2 = first number x 4 and first number + 4; Row 3 = first number x 3 and first number + 3; therefore Row 4 = first number x 2 and first number + 2).

This month, our poser is as follows:

A generous boy wanted to give sweets to his classmates. He offered 9 sweets to each boy and 12 sweets to each girl. One third of the boys in the class accepted the sweets but only one quarter of the girls had the sweets. If the boy gave out 87 sweets, how many classmates did he have?

Answers back to chartering@seabrokers.co.uk.

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