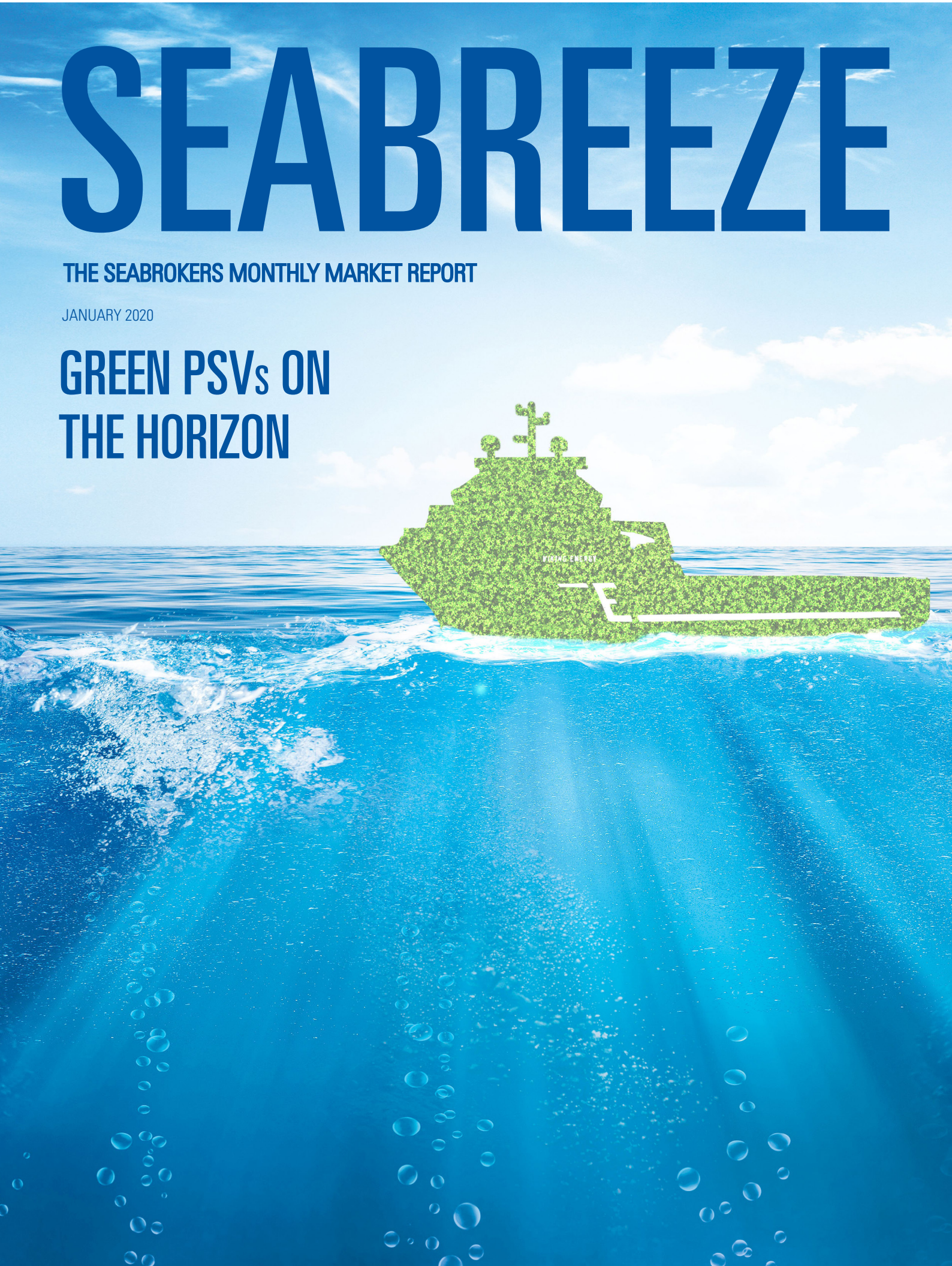
SEABROKERS GROUP

# SEABREEZE

## THE SEABROKERS MONTHLY MARKET REPORT

JANUARY 2020

## GREEN PSVs ON THE HORIZON



# CONTENTS

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## ABOUT SEABROKERS GROUP

The Seabrokers Group was established in 1982. We provide a unique and varied range of services to clients. The Seabrokers Group has an experienced workforce within Shipbroking, Real Estate, Facilities Management, Construction, Sea Surveillance, Harbour Cranes and Safe Lifting Operations. Our head office is located in Stavanger, but we also have offices in Aberdeen, Bergen and Rio de Janeiro.

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# OSV MARKET ROUND-UP

## TOUGH START FOR AHTS OWNERS

That was not the start to the year that North Sea owners were hoping for on the spot market, especially in the AHTS sector. The figures for average day rates and vessel utilisation in January make painful reading for owners (see p.6-7), with the market remaining firmly in charterers' favour for most of the month.

While the weather certainly didn't help the situation, with high winds prompting delays to several work scopes, the general lack of demand will still have been concerning. Very few owners were able to secure a fixture with a rate north of GBP 10,000 (NOK 121,000), and there were several vessels which did not complete a single day's work in January. The saving grace is the fact that winter in the North Sea can frequently bring tough trading conditions, and the expectation would be for demand levels to increase from here.

On the PSV side, the market was also primarily in charterers' favour in the UK sector, with plenty of fixtures south of GBP 5,000 (NOK 60,600). However, a two-tier market has started to materialise, with availability of large vessels in relatively short supply in Norway. That has prompted several owners to reflag vessels to Norwegian flag over the last few months.

## AIMING FOR ZERO EMISSIONS

With an ever-growing focus on the energy transition and the necessity to reduce our carbon emissions, Equinor has announced new ambitions to reduce the absolute greenhouse gas emissions from its operated offshore fields and onshore plants in Norway to near zero by 2050. In a phased process, the plan is to reduce the emissions by 40% by 2030, 70% by 2040 and to near zero by 2050. A 40% reduction by 2030 would imply annual cuts of more than 5 million tonnes, corresponding to roughly 10% of Norway's total CO2 emissions.

This focus will come with a substantial financial outlay, with Equinor planning to invest NOK 50 billion (USD 5.4 billion) with its partners by 2030 to achieve these targets. In setting these targets, Equinor has assumed "stable framework conditions and necessary investments in the electricity grid."

A 40% reduction by 2030 would require large scale industrial measures, including energy efficiency, digitalisation progress and several electrification projects at key fields and plants, including the Troll and Oseberg offshore fields and the LNG plant at Hammerfest. Equinor is already maturing several opportunities in relation to these targets within offshore wind, carbon capture and storage, and emission-free hydrogen based on natural gas. One of the most progressive new developments within the OSV market will be a research project involving Equinor to trial an ammonia-driven fuel cell system aiming for zero emissions from PSV Viking Energy (see p.8).

## STRONG INTEREST IN LICENSING ROUNDS

There has been a strong level of interest generated from the latest licensing rounds in both Norway and the UK.

In Norway, 28 companies have been offered ownership interests in a total of 69 production licences from the country's APA 2019 process. Of the 69 licences, 13 are in the Barents Sea, 23 are in the Norwegian Sea, and 33 are in the North Sea. Eighteen of the licences are additional acreage linked to existing production licences or agreement-based areas. A total of 19 different companies were awarded the role of operator from this round.

In the UK, the 32nd licensing round has attracted a total of 104 applications covering 245 blocks or part-blocks across the main producing areas of the UKCS. Applications were received from 71 companies, ranging from multinationals to new entrants.

# OSV MARKET ROUND-UP

## UK CHARTERERS RETAIN INCUMBENT PSVs

*Rem Mira (pictured c/o O. Halland)*

The turn of the year has seen an associated increase in term fixture activity, with several UK charterers electing to retain their incumbent PSVs on long-term deals.

Apache has awarded new one-year firm contracts to Solstad PSVs Sea Flyer and Sea Forth, and to Rem Offshore PSV Rem Mira. All of the vessels are now firmly committed until at least January 2021, although each of these contracts comes with two further one-year options.

Eidesvik Offshore has secured a one-year contract extension for PSV Viking Princess with Ithaca. This charter will also run until January 2021, with two further six-month options available to Ithaca.

Similarly, Fletcher Shipping has secured a one-year contract extension for its PSV FS Arendal with Repsol Sinopec, running until January 2021, while RockRose Energy has extended its contract with North Star PSV Grampian Explorer for at least two more years from February.

## ENQUEST FIXES FIVE

*KL Brisfjord (pictured c/o D. Dodds)*

EnQuest has also been busy on the chartering front, fixing up term tonnage for its 2020 UK operations. The FS Cygnus, Solvik Supplier and Vestland Artemis were all awarded one-year plus one-year option contracts. Separately, EnQuest has awarded one-well contracts (with an estimated duration of 120 days) to K Line Offshore and Fletcher Shipping for PSVs KL Brisfjord and CBO Supporter to provide support for its upcoming drilling campaign with the Stena Don.

## PSV SUPPORT FOR DECOM PROJECTS

Fairfield Betula Ltd and Eni UK Ltd have secured PSV support for their decommissioning projects offshore the UK. Fairfield has retained incumbent Solstad PSVs Far Symphony and Normand Aurora until at least the end of December 2020, with the vessels continuing to support Fairfield's Dunlin decom project. Meanwhile, Eni has chartered Vroon PSV VOS Prelude to support a 31-month plug and abandonment programme with jackup Valaris JU-72 in the southern sector of the North Sea.

# OSV MARKET ROUND-UP

## AUSTRALIA WORK FOR SIEM & SOLSTAD

*Far Senator (pictured c/o Bahnfrend)*


As activity levels start to ramp up in the Australasia market, both Siem Offshore and Solstad Offshore have picked up new term contracts in the region.

Siem Offshore has entered into a contract with an unnamed E&P company in Australia to provide three AHTS vessels in support of an upcoming drilling campaign. This may be for Beach Energy, which will shortly commence a drilling programme with Diamond Offshore semi Ocean Onyx. The specific vessels for the project have yet to be confirmed, but it is expected to be three Siem vessels that are already based in the eastern hemisphere. They will all be chartered for at least 365 days.

Elsewhere, Solstad has picked up a 250-day firm contract for PSV Normand Tortuga with OMV Taranaki to support the Crestal infield drilling campaign offshore New Zealand. Solstad has been receiving well-deserved plaudits in the region, after the Far Saracen and Far Senator crews received commendation from the Australian police for their efforts in providing emergency relief to residents who were affected by the recent forest fires.

## MORE NORTH SEA CONTRACT EXTENSIONS

*Skandi Kvitsøy (pictured c/o H. Otneim)*

While most of the recent term contract extensions in the North Sea region have been in the UK sector, there has been some action in other countries. In Norway, Vår Energi has exercised a one-year option on its contract with DOF PSV Skandi Kvitsøy, extending the charter until February 2021. In Denmark, Total has extended its charter with PSV Havila Herøy for at least nine more months until September 2020. Total has three further one-month options available.

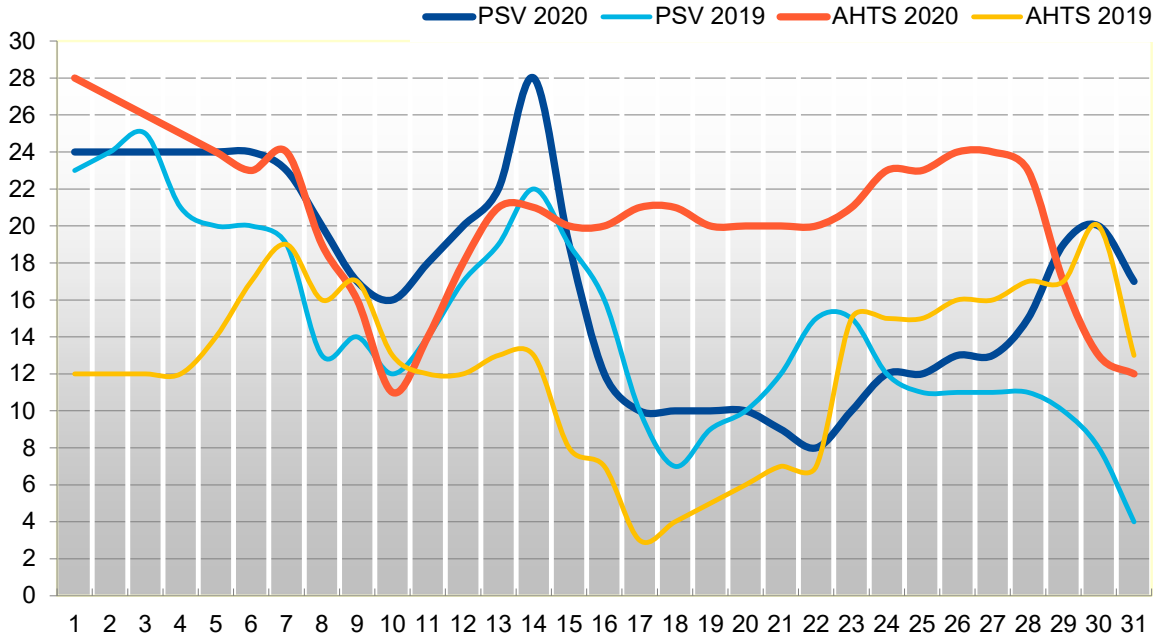
## SHELL SECURES NORTH SEA RIG SUPPORT

Shell has awarded three PSV contracts to support two drilling campaigns in the Norwegian and UK sectors. In Norway, Tidewater PSV North Pomor and Skansi Offshore PSV Torsborg will support the Borgland Dolphin semi on a one-well firm campaign. In the UK, the Havila Crusader has gone on hire for a two-well firm campaign (with an estimated duration of one year) to support Shell's programme with Valaris JU-122. There are options for up to seven more wells on this contract.

*Torsborg (pictured c/o O. Halland)*

# OSV RATES & UTILISATION

## JANUARY 2020 - DAILY NORTH SEA OSV AVAILABILITY




## RATES & UTILISATION

**NORTH SEA SPOT AVERAGE UTILISATION JAN 2020**

| TYPE | JAN 2020 | DEC 2019 | NOV 2019 | OCT 2019 | SEP 2019 | AUG 2019 |
|---|---|---|---|---|---|---|
| MED PSV | 59% | 66% | 67% | 62% | 77% | 78% |
| LARGE PSV | 65% | 80% | 68% | 63% | 78% | 72% |
| MED AHTS | 12% | 62% | 51% | 57% | 66% | 71% |
| LARGE AHTS | 34% | 63% | 62% | 69% | 61% | 78% |

**NORTH SEA AVERAGE RATES JAN 2020**

| CATEGORY | AVERAGE RATE JAN 2020 | AVERAGE RATE JAN 2019 | % CHANGE | MINIMUM | MAXIMUM |
|---|---|---|---|---|---|
| SUPPLY DUTIES PSVs < 900M² | £5,257 | £5,299 | -0.79% | £3,300 | £17,111 |
| SUPPLY DUTIES PSVs > 900M² | £6,810 | £5,280 | +28.98% | £3,300 | £17,539 |
| AHTS DUTIES AHTS < 22,000 BHP | £7,959 | £29,143 | -72.69% | £7,215 | £8,700 |
| AHTS DUTIES AHTS > 22,000 BHP | £9,203 | £16,134 | -42.96% | £6,417 | £21,389 |

## SPOT MARKET ARRIVALS & DEPARTURES - MID-DEC 2019 TO JAN 2020

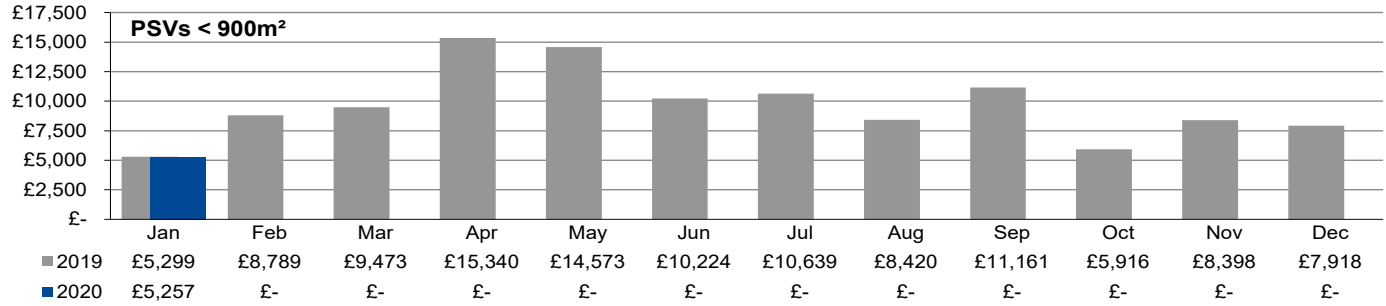
| ARRIVALS - NORTH SEA SPOT | |
|---|---|
| ALP FORWARD | EX NORTH AMERICA |
| BOKA PEGASUS | EX SPAIN |
| ENERGY DUCHESS | EX BLACK SEA |
| ENERGY EMPRESS | EX BLACK SEA |

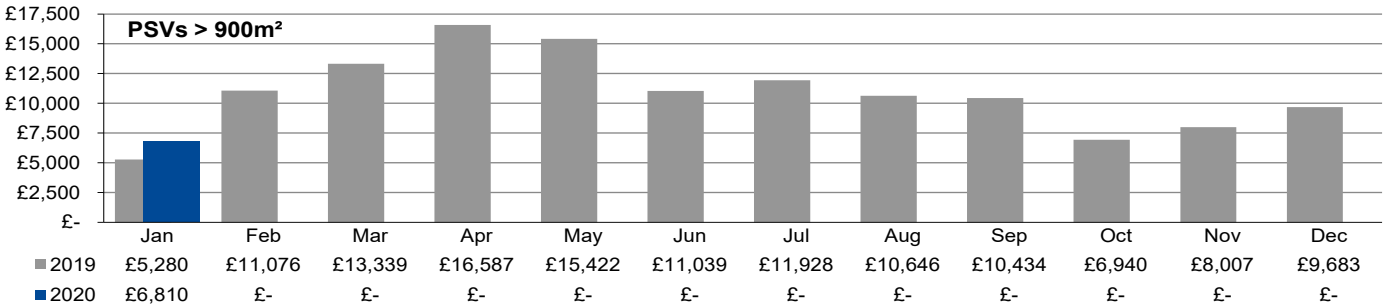
| ARRIVALS CONTINUED | |
|---|---|
| NORMAND SERENADE | EX SOUTH AMERICA |
| UNION PRINCESS | EX SPAIN |

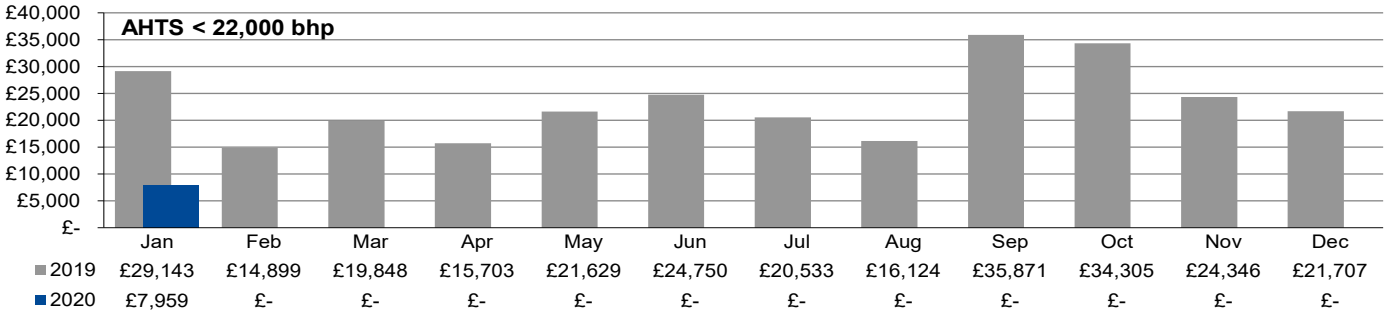
| DEPARTURES - NORTH SEA SPOT | |
|---|---|
| BEAR | WEST AFRICA |
| BOURBON SAPPHIRE | SOUTH AMERICA |
| FAR SAPPHIRE | WEST AFRICA |
| PACIFIC LEGEND | SOUTH AMERICA |

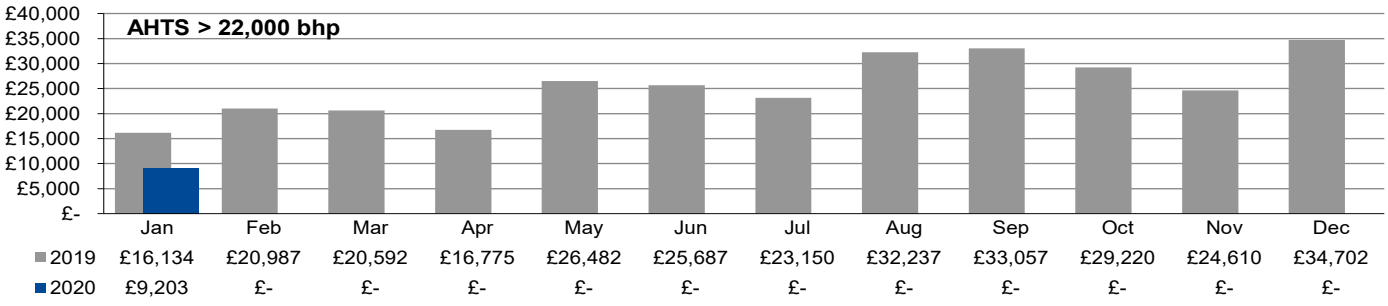
** Vessels arriving in or departing from the North Sea term/layup market are not included here.*

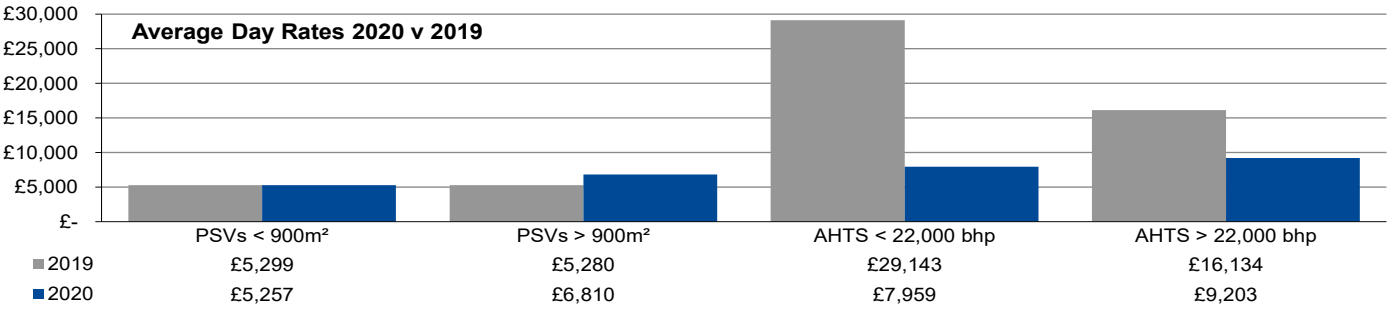
# NORTH SEA AVERAGE SPOT RATES



# FEATURE VESSEL

## VIKING ENERGY

*Viking Energy (pictured c/o O. Halland)*


**Eidesvik Offshore has unveiled plans to make the Viking Energy the world's first PSV with an emission-free fuel solution.**

This follows the recent award of a five-year charter extension for the vessel with Equinor, committing her until at least April 2025. The research project will use fuel cell technology in combination with the use of ammonia to aim for a zero emission propulsion solution.

The project aims to have a 2MW ammonia-driven fuel cell system installed on the vessel in 2024. This will enable the Viking Energy to become the world's first PSV capable of sailing long distances without emitting any greenhouse gases.

According to the project plans, ammonia will meet 60-70% of the vessel's power for a test period of one year. This will be supplemented by the use of LNG as fuel, with the remaining power requirements fulfilled by battery power.

The research project has a total budget of NOK 230 million (USD 24.8 million), with a significant contribution from the European Union. Eidesvik and Equinor will be working alongside industry collaborators Wärtsilä, Prototech and NCE Maritime CleanTech for the project.

*Viking Energy (pictured c/o O. Halland)*

**VIKING ENERGY SPECS:**

**Build Yard:** Kleven Verft
**Delivery Year:** 2003
**Design:** VS 4403 LNG Hybrid
**LOA:** 94.9m
**Breadth:** 20.4m
**Deck Area:** 1,030m²
**Deadweight:** 6,013 mt
**Accommodation:** 24 persons
**M Engines:** 4 x Wärtsilä 6L32DF
**Max/Eco Speed:** 17.8/10.0 knots

# NEWBUILDS, CONVERSIONS, S&P

## FIRST OF THREE PSVs FOR MEXICAN OWNER

*ENAV Peregrina*

Mexican owner E-NAV Offshore has accepted delivery of its first newbuild PSV from Fujian Mawei Shipbuilding in China. The ENAV Peregina is the first of three sister vessels, with the ENAV Agave and Saguaro to follow later this year. The vessels have been built to the MMC 887 CD design, giving them a length of 87.3m, breadth of 18.8m and a deck area of 1,000m². They have a deadweight of 5,100t and main engine output of 9,120 bhp. E-NAV Offshore was established in Mexico in July 2019 to operate OSVs both domestically and internationally.

## SEA GULL DEPARTS CHINA

Another newbuild vessel has departed China in recent weeks following the completion of construction at Fujian Mawei Shipbuilding. The Sea Gull, the second of four MPSVs being built for Seatankers Management, has been mobilised to Singapore.
The first unit in the series, the Sea Goldcrest, is working in Northwest Europe under the management of Solstad Offshore. The vessels have been built to Wärtsilä's WSD 1000 design, giving them a length of 88.8m, breadth of 20.0m, deck area of 1,000m² and a deadweight of 5,000mt.

*Sea Goldcrest (pictured c/o D. Dodds)*

## UP JASPER JOINS FLETCHER FLEET

*UP Jasper (pictured c/o P. Gowen)*

The UP Jasper PSV has been added to the fleet of the Fletcher Group following its recent acquisition for a price of USD 1.5 million. The 2011-built vessel, to be renamed the FS Aquarius, was previously owned by UP Offshore (Seacor Marine). Following a reactivation process, the vessel is expected to proceed to a long-term charter outside the traditional oil & gas market. Built to the VS 483 mkII design, the UP Jasper has a length of 87.4m, breadth of 19.0m and a deck area of 1,020m². She has a main engine output of 8,000 bhp.

## SEACOR SELLS HELLESPONT DRIVE

Another vessel to have departed the Seacor Marine fleet recently is the Hellespont Drive. The 2009-built PSV has been sold to ABS Marine Services and relocated from West Africa to India. She has been renamed as the ABS Amelia.
The Hellespont Drive was one of four UT 755LN PSVs that Seacor had acquired in 2018 for an aggregate consideration of USD 7.0-9.0 million. The vessel has a length of 73.6m, breadth of 15.9m and a deck area of 680m². She has a deadweight of 3,279t and an accommodation capacity for 22 persons.

# NEWBUILDS, CONVERSIONS, S&P

## BLUE BELLA SOLD

The Blue Bella PSV, previously owned by Blue Star Line in Denmark, has been sold to new Finnish owners. The vessel will reportedly remain in the offshore market.
The Blue Bella is the former North/Highland Vanguard, originally delivered by Brattvaag Skipsverft in 1990. The vessel was built to the UT 705 design, giving her a length of 81.9m, breadth of 18.0m and a deck area of 884m². She has primarily been based in Northwest Europe during her 30 years in service.

## BOURBON SELLS LIBERTY VESSEL

The Bourbon Liberty 120 PSV has been sold by Bourbon Offshore to a new undisclosed Norwegian owner. She will reportedly be renamed as the Sea Liberty 1, and may be converted for work for a new role in the fish farming industry. The Bourbon Liberty 120 was built to the GPA 654 design at the Dayang Shipyard in China. She was delivered in 2010. The vessel is currently berthed in Dakar, Senegal.

## ASTRO ACQUIRES GENESIS

Ezion Holdings has entered into a Memorandum of Agreement to sell AHTS vessel Teras Genesis in an effort to reduce its cash burn and focus the company's attention on liftboats.
The buying entity will be Astro Offshore, with a purchase price of USD 2.25 million. The Teras Genesis was delivered in 2012 from the Hin Lee (Zhuhai) Shipyard in China. She has a length of 58m, breadth of 13.8m and a bollard pull of 72.8 tons.

## EMAS SELLS LEWEK TEAL

EMAS Offshore has reportedly sold its AHTS vessel Lewek Teal to undisclosed buyers. The 2012-built vessel has been cold-stacked in Namibia since 2018. She has spent time working in West Africa, Southeast Asia and Australia during her time in service.
The Lewek Teal was built by Triyards SSL in Vietnam. The vessel has a length of 91.6m, breadth of 22.0m, deadweight of 4,600t and a bollard pull of 255t.

*Lewek Teal (pictured c/o V. Grigorevich)*

## RECENT DELIVERIES OF NEWBUILD OSVs

| NAME | TYPE/DESIGN | OWNER / MANAGER | COMMITMENT |
|---|---|---|---|
| ENAV PEREGRINA | MMC 887 CD PSV | E-NAV OFFSHORE | TBC |
| SEA GULL | WÄRTSILÄ WSD 1000 MPSV | SEATANKERS MANAGEMENT | TBC |

# SUBSEA

## SUBSEA MARKET ROUND-UP

While we have written in more detail about Equinor's energy transition and increased focus on green credentials on page 3, we have actually seen a growing number of oil & gas companies start to branch out into greener avenues over the last couple of years.

Many majors, including Equinor and Total, are investigating options to incorporate greener fuels into their organisation, especially for long-term charters. Carbon reduction is not a fad and is here to stay. Equinor recently announced a five-year term contract with Eidesvik where the Viking Energy PSV will test long-distance sailing fueled by carbon-free ammonia fuel cells. Further details are on page 8.

It is encouraging to see that the vessel will undergo an upgrade instead of the operator just looking to build new tonnage for the next phase of shipping. There are plenty of vessels in all markets that can be upgraded.

There are also newbuild designs being revealed with emission reduction a core focus. Ulstein has designed a hydrogen fuel-cell powered CSV, based on its SX190 design. The vessel will have a length of 99m, a deck area between 1,000-1,200m$^2$ and accommodation for 60-90 persons. The new design could be in the market in the next 24-36 months, and it will be capable of four zero-emission days. Ulstein is confident that with technology enhancements by the time of delivery this could be extended to two weeks of zero-emission days. For extended missions and capabilities, the SX190 vessel could utilise more conventional diesel-electric propulsion using low-sulphur marine diesel oil.

The design would have a total installed power of 7.5 MW, of which 2 MW would be generated by a fuel-cell power system. The fuel cells convert hydrogen and air into electric power, heat and water, and produce no harmful emissions in the process.

There are still barriers concerning the introduction of alternative energy and one of the main issues revolves around refuelling. Without available bunkering infrastructure, zero-emission fuel sources are impractical.

The SX190 units would be fuelled by hydrogen from containerised pressure vessels. These hydrogen storage containers would be loaded and unloaded by normal container-handling operations and equipment, eliminating the need for expensive bunkering infrastructure and providing worldwide operational flexibility.

## McDERMOTT FILES FOR CHAPTER 11

U.S. engineering and construction services company McDermott has secured the support of more than two-thirds of its funded debt creditors for a restructuring transaction that will remove nearly all of the company's USD 4.6 billion of debt.
The restructuring transaction will be implemented through a pre-packaged Chapter 11 process. This will be financed by a debtor-in-possession (DIP) financing facility of USD 2.81 billion. This is subject to court approval, and McDermott expects the DIP financing, combined with cash generated by McDermott, to enable the company to stabilise its cash flows, continue operating as normal, and to fulfil all of its commitments to key stakeholders including customers, suppliers, joint-venture partners, business partners and employees.
McDermott has also secured committed exit financing of over USD 2.4 billion in letter of credit facility capacity and will emerge from Chapter 11 with around USD 500 million in funded debt.
This transaction will strengthen the company's balance sheet, normalise its trade debt and position the company for long-term growth.
All of McDermott's businesses are expected to continue to operate as normal for the duration of the restructuring and all customer projects are expected to continue uninterrupted on a global basis.

MCDERMOTT

# SUBSEA

## SANGOMAR EPIC GOES TO SIA

Subsea Integration Alliance has confirmed it has been awarded the EPIC contract for the subsea infrastructure for Phase 1 of Woodside's Sangomar (ex SNE) project offshore Senegal. This follows Woodside, along with its joint venture partners Cairn and FAR, making a Final Investment Decision in agreement with Petrosen and the Government of Senegal for the field development. Subsea Integration Alliance is a non-incorporated alliance with Subsea 7 and OneSubsea. The entity was awarded the front-end engineering design contract in December 2018. The new work scope comprises the engineering, procurement, construction, transportation and installation of the SURF system as well as associated subsea production systems (SPS). The project will comprise 23 subsea wells, 107 km of rigid flowlines, 28 km of flexible risers and jumpers, and 45 km of umbilicals which will be installed in water depths of 700 to 1,400m. Offshore operations are scheduled to take place between 2021 and 2023 and will utilise Subsea 7's reel-lay, flex-lay and light construction vessels. Phase 1 of the Sangomar project will comprise 23 subsea trees, comprising 11 producing wells, 10 water injectors and two gas injectors, tied via pipelines to an FPSO provided by Modec. First production is targeted for early 2023.

**Subsea** Integration Alliance
OneSubsea & Subsea 7

## NORMAND SEVEN RENAMED NORMAND ENERGY

Solstad Offhore's VS 4220 OCV Normand Seven is in the process of being reactivated.
The 2007-built DP3 vessel will be renamed Normand Energy. Her class renewal is scheduled to take place in April, and she will be available for work thereafter. The vessel has a length of 130m, a 2,000m² deck, accommodation for 100 persons and a 250t offshore crane. The Normand Energy is designed to carry out worldwide subsea operations including flexible pipe installation, SURF, cable installation, IMR duties, decommissioning projects and ROV support.

## TECHNIPFMC CHARTERS PIPELAYER

TechnipFMC has chartered the Brazilian-built pipelay support vessel Skandi Vitória for a firm period of two years, plus options, from January 2020. The STX OSCV 06-designed vessel is owned by a 50-50 joint venture between DOF Subsea and TechnipFMC. The Skandi Vitória is equipped with a 250t active-heavy compensated crane, a 350t tower & a 2,000t under-deck carousel. She has been laid up since summer 2018.

## W2W CAMPAIGN FOR NORMAND JARL

Repsol Sinopec has chartered Solstad Offshore's MT6022 OCV Normand Jarl for its summer walk-to-work campaign.
The contract will commence in May with a firm duration of 105 days. The vessel is equipped with an Uptime gangway and accommodation for 110 persons. She will support the operator's maintenance operations in the North Sea. The vessel is currently performing walk-to-work duties on ScottishPower Renewables' East Anglia One wind farm.

# SUBSEA

## SUBSEA 7 TO SCRAP SEVEN PELICAN

It has been reported that Subsea 7 has internally announced plans to scrap the 1986-built saturation dive vessel Seven Pelican. The vessel is currently in Malta and no further details have been announced regarding the location of the yard that will carry out the decommissioning. The Seven Pelican has a length of 94m, accommodation for 105 persons, a 120t active heave compensated crane and an 18-man SAT system. She last operated in West Africa but was predominantly a North Sea vessel.

## FUGRO LOSES ARBITRATION CASE

During the first week of the year, Dutch subsea and survey specialist Fugro announced it had lost an arbitration case involving Tasik Toba Subsea over the termination of a long-term chartered DP3 diving support vessel, the Southern Star.
An arbitration tribunal has ruled that Fugro should not have terminated its contract with Tasik and awarded Tasik a sum of USD 26.8 million.
In March 2019, Fugro handed back the Southern Star from its six-year charter, claiming serious technical failures and grave design flaws as the reason for the termination. The vessel had been almost continuously employed by Fugro on some 11 projects in Australia, New Zealand and Malaysia during its charter.
Fugro has said it still has a number of counterclaims against Tasik which will be addressed at a later point this year.

## LUNDIN FAVOURS TIE-BACK TO STANDALONE DEVELOPMENT

Lundin Petroleum has opted against a standalone development for the Alta and nearby Gohta discoveries, located in the southern Barents Sea, in favour of a subsea tie-back to a host development in the area.
The operator has downgraded the contingent resource estimate for Alta based on evaluation of the high specification 3D seismic acquired over the area, combined with the extensive data and analysis from the well drilled for the extended well test in 2018.
The standalone development is no longer considered to be commercial, and a subsea tie-back development to either Johan Castberg or another future host development in the area is considered the most viable option.
Lundin will drill several large prospects in the Loppa High area in 2020 which, if successful, could change the dynamic of commercial options for this area.

Lundin
Norway

## OCEAN INSTALLER SECURES FIRST DANA FIXTURE

Dana Petroleum has awarded Ocean Installer its first contract with the operator.
The contract will cover the installation work at the Triton Area Development in the central North Sea. Ocean Installer will utilise the Salt 301 OCV Viking Neptun for the installation and trenching of a 12 inch flexible production flowline at the Guillemot field at the Triton Development.
Offshore operations are due to commence during the second quarter of this year.

# RENEWABLES

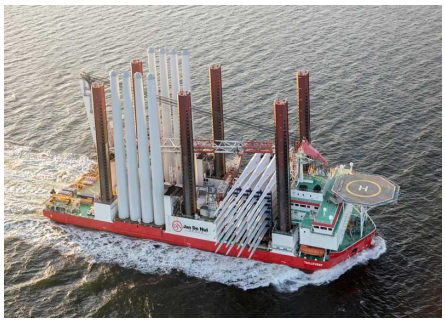
## BERNHARD SCHULTE SOV FLOATED OUT

Ulstein Verft has floated out Bernhard Schulte's new battery hybrid service operation vessel (SOV), destined for the Merkur offshore wind project in the German North Sea.

The newbuild is now positioned in the outer dock for further outfitting and testing, and the commissioning stage of the project is ongoing.

Sea trials for the vessel will commence in early March. The vessel is Bernard Schulte's third Ulstein-designed SOV, the other two being Windea La Cour and Windea Leibniz. Turbine provider GE Renewable Energy contracted Bernhard Schulte in July 2018 to provide an SOV for the 396 MW Merkur project, after which the German company placed the newbuild order with Ulstein.

## TAILLEVENT APPROVED FOR TAIWAN INSTALLATION



The Ministry of Economic Affairs in Taiwan has approved the use of Jan De Nul's jack-up vessel Taillevent for the installation of turbines on the Changhua Demonstration project. The construction strategy for the 109 MW site favoured a 6-legged jack-up due to the need to reduce operational risks such as soil liquefaction during earthquakes.

The 138.5m-long Taillevent is equipped with a 1,000t crane, 3,600m² of deck area and accommodation for 112 persons.

Meanwhile, Heerema's heavy lift vessel Aegir, which has a maximum lift of 4,000t and accommodation for 289 persons, is mobilising for the installation of the 21 jacket foundations around March. The installation of the 5.2 MW Hitachi turbines will follow later in the year.

## VAN OORD TO DEVLOP ESTONIAN WIND FARM

Van Oord is set to work with Saare Wind Energy to jointly develop the 600MW Saaremaa wind farm offshore Estonia, covering an area of 154km².

Saare Wind Energy started developing the project in 2015 carrying out spatial planning, and the next phase of the project will be an environmental impact assessment. Previously the wind farm was due to have 100 6MW turbines on the development.

Van Oord has said that the Saaremaa site offers an excellent opportunity for the construction of an offshore wind farm, largely because of its location in the Baltic Sea in relation to the main wind direction.

## RESEARCH FIRM IDENTIFIES 700GW FOR OFFSHORE BRAZIL

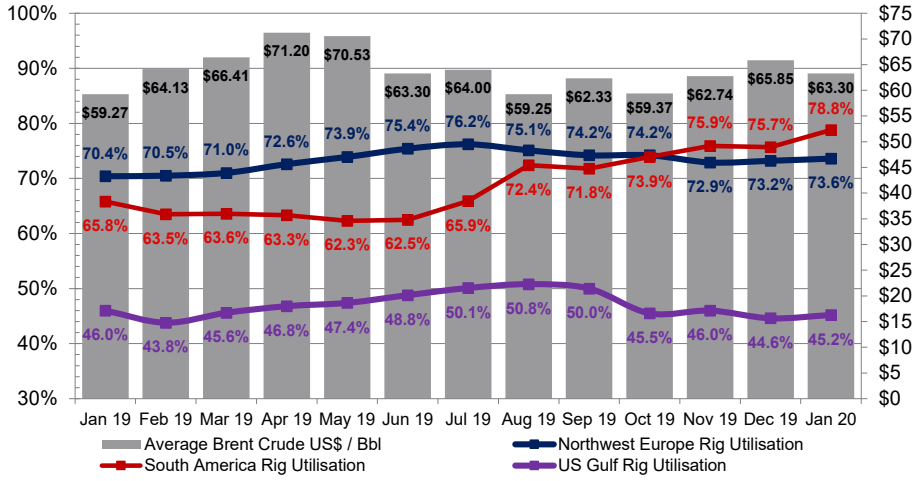
State-owned energy research firm EPE has announced in a study that Brazil's offshore wind potential at water depths of up to 50 metres is 700 GW.

Brazil has six offshore wind farms in the licensing phase with a combined capacity of 9,715 MW - Caucaia Parazinho (310 MW), Asa Branca I (400 MW), Planta Piloto (5 MW), Jangada (3,000 MW), Maravilha (3,000 MW) and Aguas Claras (3,000 MW).

The Roadmap Eolica Offshore Brasil report highlights that they need to adapt certain current procedures in environmental licensing. Furthermore, the lack of vessels suitable for the transportation, installation and maintenance of offshore wind turbines is one of the challenges listed in the roadmap to address.

# RIGS

## OIL PRICE VS RIG UTILISATION




## ARO DRILLING ORDERS TWO NEWBUILDS

ARO Drilling, the 50-50 joint venture between Valaris Drilling and Saudi Aramco, has placed an order with International Maritime Industries for the construction of two newbuild jackups. The rigs will be built by Lamprell in the UAE to the Super 116E design, with delivery scheduled for 2022. The cost will be USD 175 million per rig, and the jackups will initially be chartered to Saudi Aramco for a contract period of eight years.

## MULTIPLE MIDDLE EAST CONTRACT AWARDS

Saudi Aramco has dished out a raft of contract extensions to several jackups. Shelf Drilling was awarded 35 years' worth of extensions, with the High Island II, High Island IV and Main Pass I rigs retained for 10 more years and the Main Pass IV for five years. Seadrill received three-year extensions for the AOD II and AOD III, while Egyptian Drilling and ADES received three and five-year deals for the Senusret and Admarine 262.

## RIG UTILISATION AND DAY RATES

| UTILISATION | JAN 2020 | JAN 2019 | JAN 2018 | JAN 2017 | JAN 2016 |
|---|---|---|---|---|---|
| NORTHWEST EUROPE | 73.6% | 70.4% | 58.4% | 52.3% | 74.2% |
| SOUTH AMERICA | 78.8% | 65.8% | 68.0% | 74.4% | 83.2% |
| US GULF | 45.2% | 46.0% | 34.7% | 31.8% | 42.2% |

| 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 | 175,000 | 228,000 |
| GLOBAL ULTRA-DEEPWATER DRILLSHIPS | 185,000 | 232,600 |

| INACTIVE RIGS NORTHWEST EUROPE | | |
|---|---|---|
| NAME | TYPE | STATUS |
| B391 | JU | WARM STACK |
| BIDEFORD DOLPHIN | SS | WARM STACK |
| BLACKFORD DOLPHIN | SS | WARM STACK |
| BORGLAND DOLPHIN | SS | HOT STACK |
| COSLINNOVATOR | SS | WARM STACK |
| ISLAND INNOVATOR | SS | WARM STACK |
| MAERSK GALLANT | JU | WARM STACK |
| MAERSK INTERCEPTOR | JU | WARM STACK |
| MAERSK RESILIENT | JU | HOT STACK |
| MAERSK RESOLUTE | JU | WARM STACK |
| OCEAN GREATWHITE | SS | WARM STACK |
| POLAR PIONEER | SS | COLD STACK |
| SEDCO 711 | SS | COLD STACK |
| SEDCO 714 | SS | COLD STACK |
| SERTAO | DS | COLD STACK |
| SONGA DEE | SS | COLD STACK |
| STENA DON | SS | HOT STACK |
| STENA SPEY | SS | WARM STACK |
| SWIFT 10 | JU | WARM STACK |
| TRANSOCEAN LEADER | SS | HOT STACK |
| VALARIS JU-70 | JU | COLD STACK |
| VALARIS JU-71 | JU | COLD STACK |
| VALARIS JU-123 | 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

## JACKUPS CHANGING HANDS

Shelf Drilling has bought the Maersk Completer from Maersk Drilling, and renamed the jackup as the Shelf Drilling Enterprise. The 2007-built rig, of the Baker Marine Pacific Class 375 design, was bought for USD 38 million. Shelf has already got a contract lined up, with the Enterprise to be chartered by Chevron in the Gulf of Thailand from August 2020 until April 2022. The contract value for the firm period, including mobilisation, is USD 59 million. Shelf Drilling has estimated that the all-in cost of adding the jackup to its fleet, including the purchase price, reactivation and contract-specific upgrades, will be USD 81 million.

Another jackup rig that has changed hands is the 2013-built Dynamic Vision. The rig was acquired by Foresight Drilling from the creditors of previous owner Dynamic Drilling for USD 56 million.

## CONUNDRUM CORNER

**Last month's answer :-** Use the letters given to complete the square, so 3 other words can be read downwards and across.

A A B E E F O O R

| | | | |
|---|---|---|---|
| C | O | S | Y |
| O | | | |
| S | | | |
| Y | | | |

The correct answer was :- OBOE, SOFA & YEAR.

**This month, our poser is as follows:** An aeroplane covers its outward journey at 600 mph. It returns, over exactly the same distance, at 400 mph. What is the average speed of the aeroplane over the entire journey?

**Answers back to chartering@seabrokers.co.uk.**

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