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2014 IN REFLECTION

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2014 in reflection

Heather Gardner

As 2014 has now drawn to a close, *Offshore Field Development Monthly* takes time to reflect on the year's project start-ups to gain perspective on how the industry has sized up compared to 2013 and what the year ahead may bring.

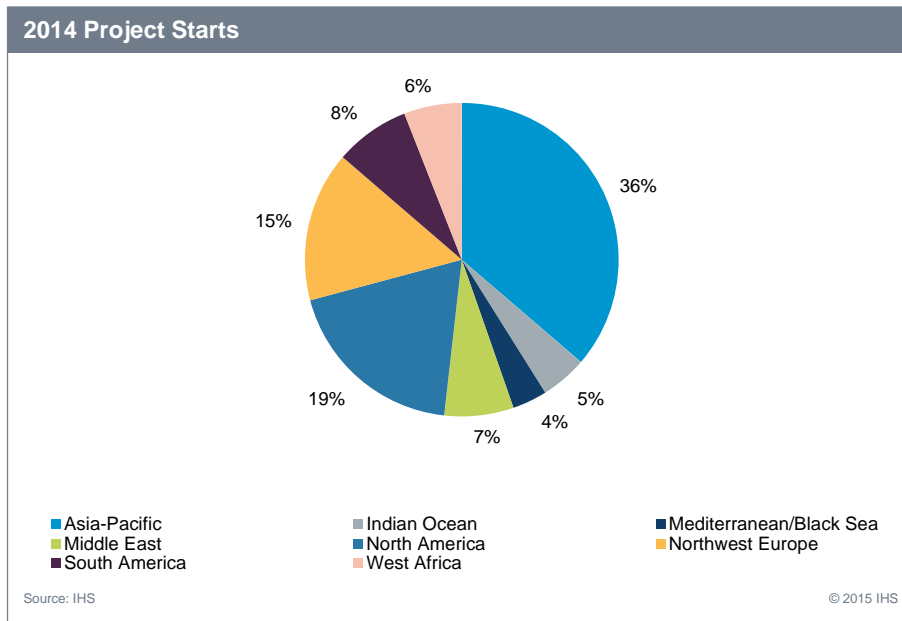
As predicted, 2014 turned out to be a rather cautious, dismal year for the offshore industry. Amid rising development costs and the recent fall in oil prices, a handful of project delays were announced as operators sought out ways to cut costs. Year-over-year, worldwide production start-ups declined almost 23%.

Despite the decline in the number of new start-ups in 2014, a few of the projects that did come online represented portfolio flagships, including China's first deepwater development and three major developments in the US Gulf of Mexico.

Notable 2014 production starts				
Project	Region	Country	Development type	Month
Mars B	North America	USA, GoM	FPS & SS	February
Liwan	Southeast Asia	China	Fixed & SS	March
Clov	West Africa	Angola	FPS & SS	June
Fram H-North	Northwest Europe	Norway	SS	September
Svalin C (ex-Grane C)	Northwest Europe	Norway	SS	September
Iracema	South America	Brazil	FPS & SS	October
Golden Eagle Area Development	Northwest Europe	United Kingdom	Fixed & SS	November
Sapinhoa	South America	Brazil	FPS & SS	November
Tubular Bells	North America	USA, GoM	FPS & SS	November
Jack/St. Malo	North America	USA, GoM	FPS & SS	December
Panyu	Southeast Asia	China	Fixed & SS	December
West Hub	West Africa	Angola	FPS & SS	December

Asia-Pacific and North America brought the majority of new projects online, comprising 36% and 19% respectively of worldwide projects for the year. In March, Husky Energy and CNOOC commenced first production at their massive, deepwater Liwan gas project in the South China Sea. The project consists of the Liwan (LW) 3-1, Liuhua (LH) 34-2 and LH 29-1 fields, which share a subsea production system, subsea pipeline transportation and onshore gas processing infrastructure. Water depths at the development range from 1,200 to 1,500 m (3,936 to 4,920 ft). Discovered in 2006, Liwan represents China's largest natural offshore gas field and is estimated to contain four to six trillion cubic feet (Tcf) of gas. Since March, the operators have also brought online production at Liuhua (LH) 34-2 gas field, the second field in the Liwan gas project.

Over in the US Gulf of Mexico, Shell commenced production at its Mars B field in early February, a whopping six months ahead of schedule. The operator has since been working to increase production at the Mississippi Canyon field, with the goal of reaching its peak production rate of 100,000 barrels of oil equivalent per day (boe/d) by 2016. The field was developed using the Olympus TLP and features 24 well slots. It will ultimately draw production from 8 blocks: Mississippi Canyon Blocks 762, 763, 764, 805, 806, 807, 850 and 851.



In November, Hess announced that first production had commenced at its Tubular Bells field, also in the Mississippi Canyon area. Tubular Bells, discovered in 2003, was developed via the Williams’ operated Gulfstar spar, GS-1. Following a ramp-up period, the field is expected to have a net production of 25,000 boe/d.

And just in December, over 10 years in the making, Chevron kicked off production at its long-awaited Jack/St. Malo project in the Walker Ridge area. St. Malo, discovered in 2003 and Jack, discovered in 2004, were developed jointly via a subsea production systems tying into the Jack/St. Malo semisubmersible unit, with further field

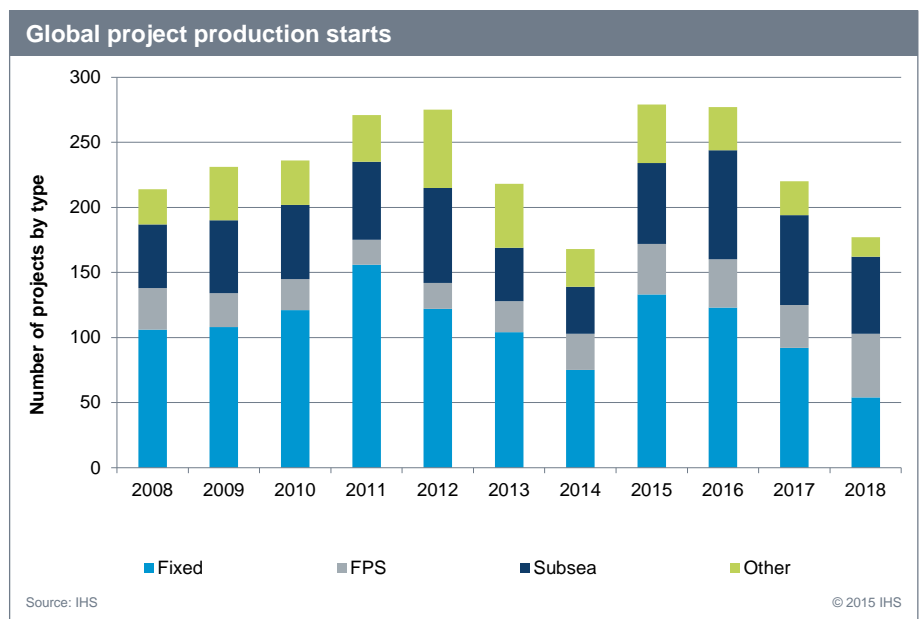
expansion and tie-ins anticipated in the future. A peak production of 94,000 boe/d and 21 million cubic feet (MMcf) of gas per day is expected in the coming few years.

What will 2015 look like?

No doubt 2015’s forecast project start-ups (some 250+) are artificially inflated as developments anticipated to be brought online in 2014 were rolled into 2015. Coupled with the sharp decline in oil prices since September, 2015 can be expected to follow in the footsteps of 2014 and IHS anticipates that projects predicted to come online in 2015 will thin out and trickle into subsequent years. As we have seen in the past, falling oil prices lead to project delays, deferments and even cancellations.

Already, the industry has seen the first of what may be more delays to come. Canadian operator Husky announced in December that a Final Investment Decision (FID) for its White Rose Extension project would be delayed a year, while it works to identify cost efficiencies and explore alternative development options. Likewise, operator Rockhopper in the Falkland Islands has deferred project sanction for its Sea Lion project to mid-2016. The operator hopes to adopt a lower-cost development solution.

Recent history has taught us that economic feasibility for deepwater projects demand oil prices of between USD 80-100 a barrel. Brent crude oil is currently trading under USD 48 a barrel, a low not seen since 2009. Weak global economies and an oversupply of crude are to blame, and it may take some time for demand to overtake supply.



Market Spotlight – West Africa

The momentum of West African field development activity is anticipated to be sustained in 2015, with operators targeting to award major contracts and adding projects to their drawing boards.

Forthcoming final investment decisions

In Cote d'Ivoire, the FID for Vioco's Gazelle development is expected to be achieved during the first half of 2015 after having been rescheduled due to challenges with aligning the upstream and midstream phases. Offshore Angola, Cobalt has submitted the field development plan for its Cameia project and is targeting to award the major contracts for the FPSO development during the first quarter of 2015. Vaalco is also anticipated to move forward with the Venus FPSO development located in Block P off Equatorial Guinea with FID anticipated for this year.

In Nigeria, FID will likely take place in 2015 for the Addax-operated Ofrima and Udele development as well as for Shell's Nigerian Bonga Southwest project. In Gabon, Harvest Natural Resources will reach FID for the Ruche development, which is planned as a cluster development with subsea wells tied to an FPSO. Vaalco also targets a 2015 FID for the Ebouri central crude sweetening platform (CCSP) project during the second quarter.

As for LNG projects, FID should be reached for the Cameroon FLNG and Ghana FSRU projects respectively during the first half and the second half of 2015. Meanwhile, in Equatorial Guinea, FID for the Block R FLNG project will be expected later in 2016 while front-end engineering and design (FEED) activities will commence in early 2015.

Early development planning

Field development planning in Ghanaian waters will remain active in 2015. Eni is to submit the plan of development for the Sankofa-Gye-Nyame project, to be developed by means of a mid-sized FPSO. Tullow Oil and Kosmos Energy, the respective operators of the Jubilee field and the Mahogany-Teak-Akasa (MTA) fields, are planning to submit the Greater Jubilee Area full field development plan to the Ghanaian authorities in 2015. In the meantime, Camac Energy will be completing the evaluation of the economic viability of the Shallow Water Tano block holding the Tano North, Tano West and Tano South discoveries to assess a potential development. Off Angola, Cobalt will be accelerating the development of the FPSO Greater Orca Lontra Development (GOLD), located in the deep waters of Block 20. This will also likely host future tie-backs. In contrast, Maersk is reworking the sustainability of its Chissonga development as the operator is experiencing challenges with the commerciality of the tension leg wellhead platform (TLWP) and FPSO project.

West African fast-track projects

In contrast, a fast-track development is already under study for the Ochigufu field discovered by Eni in September 2014 in Block 15/06 off Angola. The discovery is anticipated to be tied back to the N'Goma FPSO operating on the West Hub project. The operator is also fast-tracking the development of the Minsala Marine field, discovered last October in the Republic of the Congo. The field is located in the Marine XII block, which holds the producing Nene Marine field and the Litchendjili discovery. Moreover, Eni is hoping to bring rapidly into production the Nyonie Deep discovery located in Block D4 in the shallow waters of Gabon. Offshore Senegal, Cairn twice hit oil during the last quarter of 2014 with the deepwater SNE-1 and FAN-1 discoveries in the Sangomar Deep block. Individual stand-alone projects are already under consideration for the two discoveries.

Discoveries

Trio of discoveries in Norway

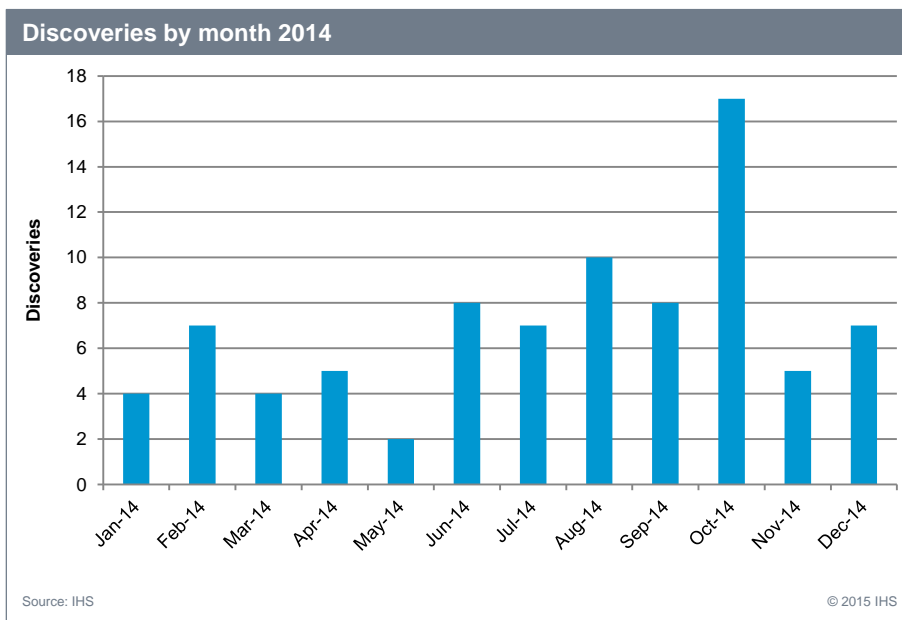
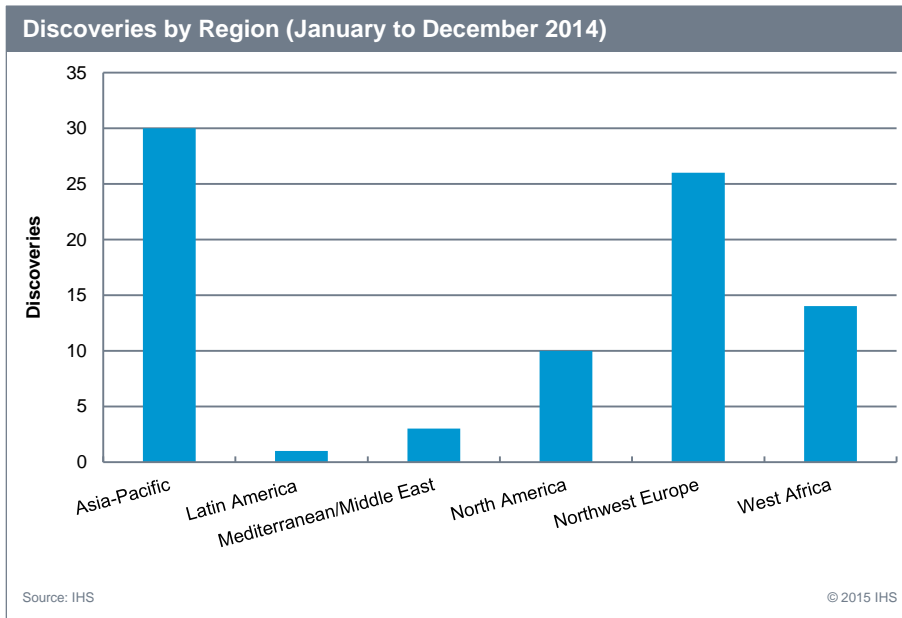
The year closed out with a total of seven discoveries during the month of December: three in Asia-Pacific, three in Northwest Europe and one in Latin America. Asia-Pacific rounded out 2014 in the lead, claiming 30 of the 84 discovery wells made worldwide; Northwest Europe ran closely behind with 26 discoveries.

In early December, Origin Energy announced it had discovered commercial quantities of gas 3 km off the southern Victorian coastline of Australia via the onshore Speculant-1 exploration well in the VIC/L1(V) permit. Extended reach

onshore drilling technology was employed to access the offshore gas reservoirs. Data has confirmed the presence of a gas column of approximately 145 metres.

Meanwhile, ONGC made two offshore discoveries – one significant gas discovery in deepwater Krishna Godavari Basin Block KG-OS-DW-III, at the GD-11-1 well; and one oil discovery at well WO-5-11 (WO-5-G) offshore Mumbai.

Statoil made a discovery at the Krafla North prospect in PL 035, offshore Norway. Exploration well 30/11-10 encountered an 80-metre (263 ft) oil column in the Tarbert formation and a 20-metre (66 ft) oil column in the Etive formation. Operator Centrica announced a natural gas discovery at the Ivory prospect in PL528 B in the Norwegian Sea. The well encountered a 12-metre (39 ft) gas zone.



Significant recent discoveries			
Region/Country	Operator	Location / Well name	Water depth (m)
Asia-Pacific			
Australia	Origin	Speculant-1	30
India	ONGC	GD-11-1	812
India	ONGC	WO-5-11 (WO-5-G)	83
Latin America			
Colombia	Petrobras	Orca-1	674
Northwest Europe			
Norway	Century Offshore Management	6707/10-3S (Ivory)	1,421
Norway	Statoil	30/11-10	105
Norway	Lundin Oil	33/2-1 (Storm)	381

Early Planning and Development Scenarios

Gullfaks Rimfaks Valley PDO submitted

Statoil has submitted the plan for development and operation (PDO) for its Rutil discovery in the Gullfaks Rimfaks Valley in the Norwegian North Sea. The PDO was submitted to the authorities on December 16. The development will utilise existing infrastructure and extend the life of the Gullfaks A platform. Gas and condensate will be transported in the existing pipeline to the gas processing facility at Kårstø, north of Stavanger. Investment costs of the Gullfaks Rimfaks Valley development are estimated at NOK 4.6 billion (USD 613 million). The development will comprise a standard subsea template with two simple gas production wells, and the possibility of connecting two more wells. The well stream will be connected to the existing pipeline to the Gullfaks A platform. The fast-track project is scheduled to start producing in the first quarter of 2017. Statoil operates the development with a 51% share. Partners are Petoro (30%) and OMV (19%).

Fields in Iara and Entorno de Iara areas declared commercial

Petrobras has declared commercial various oil and gas accumulations in the Iara (BM-S-11 consortium) and Entorno de Iara (Block 4 of the Transfer of Rights Agreement) pre-salt areas. Work to identify the fields in the Iara area began in 2008, led by the BM-S-11 consortium (Petrobras, BG E&P Brasil, and Petrogal Brasil). Two deposits were identified in the Iara field by drilling wells 1-BRSA-618-RJS and 3-BRSA-1032-RJS.

In the Entorno de Iara field, an Extended Well Test (EWT) was performed to assess the productivity of the reservoirs. A deposit was discovered by drilling well 1-BRSA-1146-RJS, the limits of which extend into the BM-S-11 concession area. In total, 8 fields were declared commercial with a total estimated recoverable volume exceeding 5 billion boe. In the BM-S-11 concession sit the Berbigao, Sururu and Oeste de Atapu fields, while the Norte de Berbigao, Sul de Berbigao, Norte de Sururu, Sul de Sururu, and Atapu fields are to be found in the Transfer of Rights Agreement. Petrobras and its partners plan on developing these fields via three FPSOs. The fields are located in a depth of 2,000 to 2,300 msw (6,561 to 7,545 fsw).

PTTEP plans next phase of Zawtika gas project

PTTEP will expand the Zawtika gas project in Block M9 in the Andaman Sea under a Phase 1C development plan. PTTEP has completed Phase 1A, and Phase 1B is currently in the execution phase. A total of seven wellhead platforms, three for Phase 1A and four others for Phase 1B, will be installed, along with the inter-platform flowlines. The scope for the planned Phase 1C is unclear, although market sources predict Zawtika may have up to 15 wellhead platforms when all phases are complete.

Prezioso K on hold

Operator Eni is understood to be revising the budget for the Ibleo development. Market sources suggest that the tendering process for the Italian Prezioso K platform on the project has been revoked. At present, there is no indication of when the tender will be relaunched. The platform was to be situated about 30 km (18 miles) offshore Sicily in depths

of 45 msw (148 fsw). The platform was planned to be bridge-linked to the existing Prezioso facility and to develop the Panda, Cassiopea and Argo gas fields with first gas initially planned in 2016. The Ibleo development first came onstream in 2010, with Eni operating the project with a 40% interest.

Positive results at Holstein Deep and Dorado

Freeport-McMoRan reports positive results from development wells associated with the Holstein Deep field in Green Canyon Block 643 and the Dorado field in Viosca Knoll Block 915, further affirming development plans. During the fourth quarter, the delineation well at Holstein Deep reached total depth and found 71 metres (234 feet) of oil pay. Freeport-McMoRan plans on developing Holstein Deep via a three-well subsea tie-back to the Holstein spar in Green Canyon Block 645. Holstein Deep is expected to be brought online in 2016. Depth in the area is about 1,188 msw (3,900 fsw). Meanwhile, in the Dorado area, the operator found 75 metres (245 feet) of net pay in the first of three development wells. The Dorado field is to be developed via subsea tie-back to the Marlin TLP and is part of Freeport-McMoRan's Marlin Hub enhancement project. The Dorado development is expected to be initially brought online sometime in 2015. Depth in the field is about 1,158 msw (3,800 fsw).

New Tenders and Awarded Contracts

Chevron awards Captain EOR contracts

Chevron has awarded two FEED contracts for the Captain Enhanced Oil Recovery project. Wood Group Kenny will provide subsea engineering for the trees, wellheads, and controls as well as for the polymer injection flowlines to the subsea injection wells. Amec Foster Wheeler will undertake the design of the bridge-linked platform (BLP) B which will store, mix and pump polymer. Under the contract's terms, Amec will also provide brownfield services with the tie-in of the BLP to the existing facilities and carry out minor operations on the Captain FPSO. The two awarded contracts will be carried out in the UK, respectively in Aberdeen and London. The Captain EOR project consists of the fourth phase of the Captain field development and intends to enhance resource recovery through polymer injection technology. In 2013, the field produced 25,000 barrels of liquids and 3 million cubic feet of natural gas. Captain is located in depths of 107 msw, approximately 110 km off Aberdeen in the UK North Sea. Chevron operates the field with an 85% working interest. Dana Petroleum holds the remaining 15% working interest.

Teekay wins Atlanta FPSO tender

Operator Xcite Energy advises it has entered into a Memorandum of Understanding (MOU) with Teekay Shipping, which sets out the principles of co-operation for the supply of a bridge-linked Sevan floating storage and offloading (FSO) facility for the life of its Bentley field. Xcite and Teekay will work together on an exclusive basis during the project, from front end engineering through fabrication, hook-up and onwards into production operations and maintenance. The FSO is based on Sevan Marine's cylindrical design and will have available deck space to locate utilities on either the platform or FSO. Xcite believes the facility will offer a reduced flow assurance risk due to the removal of subsea pipelines and minimised motion characteristics to aid reservoir fluid dehydration. Sevan Marine will work as a sub-contractor to Teekay under the MOU.

ONGC issues tender for pipeline inspection

ONGC has issued a tender for provision of underwater inspection services for part of the South Bassein Hazira Trunkline (SBHT) off India. The underwater survey will cover portions of the 36 in and 42 in trunkline that traverses the Mindola and Tapti river. Bid documents will be on sale until January 13, 2015, and the tender will close on January 23. The contract will span a period of three years.

Cotemar wins PEMEX intervention scope

Cotemar has been awarded a contract by PEMEX for a 252-day well intervention scope. The contractor will use the barge Iolair to do the work, at a cost of approximately USD 62 million. The work scope includes the inspection and intervention of wells, pipelines and buoys installed in the operator's offshore fields. The work began on December 29 and, if no delays occur, will conclude on September 6, 2015.

Significant recent requirements				
Region/Country	Operator	Type	Field/Project	Description
Asia-Pacific				
China	Husky Energy	EPIC	Liuhua (LH) 29-1	EPIC for subsea facilities
India	ONGC	Inst.	C-26 cluster (ex C-Series Phase 2)	Pipelay for C-26 cluster (R-2) 66.7km
India	ONGC	EPIC	Integrated Vashishta/ S1 Development	Installation of Vashishta/S1 subsea system (Re-tender)
Indonesia	Pertamina	EPIC	YY/FSB/SP/KLD	EPIC for YY/FSB project
Indonesia	Chevron	EPC	Gendalo/Gehem	Provision of two FPU (Re-tender)
Latin America				
Brazil	Petrobras	EPIC	Rota 3 (Comperj/Marica)	Rota 3 retender (shallow waters)
Brazil	Petrobras	EPIC	Rota 3 (Comperj/Marica)	Rota 3 retender (deep waters)
Brazil	Petrobras	EPIC	Rota 3 (Comperj/Marica)	Rota 3 retender (ultra-deep waters)
Mediterranean				
Egypt	BP	EPC	West Nile Delta Phase I	Subsea trees & hardware
Israel	Noble Energy	EPIC	Leviathan Phase 1	FPSO supply
Italy	Edison	EPIC	Vega B	Platform EPIC
Italy (+ Algeria)	Galsi SpA	Inst.	Galsi	Installation of Galsi trunklines
Lebanon	Ministry of Energy and Water Lebanon	Lease	Lebanon FSRU	FSRU lease
Mexico				
Mexico	PEMEX	EPC	Ixtoc	EPC pipelines
Mexico	PEMEX	EPIC	Ku-Maloob-Zaap	EPIC pipelines
Middle East				
Qatar	Occidental	EPIC	Idd El Shargi North Dome Phase 5	Package 1: processing platform, flare tower, 2 tripods, 3 bridges
Qatar	Occidental	EPIC	Idd El Shargi North Dome Phase 5	Package 2: (2) WH jackets, 15 facility platforms
Saudi Arabia	Saudi Aramco	Eng.	Maintain Potential Programme 2015-2020	Engineering Services for MPP 2015-2020
Saudi Arabia	Saudi Aramco	EPIC	Maintain Potential Programme 2015-2020	EPIC for MPP 2015-2020 (LTA-1 Safaniya)
UAE	Gasco	EPIC	Integrated Gas Devt (IGD) expansion	EPIC for trunkline Das Island to onshore
North America				
Canada	ExxonMobil	EPIC	Hebron	Subsea and WI Tiebacks EPIC
Canada	ExxonMobil	EPC	Hebron	Supply of Subsea Umbilicals
USA, GoM	Shell	EPC	Appomattox	SS EPC
USA, GoM	Chevron	EPIC	Jack/St. Malo Phase II	SURF
USA, GoM	Freeport-McMoRan	Inst.	Marlin Hub Enhancement	Pipelay
NW Europe				
Denmark	Wintershall	EPC	Ravn	EPC WHP
Norway	Premier	Lease	Bream (Norway)	FPSO supply
Norway	Statoil	Inst.	Johan Sverdrup Phase I (Aldous/Avaldsnes)	Install 4 platforms
United Kingdom	Xcite Energy Resources	EPIC	Bentley First Phase Development (FPD)	EPIC flowlines and umbilicals
United Kingdom	Perenco	Removal	Thames decommissioning	Subsea well P&A
West Africa				
Angola	Cobalt Int'l	EPIC	Cameia	Flowlines and umbilicals
Gabon	Harvest Natural Res.	EPC	Ruche (ex-Dussafu)	Subsea trees
Ghana	Eni	Lease	Sankofa/Gye Nyame	FPSO Lease
Nigeria	Chevron	EPC	Agbami Phase 3	Flowlines and umbilicals
Nigeria	Addax	EPC	Udele/Ofrima North	Pipelines EPC

ONGC refreshes tender for Vashishta/S1 scope

ONGC has refreshed a tender under the title *Subsea Installation of Vashishta and S1 Development scope* off eastern India. New documents were put on sale from December 2 until December 22. A pre-bid meeting is scheduled for January 28, and bid queries are to be sent in no later than January 18. Bids are now set to close on February 23. The original scope involved the laying of dual 14 in, 42.7 km rigid trunklines connecting the VA-1 gas field to the Odalarevu onshore terminal (of which another 4 km lies onshore), and dual 14 in, 4.4 km pipelines connecting wells VA-1A and VA-2, a pipeline terminal manifold (PLEM) near VA-2, umbilicals, and other subsea control units. Optional work includes tie-in spools (S1-A/S1-B wellhead to inline tee spools and pipeline crossover spools), pick up, transportation and installation of infield umbilicals, pre-commissioning and assistance with commissioning of S1-A and S1-B up to first gas. The operational area is located in water depths ranging from 250 to 700 msw. The project is slated for completion by May 30, 2017.

Vega B to award in 2015

Operator Edison is expected to award the contracts related to the Vega B platform during the first half of 2015. The Vega B platform will be located around 6 km away from the existing Vega A facility in depths of 130 msw and will exploit the western part of the Vega oil field. The new unmanned platform will have a jacket substructure, which is expected to have a weight of around 2,800 tonnes when launched and will produce from four wells. The platform will export oil to the Vega A facility via an 8 in, 6 km-long steel pipeline. A 4 in, 6 km-long pipeline will also transport diluent from Vega A to Vega B. In addition, several modifications will be required on the Vega A platform to accommodate the production from Vega B, including the installation of a new 4 in riser. The Vega oil field is located in C.C6.EO, in the Strait of Sicily. Edison operates the field with a 60% interest, with partner Eni holding the remaining 40% share.

FMC wins East Hub subsea systems contract

FMC Technologies has been awarded a USD 393 million contract to supply the subsea production systems for Eni's East Hub project. The FPSO development is located in depths up to 1,400 msw (4,592 fsw) in Angola's Block 15/06. The East Hub project will develop the Cabaca North and Cabaca South East discoveries in various phases. The initial phase is anticipated to come onstream in 2017 and will consist of the development of the Cabaca South East discovery via 10 subsea wells tied to the East Hub FPSO. Eni is the operator of Block 15/06. Partners are Sonangol, SSI Fifteen and Falcon Oil.

Qatar Kentz awarded EPCM contract

In the Middle East, Qatar Kentz of the SNC-Lavalin Group has been awarded by Qatar Shell a four-year, multi-million dollar call-off contract with a possible two-year extension. The contract covers the Pearl Gas-To-Liquids (GTL) onshore and offshore facilities located in Qatar. The EPCM package involves project management, engineering and specialist studies, procurement and logistics, construction and commissioning management and the execution of construction works for all services related to plant changes, including minor, base and medium projects.

Recently awarded significant contracts				
Region/Country	Operator	Contractor	Type	Field/Project
Asia-Pacific				
India	ONGC	Technip	EPIC	Integrated Vashishta/S1 Development
Indonesia	Husky Energy	Bumi Armada	Lease	Madura BD
Indonesia	CNOOC	Timas Suplindo	Installation	Mila/Asti
Latin America				
Brazil	Queiroz Galvao E&P	Teekay Offshore	Lease	Atlanta
Brazil	Petrobras	Modec	Lease	Tartaruga
Mediterranean/Middle East				
Iran	IOOC	Omega Kish	Installation	South Pars
Iran	PEDCO	ECB International	Support	Assaluyeh
Qatar	Qatar Petroleum	CCC	Support	Bul Hanine
Qatar	Shell	SNC-Lavalin	EPCM	North Field

Recently awarded significant contracts				
Region/Country	Operator	Contractor	Type	Field/Project
Saudi Arabia (+ UAE)	Saudi Aramco	Ezion	Support	Wasit (Arabiyah & Hasbah Gas Fields)
United Arab Emirates	Adma-Opco	Fugro	Support	Nasr
North America				
USA	Shell	Boa Offshore	Support	Cardamom
USA	Hess	Proserv	EPC	Stampede
USA	Hess	Subsea 7	Installation	Stampede
Northwest Europe				
Netherlands	GDF Suez	Gulf Offshore	Support	L/5a-D (Sierra)
United Kingdom	Chevron	Amec	FEED	Captain
United Kingdom	Chevron	Wood Group	FEED	Captain
United Kingdom	BP	Wood Group	EPC	Clair
United Kingdom	Statoil	Aker Solutions	Support	Mariner
United Kingdom	KNOC	Boskalis Offshore	Installation	Western Isles
West Africa				
Angola	Chevron	Heerema	Installation	Mafumeira
Nigeria	Chevron	FMC	EPC	Agbami
Nigeria	Yinka Folawiyo	Contractor TBC	EPC	Aje
Nigeria	Yinka Folawiyo	Contractor TBC	EPC	Aje
Nigeria	Shell	Contractor TBC	EPC	Offshore Nigeria
South Africa	Sunbird Energy	Contractor TBC	FEED	Ibhubesi

Construction Vessels

Mermaid Subsea receives two-year contract

Mermaid Subsea Services has received a two-year contract worth USD 50 million for subsea construction support in the Gulf of Thailand from an undisclosed fabrication and installation contractor. The contract is scheduled to commence in April 2015 for an estimated duration in excess of 130 days per year for both 2015 and 2016. DP2 diving support vessel Mermaid Commander will be deployed for the subsea construction work, which involves saturation diving and installation of spool pieces, risers, wyes and tees. Other scope also includes the provision of an ROV, a survey and a spool fabrication spread.

N-Sea charters Siem N-Sea

Siem Offshore has entered into a charter agreement with N-Sea for the multiservice vessel Siem N-Sea (formerly Siem Stork). Under the agreement, N-Sea will charter the Siem N-Sea for a firm period of three years starting from January 1, 2015. At present, the vessel is moored in IJmuiden, the Netherlands

Mokul Nordic renamed Nordic Prince

Nordic Maritime has renamed its subsea support vessel formerly known as Mokul Nordic to Nordic Prince. The DP2 vessel, which was delivered from an Indian shipyard in early April 2014, has been installed with a work-class ROV and recently commenced a five-year commitment with Noble Energy offshore Israel. The Nordic Prince is designed for IRM and ROV work, has a 100-tonne crane and can accommodate 60 persons on board.

OSM Brazil to manage Aker Wayfarer

OSM Brazil has won a contract to take over management of Aker Oilfield Services' multiservice vessel Aker Wayfarer during its five-year minimum contract with Petrobras offshore Brazil. OSM will be responsible for all marine operations and will provide Brazilian marine crew for the project. The vessel will provide subsea intervention services during the charter, which also comes with an additional five-year extension option. The Aker Wayfarer will be outfitted to become a deepwater subsea equipment support vessel (SESV) at Kleven's Myklebust Verft yard in Norway prior to beginning the charter. It will be modified to be capable of installing and removing subsea trees and modules, including

subsea structures and manifolds. The yard work is expected to be completed within the fourth quarter of 2016, after which time the Aker Wayfarer will begin transit to Brazil.

Selection of vessels to be delivered in the next six months				
Vessel name	Primary mode	Owner	Manager	Delivery
ZPMC 1200 newbuild	Derrick	ZPMC	ZPMC	31 Jan 2015
Teras Sunrise	Derrick	Ezion	Teras Offshore	9 Feb 2015
DLV 2000	Derrick Pipelay	McDermott	McDermott	1 Jun 2015
Skandi Africa	Derrick Pipelay	DOF Subsea	DOF Subsea	29 Jun 2015
Deep Explorer	Diving Support	Technip	Technip	16 Mar 2015
Kreuz Subsea Newbuild 1	Diving Support	Kreuz Subsea	Kreuz Subsea	1 May 2015
Great Offshore Newbuild	Multiservice	GOL Offshore	GOL Offshore	31 Jan 2015
Viking Neptun	Pipelay	Eidesvik	Eidesvik	9 Mar 2015
Cecon Excellence	Pipelay	Cecon	Cecon	1 May 2015
Far Sleipner	ROV Support	Farstad	Farstad	2 Feb 2015
Grand Canyon III	ROV Support	Volstad Maritime	Volstad Maritime	15 Jun 2015
Q5000	Well Intervention	Helix	Helix	15 Jan 2015
CSS Derwent	Well Intervention	Hallin Marine	Hallin Marine	30 Jan 2015

A full list of vessels can be obtained from ConstructionVesselBase

COOEC takes delivery of newbuild

COOEC has taken delivery of its newbuild DP3 multiservice vessel Hai Yang Shi You 286. A naming ceremony was held on December 28. Construction of the vessel commenced at CSSC Guangzhou Huangpu Shipbuilding in October 2012. The newbuild is equipped with a 400-tonne crane, flex lay capabilities, ROV dive equipment and saturation dive equipment. COOEC's current subsea fleet also includes DP2 multipurpose vessels Hai Yang Shi You 289 (former Skandi Bergen) and Hai Yang Shi You 291 (former Skandi Skolten), which is currently en route to China after being delivered to the owner.

REM delays vessel delivery

REM Offshore has decided to postpone the delivery of its newbuild offshore construction vessel from VARD by a year, due to a downturn in the market. The vessel is now scheduled for delivery in the first quarter of 2017, as opposed to the earlier scheduled date of first quarter 2016. The unit, of Vard 2 06 design, was ordered by the ship owner in June 2014 for around NOK 800 million (USD 134 million). It will have an overall length of 100 metres (328 feet) and a beam of 25 metres (82 feet). It will be equipped with a 150-tonne offshore crane and ROV hangar, and be prepared for A-frame and accommodation for 90 people. The vessel will be winterised with an ICE 1B hull and so specially designed for the arctic climate. It will be used for project work including anchor-handling as part of the vessel's capacity. The bollard pull will weigh around 400 tonnes.

Vard to deliver newbuild in 2016

Farstad Shipping has placed an order for a newbuild offshore subsea construction vessel with Vard. Delivery of the newbuild from Vard Vung Tau in Vietnam is scheduled for the fourth quarter of 2016. The vessel of VARD 3 17 design will be equipped with two ROVs and a 150-tonne active heave compensated offshore crane. Technip Norge has awarded Farstad Shipping a five-year framework agreement for the provision of ROV support operations, light construction work, IRM and other subsea related activities, to be fulfilled by this newbuild vessel. The agreement will commence in the first quarter of 2017.

SBM Installer delivered to new owner

Ocean Yield has taken delivery of DP3 diving support and construction vessel SBM Installer. SBM Offshore will bareboat charter SBM Installer for a fixed period of 12 years and it will have certain options to acquire the vessel

during the charter period, with the first option exercisable after five years. The vessel, which was built in Singapore by Keppel Singmarine in 2013, is currently working offshore Angola.

AWB newbuild deliveries

Icon Offshore's newbuild 200-man accommodation work barge (AWB) Icon Valiant is expected to be delivered in the first quarter of 2015. Originally slated for delivery in the fourth quarter of 2014, the vessel has no forward commitments. Another AWB pending delivery in Icon Offshore's fleet is the Icon Aliza. It is currently undergoing construction in Guangzhou, China, and is expected to be delivered in the fourth quarter of 2015.

Subsea 7 wins Stampede contract

Subsea 7 has been awarded an installation contract from Hess for work on the Stampede project in Green Canyon Blocks 468, 511, and 512. The scope covers installation of flowlines, steel catenary risers, umbilicals, jumpers, and associated subsea architecture, which tie back to the Stampede TLP. Operations are expected to commence in the third quarter of 2016 and conclude in the first quarter of 2017.

Marco Polo secures long-term charter

Marco Polo Marine secured a long-term bareboat charter for its new maintenance and accommodation workboat vessel in December 2014. The total contract value is estimated at around USD 27 million, excluding two, two-year extension options. The newbuild will commence its bareboat charter offshore Malaysia, following its delivery in April. The vessel will share similar specifications as the Nam Cheong and Marco Polo Marine joint venture-owned accommodation work vessel MP Nautical Aleesya, which was delivered last September. It will be DP2-enabled, have accommodation capacity for 200 persons and be equipped with a 50-tonne deck crane.

PLB 132 up for sale

Deep Offshore Technology (DOT) pipelay barge PLB 132 is up for sale after being taken over by an Iran-based bank due to failure of the vessel owner to meet loan obligations. It is understood that the vessel will remain idle in Iran until the issue is resolved. It was expected to commence pipelay work on South Pars Phases 22, 23 and 24 in April but now it remains unclear when pipeline installation will commence. The PLB 132 has been laid up in Iran since it went off-hire in July 2013. It had concluded installation of a 4-inch pipeline on South Pars field prior to being laid up.

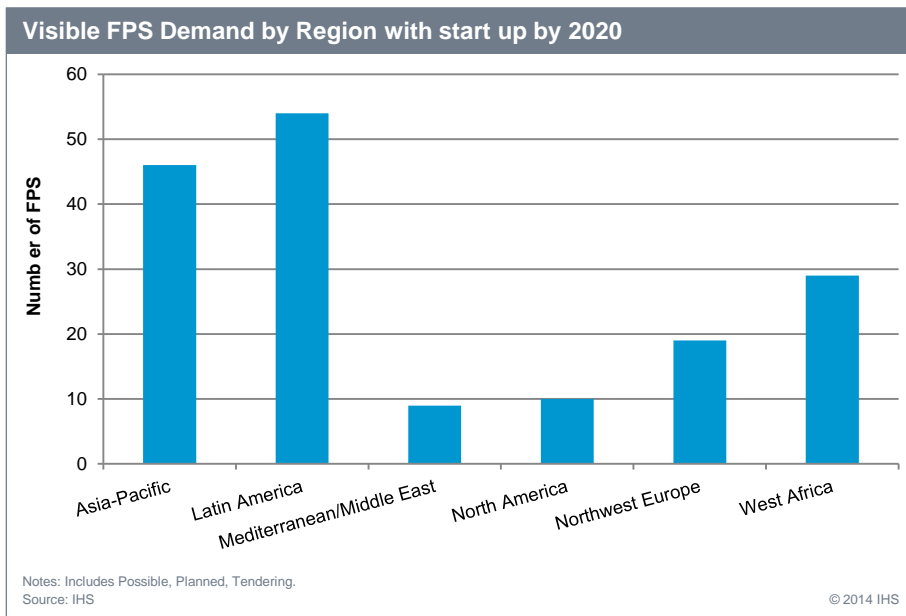
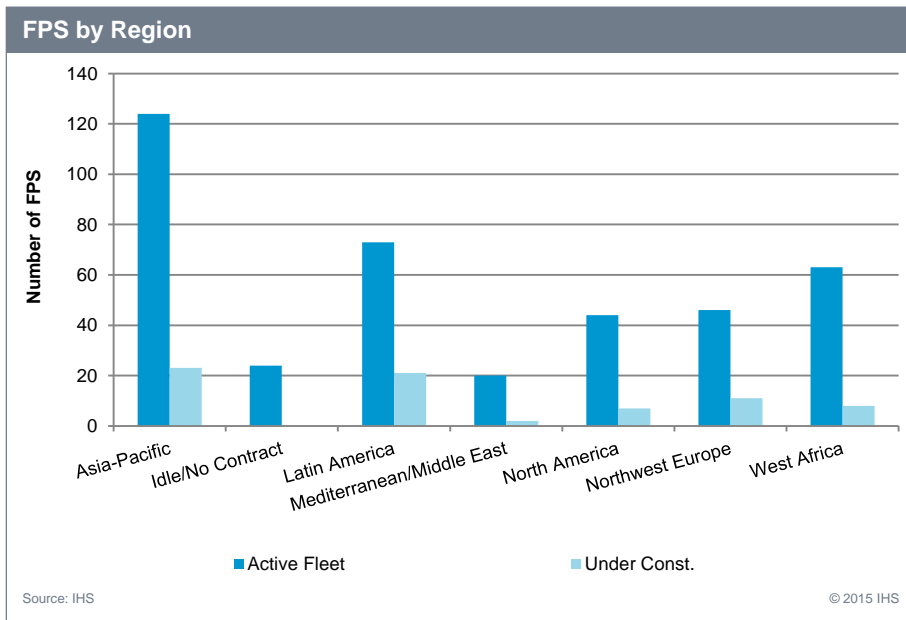
Sale and Purchase last six months					
Vessel Name	Primary Mode	Seller	Buyer	Price (USD m)	Date
SK Line 600	Accommodation	Icon Offshore	Nam Cheong	30	Aug-14
Micoperi Pride	Derrick pipelay	Cecon ASA	Fortress Investment Group	-	Sep-14
Alliance	DSV	Seamec	Nimrod Sea Assets	10.6	Oct-14
Skandi Skolten	ROSV	DOF Installer	COOEC	-	Oct-14
Windermere	DSV	Hallin Marine	Miclyn	-	Nov-14
SBM Installer	DSV	SBM Offshore	OS Installer	150	Dec-14
Global Orion	DSV	Technip	Ranger Offshore	-	Dec-14
Crawler	Derrick pipelay	Saipem	Micoperi	-	Dec-14
African Caribe	Accommodation	African Offshore Services	MSH Ship Management	-	Jan-15

Floating Platforms

FPS Market – South/Central America

A total of 16 FPS contracts were handed out in 2014: 12 FPSO (of which 4 were redeployments), 3 FSO, and 1 FPU. Four of the 2014 FPS awards pertained to West Africa. In the first quarter, Eni hired Bumi Armada to convert and lease an FPSO for the East Hub project. The agreed price was USD 2.9 billion. In April, Total awarded Saipem two contracts valued at more than USD 4 billion for two FPSOs that will exploit the Kaombo development off Angola. In the fourth quarter, Rubicon Offshore was contracted to lease the Front Puffin FPSO to Yinka Folawiyo for the Aje project offshore Nigeria.

The level of contracting for FPSOs remains high, but the long-term outlook looks more attractive than the short-term due to certain variables including current oil prices. With this in mind, 10 FPSOs are forecast to award in 2015. A handful of projects off West Africa are in the tendering stage at this time and could reach the contracting stage by the end of the year. Among these developments are Cobalt International’s Cameia, Harvest Natural Resources’ Tortue/Ruche, Maersk Oil’s Chissonga, and Eni’s Sakofa-Gye Nyame project.



Under construction FPSOs to be delivered in next 12 months

Vessel	Owner	Operator	Field	On stream
Petrojarl Knarr	Teekay Petrojarl	BG	Knarr Central	31 Jan 2015
Armada Sterling II	Bumi Armada	ONGC	B-192-1	28 Feb 2015
Goliat FPSO	Eni	Eni	Goliat	13 Jul 2015
Western Isles FPSO	Dana Petroleum	Dana Petroleum	Barra/Harris	23 Nov 2015
Cidade de Itaguaí MV26	Modec	Petrobras	Iracema (also Cernambi)	31 Dec 2015

Worldwide Support Vessel Utilisation by Region

	Accomm.				Derrick		Derrick Pipelay		Diving Support		Multiservice		Pipelay		ROV Support		Well Intervention			
	Total	NW	W	Utilisation	NW	W	NW	W	NW	W	NW	W	NW	W	NW	W	NW	W		
Arctic	2	2	0	0%										2						
Asia-Pacific	159	97	62	39%	18	40	7		25	4	14	5	4	15	3	14	8		2	
Central America	63	23	40	63%	2	10	3	2	4	8	10	7	1	1	1	3	11			
Indian Ocean	23	2	21	91%	2	5				5		7			1		3			
Med/Black Sea	27	21	6	22%	2	1	2		4	1	1		1	4		7	2	1	1	
Middle East	88	33	55	63%	12	25	3	3	5	11	6	5	3	4	1	3	7			
North America	78	51	27	35%	3	2	13	1	2	4	3	2	1	11	3	18	12		3	
NW Europe	113	73	40	35%	4	17	3	1	2		10	7	2	3	7		41	10	4	2
South America	67	8	59	88%	1	6	1	1	2	1		5	3	2	20	2	22		1	
West Africa	84	31	53	63%	3	21	1	2	5	6	2	3	3	1	8	3	9	17		
Total	704	341	363	52%	47	127	33	10	49	40	46	41	10	12	54	32	97	92	5	9

Calendar of Industry Events

Date	Event	Location
26-28 January 2015	Offshore Middle East 2015	Doha, Qatar
27-28 January 2015	Africa Oil & Gas Summit 2015	London, UK
3-5 February	Topsides Conference & Exhibition	Galveston, USA
23-27 February 2015	IBC Brazil Subsea*	Rio, Brazil
17-18 March 2015	OSV & Subsea Vessels North America Conference*	Houston, USA
25-27 March 2015	Offshore Mediterranean Conference	Ravenna, Italy
14-15 April 2015	Arctic Oil & Gas North America Conference	Newfoundland, Canada
20-22 April 2015	IBC 6th Annual FPSO Conference	Singapore, Singapore
4-7 May 2015	OTC 2015	Houston, USA
2-4 June 2015	OGA 2015	Kuala Lumpur, Malaysia
16-18 June 2015	Underwater Technology Conference	Bergen, Norway

* Event at which IHS has a speaker

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Disclaimer

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