

October 2020

Offshore Market Report



Winter is coming

We now see a sharp decline in the rates levels in the PSV, AHTS, Subsea and Renewables markets and already vessels are going into warm and cold lay ups for the winter season. Especially for the AHTS vessels this can turn around quickly as bad weather can lead to high activity in short weather windows bringing the rates up again, while the outlook for the PSVs, Subsea and Renewables vessels looks more grim. It is normally very difficult to obtain good activity and rates in the North Sea winter season. Most owners in these segments are now desperately trying to secure utilization until March 2021 and the rate levels clearly reflects this desire.

In other news Solstad Offshore have after a 2 year hard fought battle finally been able to restructure the company. The debt is reduced by about 10 billion NOK and the major banks have become shareholders in the company, while the Solstad family, Aker and Hemen remains in control. Both Solstad and Siem have expressed concern about the still fragmented Offshore market and point at further consolidation as a necessary means to bring the market back into balance.

Spot North Sea

The Norwegian PSV market has taken a nosedive, and rates have gone from NOK 200.000 down to approx. NOK 60.000 during the month. The average rates ended up in the region of NOK 130.000. The availability of PSVs also increases as Equinor will release 4 medium term vessels and the campaign by Gazprom in Russia is coming to an end. On the UK side, all PSV fixtures have been below NOK 100.000 and the average rates were around NOK 66.000. The PSV utilization on the Norwegian side was on average 88%, while on the UK side the average PSV utilization was at 70 %.

October was a rude awakening for owners of AHTS vessels. After several good months, October has been a rough month for owners. Around 30% of the fixtures have been below NOK 100.000 and the highest fixture was at NOK 250.000 towards the end of the month when 11 vessels were fixed on the Norwegian side in just a couple of days. The rig activity on the UK side is very limited, and it was also very quiet on the Norwegian side until the end of the month. The average rate was in the region of NOK 115.000 down from NOK 330.00 in September. The average utilization for AHTS vessels in October was about 56%.

Some new term fixtures and extensions

Charterer	Type	Vessel's name	Scope of work / Period / Rate (approx.)
Peterson Den Helder	PSV	VOS Patriot	Supply duties 110 days firm + opt / RNR
Serica Energy	PSV	Rem Mira	1 years firm + opt / RNR
Equinor UK	PSV	Standard Supplier	Supply duties 45 days firm + opt / RNR
Wintershall Dea	PSV	Viking Princess	Supply duties 1 year firm + opt / RNR
Vår Energi	PSV	Troms Sirius	Supply duties 1 year firm + opt / RNR
Vår Energi	PSV	Olympic Energy	Supply duties 1 year firm + opt / RNR
Aker BP	PSV	Far Solitaire	Supply duties 1 year firm + opt / RNR
Aker BP	PSV	Viking Lady	Supply duties 1 year firm + opt / RNR
Peterson Den Helder	PSV	Troms Mira	Supply duties 120 days firm + opt / RNR
Serica Energy	PSV	FS Balmoral	Supply duties 1 well firm + opt / RNR
ConocoPhillips Norway	PSV	Kongsborg	Supply duties 50 days firm + opt / RNR
Equinor	PSV	KL Brofjord	Ext. Supply duties 4 months firm + opt
Equinor	PSV	Troms Pollux	Ext. Supply duties 4 months firm + opt
Equinor	PSV	Troms Castor	Ext. Supply duties 4 months firm + opt
Equinor	PSV	Torsborg	Ext. Supply duties 4 months firm + opt

Outstanding term requirements North Sea

Charterer	Type	Period / Commencement
Apache UK	PSV x 3	Supply duties 1-2-3 years firm + opt / Q1 2021
Neptune E&P UK	PSV	Supply duties 4 wells firm / Jan 2021
CNOOC	PSV	Supply duties 1-2 years firm + opt / January 2021
CNOOC	PSV	Supply duties 1 well + opt / January 2021
BP UK	PSV	Supply duties 1-2-3 years firm + opt / May 2021
BP UK	PSV	Supply duties 1-2-3 years firm + opt / August 2021
Enquest	PSV	Supply duties 1 years firm + opt / Q1 2021
Repsol UK	PSV	Supply duties 1-2-3 years firm + opt / October 2020
Peterson Den Helder	PSV	Supply duties 1-2-3 years firm + opt / Q1 2021

Around the world

Brazil

Siem Offshore have received a 2-year contract with 2 yearly options with Total E&P do Brazil for the vessels Siem Atlas and Siem Giant. Both vessels will commence the contract in September 2020 in direct continuation of present charter.

Mexico

Blackford Dolphin has now arrived in Mexico from lay up in Norway and Maersk Supply have received a contract to support the rig with Maersk Detector. She has been re-activated from lay up in Canada and has arrived in Mexico. The end client is Pemex.

West Africa

Maersk Maker have been fixed for contract to support a mooring line replacement project in Nigeria. The client is undisclosed. The vessel left the North Sea in early October and have just arrived in Nigeria.

Subsea and Renewables

TechnipFMC have been awarded a EPCI contract by Equinor for pipelay, with option for subsea installation, at the Bredablikk project, offshore Norway. TechnipFMC will provide flexible jumpers and rigid pipelines as well as carry out pipeline installation work

Solstad Offshore have received a 3-year term contract by Petrobras for Normand Poseidon. The vessels will sail under Brazilian flag and will support exploration and production activities in Brazilian continental shelf. The vessel will go onhire in Q1 2021. In addition, Solstad have been awarded a one year extension for Far Saga by Petrobras.

The vessel has been on contract with Petrobras since 2014. Normand Cutter has been fixed to Global Marine for three months period. The vessel will assist Global Marine to carry out the inter-array cable installation, burial, testing and termination at Kriegers Flak wind farm. Solstad have also been awarded a firm contract for Normand Tonjer until November 2021 to Fairfield. The vessel has worked for Fairfield since 2018. Finally, Solstad's Normand Jarstein has been awarded a 4 months firm contract with Ørsted to support their operations on Hornsea 2 offshore windfarm next autumn. The contract will most likely commence in August 2021.

DOF Subsea have announced an award for Skandi Africa for a 2-year contract extension to TechnipFMC. The new contract will commence in direct continuation with the current contract. Dof Subsea have secured a three year contract from Petrobras for Skandi Salvador. The vessel will provide IMR services at the Mero Field. Skandi Salvador has been working for Petrobras since 2018.

GC Rieber have secured a 3 week walk-to-work contract for Polar Queen to Van Oord. The vessel will go onhire mid-November.

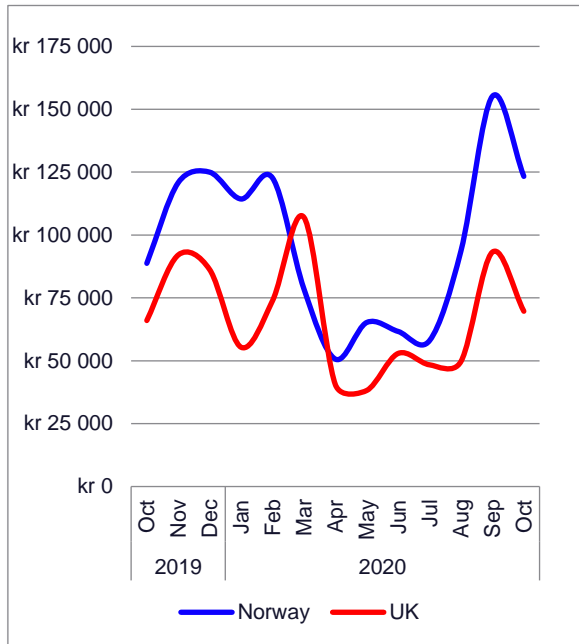
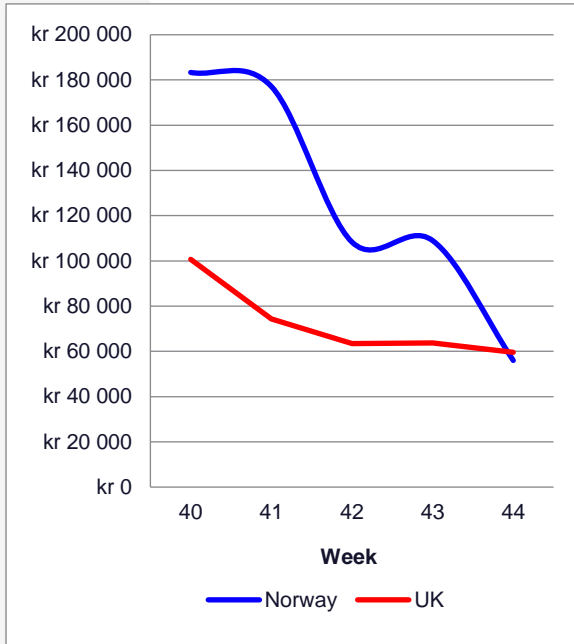
Reach Subsea have been awarded a contract for use of the Olympic Challenger by Magseis for a node project in the Gulf of Mexico. The contract is set to commence in November with a firm period lasting through 1Q2021 and with options to extend towards the summer of 2021.

Eidesvik Offshore have secured a contract for Viking Neptune with DEME Offshore NL for a firm period of 84 days. Commencement of the contract is scheduled to early in November 2020 and the vessel will perform walk-to-work duties and assist in cable repair.

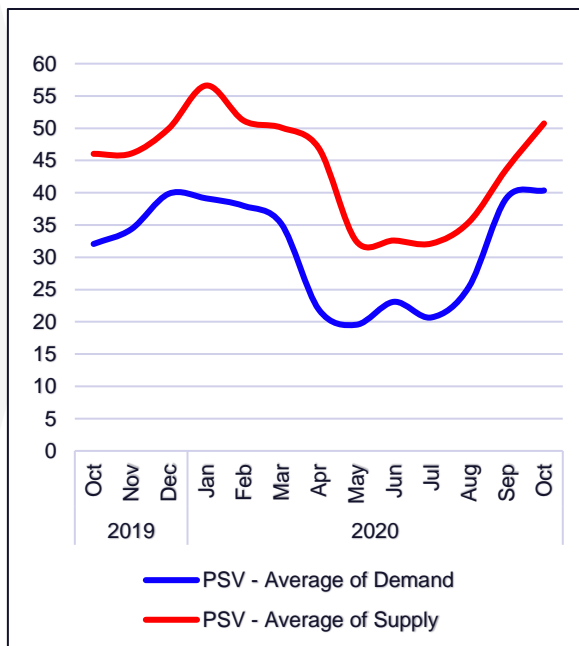
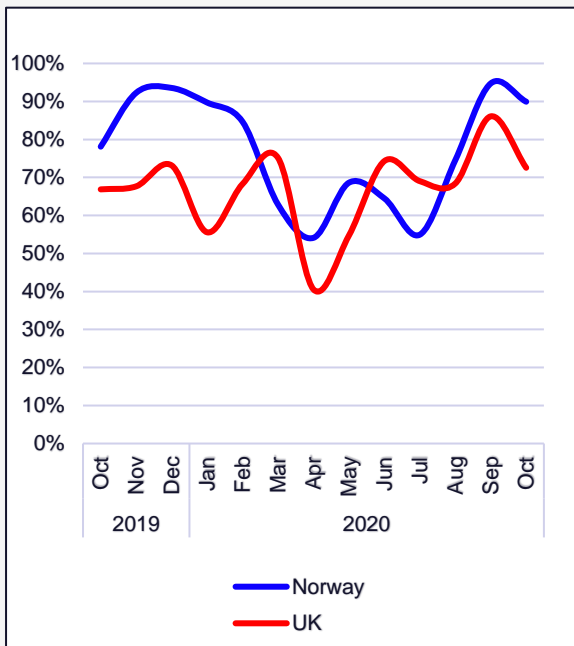
Sale and Purchase

Following the Chapter 11 process in Hermitage Offshore Services Ltd, their 10-medium size PSVs have been acquired by the two lenders for a combined price of USD 80 million. The vessels will continue with their current technical manager, Remøy Shipping, who will now also trade the vessels commercially. Furthermore, Hermitage's crew vessel fleet has been auctioned off to a third party, believed to be a Tidewater subsidiary.

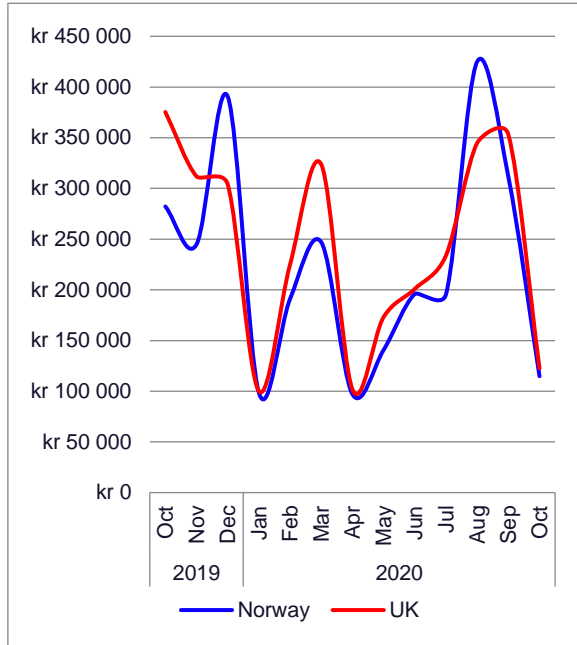
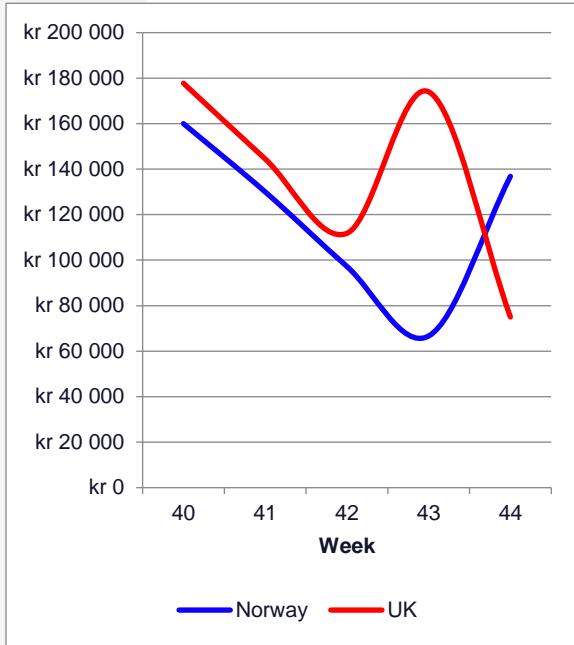
PSV's – North Sea average spot rates



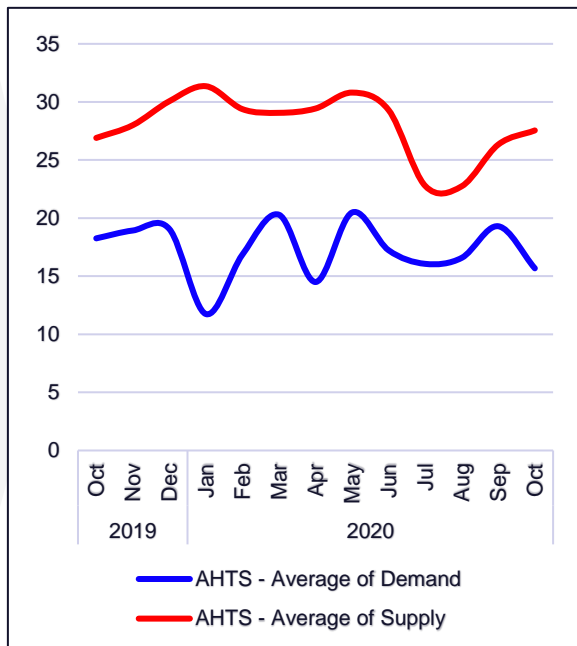
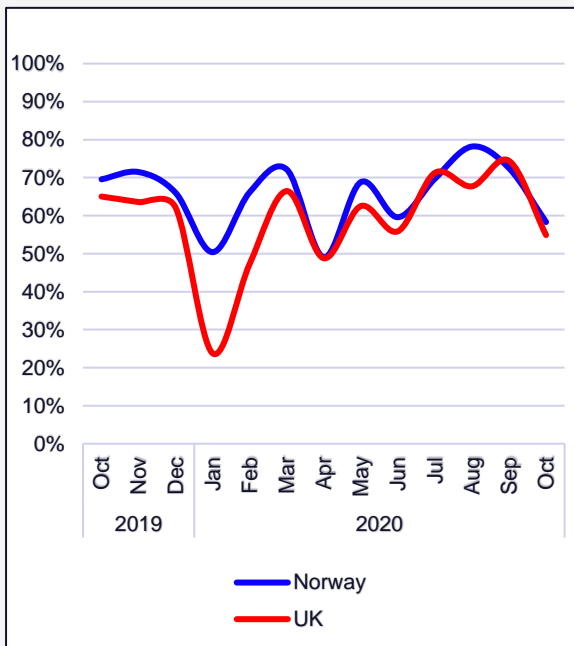
PSV's – North Sea utilisation and supply / demand



AHTS' – North Sea average spot rates



AHTS' – North Sea utilisation and supply / demand



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