



## OFFSHORE MARKET REPORT DECEMBER 2007

Haugesund, 28th December 2007

Another year with a tight market for offshore support ships is shortly over. A year characterized by a rising oil price, high demand for rigs and all types of vessels, solid increase in orderbooks also from new investors and record earnings for owners.

Average day rates and utilization were still at record levels, while the peak periods in the spot market were slightly lower and shorter than last year.

Despite a large number of newbuildings delivered, 34 medium/large PSVs and 21 medium/large AHTS, they have all been well absorbed in the market.

Values of 2nd hand ships have increased, very profitable sales and resale of newbuildings have been concluded based on a very high market, good expected cash flow and a continued optimism in the industry.

In 2008, a total of 52 new PSVs and 39 AHTS will be delivered, along with several subsea support ships and other specialized units.

We will give our predictions for the coming year in our January report.

### **New term fixtures and extensions in the North Sea confirmed in December:**

<b>Charterer</b>	<b>Type</b>	<b>Vessel's name</b>	<b>Scope of work / period</b>
ExxonMobil	AHTS	"Stril Power"	Ext. 2 years until February 2010
BP UK	PSV	"E.R. Kristiansand"	Declared 1 well opt. end Feb. 2008
CNR International	PSV	"Northern Gambler"	ext. 1 year until December 2008
Apache	PSV	"Malaviya 19"	3 years firm until Dec. 2010
Oilenco	PSV	"Island Scout"	Declared 1 year option + 1 year ext. + 1 yearly opt. thereafter, firm until March 2010
Maersk Oil & Gas	PSV	Newbuild "Havila TBN"	2 x Havyard 832 CD - delivery 2nd qt/3rd qt 2009, 5 years firm + 3 x 1 yearly options
Peterson	PSV	"Boa Fortune"	60 days firm + opts. to support "Noble George Sawageau"
CoP UK	PSV	"Siem Hanne"	4 months firm + opts., comm. end Dec. 2007
MLS	PSV	"Saeborg"	Havyard 832 CD, delivery December 2008 from Solstrand, 5 years firm + 2 x 1 years.
Aker Exploration	PSV	"Saeborg"	Sublet from MLS, 3 years firm + 2 x 1 years, commencement December 2008.

**Uncovered term requirements include:**

Charterer	Type	Scope of work / period
ADTI	PSV	1 well firm + 1 well opt. to support "Ensco 80" from January 2008
Shell N	PSV	1 well firm + 1 well opt. from January 2008
BG UK	PSV	1 well firm to support "Ensco 92" from February 2008
Maersk Oil UK PSV	PSV	1 well firm + 1 well opt. from February 2008
StatoilHydro	2-4 PSV's	5-8 years + 4x1 year from no later than 2010
Maersk Oil & Gas	PSV	2-4 years firm from June 2008

**The other parts of the world** are generally equally hot, with West Africa, Latin and South America, and parts of the Far East as the most interesting. Among new term charters and extensions we mention:

Charterer	Type	Vessel's name	Scope of work / period
Petrobras, Brazil	AHTS	"A.H. Paraggi"	Ext. firm until June 2009
Petrobras, Brazil	AHTS	"A.H. Portofino"	Ext. 3 years firm until August 2010
Petrobras, Brazil	AHTS	"A.H. Genova"	Ext. until November 2010
Petrobras, Brazil	AHTS	"A.H. Porto Santo"	Ext. until November 2012
Total, Nigeria	PSV	"Viking Thaumias"	ext. until end June 2008
EDT Offshore, Med.	PSV	"Olympic Progress"	10 months firm + opts. until September 2009
Saipem, Med.	PSV	"Field Express"	Firm until 31st Oct. '08, construct. projects off Italy and Tunisia
Total, congo	AHTS	"Normand Mariner"	3 months – FPU Moho Bilondo hook up, comm. Jan

Deep Sea Supply has received a LOI for the AHTS "Sea Cougar" for a two years' T/C for operations in Egypt at a rate in excess of USD 40.000/day.

**Outstanding requirements include:**

Charterer	Type	Scope of work / period
Reliance	3 x AHTS	3 years firm to support Reliance's drilling programme, commencement mid. 2008 - min. 200 tons BP
DIDON, Tunisia	AHTS	5 wells firm + opt. from December 2008
Hess, West Africa	1-2 PSV	1-2 years firm, commencement 2008

**The North Sea standby rescue market** remains firm and several fixtures have been concluded:

Gaz De France, Norway has fixed a newbuild standby vessel from Sartor for 10 years firm, from Autumn 2010. The vessel will be supporting Gjøa field. The vessel will be of VS465FSV design, and building yard is yet to be finalized.

BP N has fixed a couple of vessels from Simon Møkster Shipping; "Stril Neptun" will deliver around 1st half August 2008 after completion Statoil term contract and upgraded for NOFO. The vessel will be replacing "Bourbon Charmer", who delivers to new Owners in January. "Prosper" will be front running until "Stril Neptun" delivers. Møkster's newbuilding at Simek has also been fixed to BP N on a five year charter, commencing October 2009. MLS extended charter of "Ocean Sky" (UT704) by one year until early 2009.

StatoilHydro is tendering for a standby vessel to support West Alpha for 2 wells + 1 well option, commencing January 2008. Same Charterer is also out with a requirement for 1 year + 1 x 3 months + 6 x 1 monthly options, starting January 2008. It is likely that the "Ocean Star" will cover the 1 year requirement and a possible extension on the "Sea Pilot" is also in the pipeline.

On the UK side BHP Billiton Petroleum Limited and Hydro Carbon Resources Limited are tendering for 2 x multi role ERRV's and one PSV with standby facilities, to cover their operations in Liverpool Bay and Morecambe Bay for 5 years firm + 5 x 1 yearly options commencing July 2008.

**The special vessel market** is strongly focused. Our prediction of consolidation in the various segments may now be demonstrated here through DOF Subsea's purchase of 39,75% of the shares of DeepOcean ASA.

Among several new contracts/extensions, we mention:

Charterer	Vessel	Period/Scope of work
Algoasibi	"Ocean Commander	Firm until July 2008
Hess	"Bourbon Peridot"	Extended one year for field support duties off Equatorial Guinea, firm until end 2008
Hallin	Newbuild "Seacor Penrith"	3 years from 2nd qt. 2008 for ROV and dive supp. duties
ExxonMobil	"Edda Fjord"	LOI for 18 months firm plus 2x6 months option, for field supp. off Angola, commencing 1st qt. 2008.
StatoilHydro	"Edda Fonn"	ROV/inspection throughout 2008
Canyon Offshore	"Island Pioneer"	2008 season for North Sea work
Statoil	"Ramform Challenger"	2008 Norway summer seismic season
Statoil	"Ramform Sovereign"	"
Statoil	"Atlantic Explorer"	"
Statoil	"Geo Celtic"	"
Statoil	"Geowave Commander"	"
Statoil	"Geco Triton"	"
Deep Ocean	"Normand Flower"	Declared 1 x 12 months' options until March 09
Deep Ocean	"Arbol Grande"	LOI from Pemex, 5 years in Mexico.

### Newbuildings / sale and purchase:

The year ends as it started with announcement of a steady flow of newbuilding contracts.

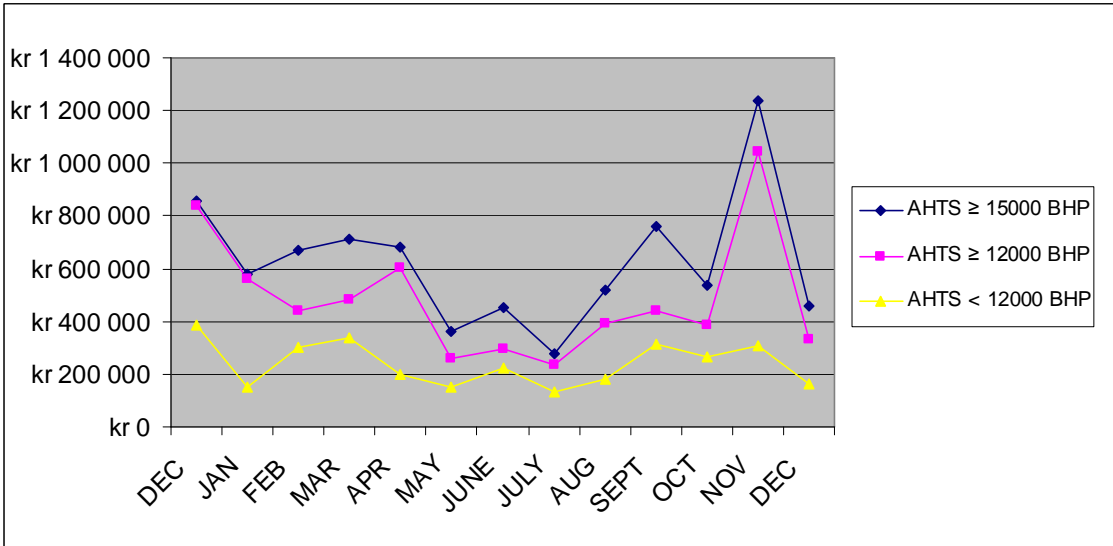
Owners	Yard	Type/design	Delivery	Price
Nordcapital	Sekwang, Ulsan Korea	4 x AHTS/UT786CD	During 2010	N/A
Vroon Offshore	Astilleros Zamakona Pasaia S.L.	4xERRV/IMT955L	2010/2011	N/A
Aries Marine	Eastern Shipbuilding Group	2xPSVs/Akere PSV23DE	N/R	N/A
Havtrål Invest	Simek AS	PSV/UT755LC ROV	June 2009	NOK 220 mill.
EDT Offshore	Astilleros, Spain	2xPSV/Ulstein PX105	Apr./Aug. 2009	N/A
Greatship GOS	Colombo Dockyard, Sri Lanka	2xMPSV	Jan./May 2010	N/A
Fugro	Bergen Yards	1x ST-256L, ROV/Survey	Dec. 2010	N/A
Fugro	Bergen Yards	1 x ST-327L CD, seismic	August 2010	N/A
Solstad Offshore ASA	Bergen Yards	1 x ST-256L CD, prep. for 24 man dive syst.	Sept. 2010	NOK 720 mill.
Volstad Shipping	Båtbygg AS	1 x ST-253	End 4qt. 2008	NOK 330 mill.

## Sale & Purchase

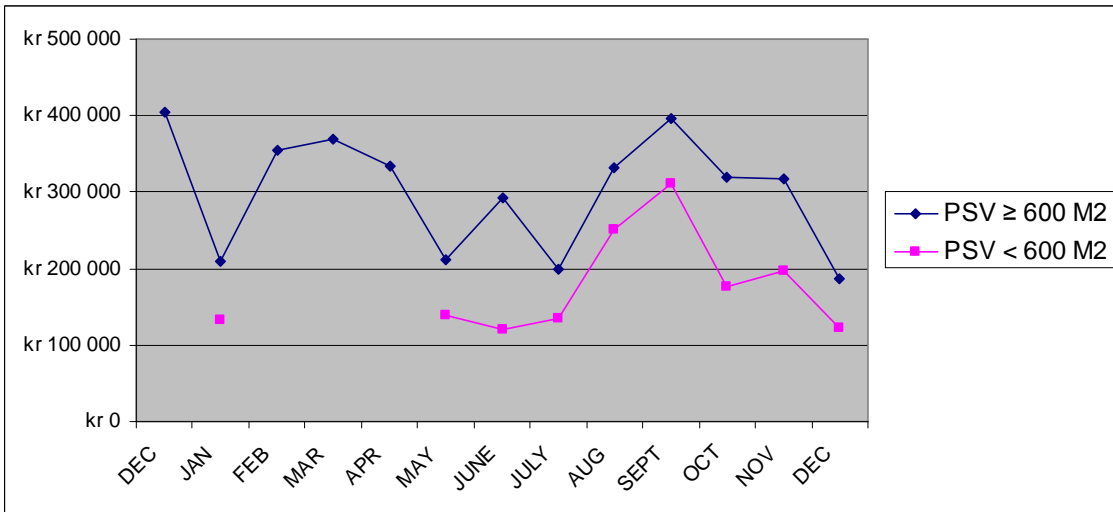
Seller	Vessel	Vessel type	Buyers	Price	Del.
Seacor	"Moray"	4.500 bhp AHTS, built 1983	Undisclosed	N/R	TBA
Maersk Supply Service	"Maersk Bonavista" TBRN "Drive Bonavista"	AHTS, 10.800 bhp, built 1983	Drive Bonavista AS	N/R	Dec.
Rimorchiatori Sardi	"Acqua Azzurra" TBRN "Kudos Express"	AHTS, 7.040 built 1975)	Vroon Offshore Services	N/R	early Dec.
Havila Shipping ASA	"Havila Mars"	UT786CD	Havila Ariel ASA	NOK 476 mill.	Sale with b/b leaseback/purchase opt.
Havila Shipping ASA	"Havila Mercury"	UT786CD	Havila Ariel ASA	NOK 476 mill	Sale with b/b leaseback/purchase opt.
Vietsovetro	"Nghinh Phong"	UT722	Boa Offshore AS	Undisclosed	March 2008
Deep Sea Supply	PSV "Sea Trout"	UT755L	TMM, Mexico	In excess of USD 36 mill.	Jan. 2008
Toisa Ltd.	"Toisa Mariner"	DP Vessel	Bluestone Offshore	N/R	NYR
Subsea 7	"Kommander Subsea 2000)		Hydrodive	N/R	1st qt. 2008
North Sea Shipping AS	"Arbol Grande"	MPSV/DPII	Deep Ocean Shipping AS	EUR 28,75 mill. (option price)	9th June 2008

**We wish all our readers a Happy and Prosperous New Year.**

**AVERAGE SPOT CHARTER RATES FOR SUPPLY VESSELS**  
**AHTS NORTH SEA DECEMBER 2006 - DECEMBER 2007**



**PSV NORTH SEA DECEMBER 2006 - DECEMBER 2007**



**CHARTER RATES WEEK 49 - 52, 2007**

