
STRATEGIC OFFSHORE RESEARCH

»» **Subsea Contracting**

1. **USA-GoM:** Subsea 7 has BP lump-sum EPIC award for subsea construction on Mad Dog-2 including risers and flowlines. OneSubsea has separate award for subsea production systems and two have identified "additional areas of cost improvement to provide greater cost certainty and reduce risk". 2019 and 2020 are scheduled for offshore work.

2. **UK:** Bibby with Bibby Topaz is understood to have award from Taqa for work associated with Eider platform bypass. Workslope includes flexible jumpers, subsea structures and diving, but no pipelay is required. Expected duration is two months. April/May start is expected. Bibby is also understood to have recently won two short diving scopes for Apache, one of which covers well ties.

3. **UK:** Repsol Sinopec has still to formally award new air diving contract which is expected from 2017 to be for three years. Management recommendation is believed to have been made. Market sources suggest work could be split on 50/50 basis between Technip with EDT Jane/Hercules and N-Sea with Siem Barracuda.

4. **UK:** Teekay is now in marketplace for FPSO hull inspection with air divers. Two to three weeks is expected duration in main work season with daughter craft required.

5. **GERMANY:** Turbine manufacturer Adwen is in marketplace via brokers for later this year hire of DP vessel for walk-to-work support. Duration is 140 days and believe company is already looking closely at Norwegian ship.

6. **EGYPT:** Second quarter is due to see ENI in marketplace for subsea construction work associated with second phase of Zohr development. Saipem has negotiated first phase contract. Second phase development is intended to add further 14 subsea production wells with two 220km 30-inch export lines and two 160km umbilicals. Third phase for six further wells with two more 30-inch lines and one more umbilical is still possible too. End third quarter/early fourth quarter is due to see phase two contract in place.

»» **Vessel Activity**

7. **SOUTH KOREA/NORTH SEA:** Newbuild DSV Seven Kestrel has arrived in North Sea and is in Hartlepool. For 2017 season, vessel is expected to spend extended period on DSVi field support cover contract.

8. **NIGERIA/NORTH SEA:** Geosund has commenced transit back to North Sea after 4-D seismic cable lay support on Chevron Nigeria Agbami field. March 23 sees vessel in Las Palmas. DOF Subsea already has Maersk UK inspection commitment for vessel and letter of intent for further work is also thought in place.

9. **BRAZIL/TRINIDAD:** Seven Seas appears to have completed long-term Petrobras construction support commitment. Subsea 7 now has vessel enroute Trinidad. Where vessel will next be stationed remains to be confirmed. Also in Brazil, Technip-controlled, Brazilian built/flagged Skandi Niteroi appears to have completed current eight-month contract and is available from Rio.

10. **UK:** EDT Jane has mobilised for Technip with air diving team for valve work at Ithaca Stella. One week is expected duration

»» **Corporate**

11. **USA/INTERNATIONAL:** Chapter-11 court is proceeding with bidding process for sale of EMAS-Chiyoda Ingleside spoolbase originally owned by Helix. June 7 is bid deadline with June 12 scheduled for auction plus June 13 sale hearing. Subsea 7 is acting as "stalking horse" bidder and

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sale of spoolbase is condition of Subsea 7 and Chiyoda temporary financing arrangement with EMAS-Chiyoda. Subsea 7 bid is \$14.85 million but can be increased. By June 27 spoolbase sale is intended complete.

12.USA/SINGAPORE/INTERNATIONAL: Ezra has filed for Chapter-11 bankruptcy protection in US. Ezra already had \$900 million of exposures for parent company guarantees for EMAS-Chiyoda, plus \$272 million unsecured loans to DBS, OCBC and HSBC. In internal memos, Ezra says move has "no immediate impact on day-to-day operations" and move should allow "financial and operational restructuring". Ezra notes VT Halter Marine yard has commenced civil action against EMAS-Chiyoda for \$3.3 million claim. However, Ezra provided parent company guarantee and is being pursued for payment. Welding company Serimax also has claimed \$4.4 million under Ezra guarantee for work for EMAS-Chiyoda. EMAS charter on DP vessel Lewek Toucan is terminated. Official owner of vessel notes charter breach and Ezra parent company guarantee. Owner is claiming rest of charter value and damages from Ezra. Toucan has been idle off Egypt since conducting construction support for EMAS-Chiyoda. Same default situation exists on AHTS Lewek Pelican. EMAS-Chiyoda 35% shareholder Chiyoda is also in process of replacing multiple members of senior management team.

13.UK: Force3 broker has commenced Aberdeen based operations with ex Seabrokers Des Hart and Yul Thomson both in Director/Partner posts. Later in summer Aberdeen office location is expected to be finalised. Force3 is already established in renewables market and is looking to expand through oil and gas sector.

14.NORWAY: Rieber CEO Irene Basili is taking up Shearwater GeoServices subsidiary CEO role permanently. Einar Ytredal continues as interim CEO at Rieber with Oystein Kvaale acting CFO while process to recruit CEO is in progress. Fourth quarter saw Rieber produce Nkr 52.6 million profit on Nkr 34.5 million revenues. Year ago period numbers were Nkr 400.1 million loss on Nkr 35.4 million revenues. For subsea vessels owner sees "levelling out of activities, but continued downwards pressure on rates".

15.USA/INTERNATIONAL: Gulfmark has missed \$13.7 million interest payment due on 2022 maturing senior notes. 30-day grace period has been triggered. In 2017, Gulfmark shares have already fallen 76%.



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