

# ASIA-PACIFIC OFFSHORE PART 1: AUSTRALIA



## TradeWinds Business Report

OFFSHORE CAPITAL: Greenery in King's Park, Perth, with the city skyline beyond

Photo: Scanpix

Anyone who takes just a moment to think about the fundamental global demand for energy will also understand the generally positive long-term sentiment among companies providing ships, equipment and complex services at the sharp end of the oil-and-gas sector. However, the sector is at a crossroads, with the darkest days long past and a feeling of short-term caution in the air. As the world's various arenas generate their own particular challenges, TradeWinds has carried out in-depth interviews with a selection of notable players to take the offshore pulse, this time in Asia and the Indian Pacific. Offshore correspondent **Darrin Griggs** focusses this week on the Australian market on pages 20 to 29 with a second part to follow next week devoted to Singapore.

## ASIA-PACIFIC OFFSHORE: AUSTRALIA

# Gas riches reinforce positive sentiment

The Australian offshore-vessel market is not as big as many might imagine but it has expanded rapidly with steady growth forecast against a background of 'stability' and strong energy demand.

GOOD VIBES DOWN UNDER: Red Kangaroos from Australian circus act 'Circus Oz'

Huge offshore gas projects in Australia mean that the mere mention of the country's name can instantly focus the attention of certain people.

They are usually eager for more details about the energy sector "down under" but, while this excitement among some owners, brokers and subsea players is unmistakable and understandable, it can also magnify their image of the market.

In other words, there is so much development going in the country that many think the offshore-vessel market is much bigger than it actually is.

For example, some offshore observers may be surprised to learn that there are only around 10 drilling rigs in the market right now, according to local owners.

Some lists, which show around 130 vessels active, actually seem to include just about everything that floats regardless of the type or size, such as small work boats, tugs, barges, landing craft and seismic vessels, as well as anchor-handling tug supply (AHTS) vessels and platform-supply vessels (PSVs).

In reality, the regional office in Fremantle of one core support company, Swire Pacific Offshore, reckons it is competing in Australian waters with between 40 and 50 ships in total, describing that number as a high, rough estimate.

On the other hand, although the country's offshore-vessel arena may be smaller than some might have expected, it has still grown significantly over the years since the government reformed the Customs Act (*see story, right*). Domestic-flag preference was abolished years ago but all vessels have to be fully manned with Australian crew.

Unfortunately, while outsiders may have an exaggerated view of the vessel market's size, their view of the high cost of Australian crew may actually be underestimated.

Various operators confirm to TradeWinds that crew costs of about

\$3,000 or \$4,000 per day in Asia would easily run at around \$13,000 per day for the exact same vessel with a domestic crew in Australian waters. In some cases, crew costs have been known to devour as much as 80% of the day rate for smaller offshore vessels.

For now, most shipowners and bareboat managers say the market is able to bear the weight of the union salaries and add that savvy players can extract good margins.

Despite this realisation of the market's size and the burden of costs, it is still an exceptionally promising, if challenging, sector for support players, and could turn out to be something of an Eldorado for the subsea sector as needs arise for pipe-laying and subsea-installation work.

At the root of the positive sentiment is the sheer magnitude of offshore developments for the country's huge gas resources, which amount to about 167 trillion cubic feet (cbf) of offshore gas alone.

Australia's largest gas resources by far are off the northern coast of the state of Western Australia (WA). These amount to 94.4 trillion cbf in the Carnarvon Basin, 35.2 trillion cbf in the Browse Basin and 27.3 trillion cbf in the Bonaparte Basin, according to statistics for 2010 from the Department of Mines and Petroleum for the government of WA.

Smaller offshore amounts include 0.21 trillion cbf in the Perth Basin, 1.3 trillion cbf in the Otway Basin, 0.5 trillion cbf in the Bass Basin and 8.2 trillion cbf in the Gippsland Basin. "Australia is becoming the Middle East of gas," said Hans Kristian Danielsen, who is country manager and associate director for DNV Cleaner Energy & Natural Gas in Perth.

For reference, total world LNG production at the moment is somewhere around 230 million tonnes per annum (mtpa), while Norway's much discussed Snohvit project is at around 3.7 mtpa, with full production aiming a bit higher, and Russia's Shtokman is around 15 mtpa.



DNV MAN ON THE SPOT: Hans Kristian Danielsen  
Photo: Darrin Griggs



## ASIA-PACIFIC OFFSHORE: AUSTRALIA

# High-spec Farstad in first place

'Pretty much owning the high-spec part of the offshore market' is how a Norwegian name keeps its competitors at bay.

Darrin Griggs

Perth

Many Australians in the nation's local offshore sector say the name "Farstad" like they mean it.

For example, Australians corrupt the silent "D" and soft final "A" and, in doing so, jar the ear of anyone accustomed to hearing the Norwegian pronunciation. In effect, the name is turned on its head so that "FARsta" becomes "farSTAD", with a strong stress on the second syllable.

But several of Farstad's close competitors in Australia readily acknowledge the company's strong position in the nation's offshore sector.

"Farstad pretty much owns the high-end, high-capability, high-spec part of the market," said one Australian competitor.

"If you move into Farstad's league, then you are looking at a big jump in operational demands," said another operator. "I think we'll leave that size to Farstad for now."

At the moment, Farstad has 26 ships in the region, with 22 of those operating in Australia, mostly working with exploration support. About two-thirds are anchor-handling tug supply (AHTS) vessels and one-third platform-supply vessels (PSVs).

Gaining this position did not happen overnight. Norway's Farstad Shipping entered into a joint

venture with P&O in 1997 and then bought it out in 2003. The transaction, valued at NOK 1bn, is still the Norwegian company's largest-ever single investment and created Farstad Shipping (India Pacific).

Joe Homsey, the Melbourne-based offshore veteran at the helm of Farstad's Australian activities, keeps a modest tone when asked to remark on the comments from some of his compatriots.

"There's strong competition in Australia. We hold the number-one position out here but the other players are continuously putting us through the competitive hoops. We've worked hard to get to our position and we're working very hard to stay there," he said.

It is difficult to imagine any company just barging into Australia's offshore-vessel market, so how has a Norwegian name become so prominent in that area?

Farstad's current activities "down under" can be summed up as the fusion of advanced foreign assets and domestic expertise but, more than that, this union of Norwegians and Australians seems to have grown rather naturally over decades.

Tracing the very earliest roots of Farstad's offshore business in Australia starts with a grand old British shipping company and a North Sea lady.

About a century after entering

Australia, P&O was well established in the country with containers and particularly ports by the 1960s. Leading up to this period, it had decided to respond to developments in the offshore sector, which had kicked off in the Bass Strait in the 1950s.

P&O, which was involved in the North Sea with International Offshore Services (IOS), established a trading company within the group, Australian Offshore Services (AOS), in 1968 and shifted a vessel to the region.

The Verlome-built, 731-dwt *Lady Astri* (built 1966) left the North Sea to become the first vessel for AOS in Australia.

"The *Lady Astri* could sit on the back deck of one of our ships today," said Homsey, in commenting on the ship's size.

The development of the North Rankin project in 1982 brought in a lot of work, with a fairly active period of exploration.

At the time, as there was domestic-flag preference, AOS went on to build 12 offshore ships in Australia, with the fleet peaking at 14-owned vessels in the 1980s. At one stage in 1984, the company had as many ships on bareboat charter as it owned.

But the oil price plummeted in about 1985, which brought on some lean years, says Homsey, who joined AOS in 1981. "At that time, we had to work very hard to keep the fleet going," he said.

The watershed year was 1988, when the government reformed the Customs Act and lifted restrictions on foreign-flag vessels.

"It really had a profound effect because it just opened the market up. In terms of the flag, it was completely deregulated," said Homsey.

The problem was that Australian vessel designs were many years out of date and had not been developing along the same lines as in Europe. Ships in the country's waters were quickly outclassed.

"I was clear that we had the wrong boats. We needed to get our hands on some decent tonnage," said Homsey.



AHTS TONNAGE: The 2003-built, 13,200-bhp "Lady Caroline" (top) and 15,900-bhp "Far Strait" (built 2008), which is working in Australia for Woodside.

Photos: Farstad



JOE HOMSEY: Farstad Shipping (India Pacific) managing director

Photo: Farstad

**Joe Homsey: "There's strong competition in Australia. We hold the number-one position out here but the other players are continuously putting us through the competitive hoops. We've worked hard to get to our position and we're working very hard to stay there."**

"The immediate thing was that we really struggled to get financial support out of the P&O group because they were going gangbusters into containers, cruising and port development. We were just a minnow in that big group, struggling to get our voice heard. So we decided the best thing to do was to try to leap ahead and take some boats on long-term bareboat charter."

As a result, in 1989, AOS brought in the first 10,000-bhp ships into Australia when it chartered Maersk's *Maersk Bonnavista*, Farstad's *Far Tracer* (later to become *Lady Elaine*) and Uglund's *Senorita* (later the *Lady Dawn*).

"That was a really important time for us because it was during the charter of the *Lady Elaine*, which we did through RS Platou, that I got to meet Terje Andersen, who was then the managing director of Farstad," said Homsey.

"He was a very able, outward looking and engaging man and it didn't take too much time after us getting to know each other to work on a second charter. We ended up chartering another 12,000-bhp vessel called the *Far Sword*. I wanted to buy that one but couldn't get support within P&O."

The early days of AOS and Farstad seemed to be an easy match. "While we didn't have any ex-

## Boss no stranger to Aussie trade relations

Farstad Shipping (India Pacific) managing director Joe Homsey has particular experience with Australian unions, having spent 10 years in industrial relations before joining the offshore-shipping sector in 1981.

Homsey, 61, who graduated with an economics degree in 1971, says he was attracted to the potential of broad industry economics at the AustralAsian Steamship Owners Federation, which was the predecessor of the Australian Shipowners' Association (ASA), and ended up working there for six years, with a heavy focus on labour relations.

Then he spent four years with Australian Mines & Metals Association, largely as an industrial-relations advisor and advocate mostly on behalf of marine companies. He also led enterprise-agreement renewals. As offshore-marine contracts were federal awards in those days on a project-by-project basis, he also gained experience in working with various oil companies, such as Woodside.

Given the exceptionally strong unions in Australia, has an initial 10 years in labour relations been a good asset?

"Well, years in industrial relations certainly make you a good listener. I think an asset for me has been that I am not a mariner. I really do like the industry, know a lot about it and enjoy it very much but, fundamentally, I've got a business orientation. I think I can relate well to what our customers want of us and what they are trying to manage," said Homsey.

"Industrial relations today is such an important part of Australian shipping."

It varies from union to union in Australia but, in the offshore industry, overall union membership is extremely high, probably fairly close to 100%. The Maritime Union of Australia (MUA) probably has the highest percentage but it means the unions have a tremendous amount of influence, says Homsey.

"The thing you will find is that crew costs are extremely high, absolutely. If you take your total operating expenses and the cost of putting your operation out there, before you look at your margin, the crew costs can make up 55% to 70% of that, which is massive. It is symptomatic of the cost of labor throughout the offshore industry in Australia," said Homsey.

"This is a highly unionised environment and the unions have exploited the situation to the max. I think the industry in general has just wanted to get on with operations and so getting proper international constraint over wage movement has not occurred."

The requirement of having 100% crew while in Australian waters is a high cost but business goes on.

"It's one of the toughest environments to work in and one of the hardest markets to manage in. The clients and oil companies out this way appreciate the nature of this and factor in those costs. As a consequence, you can extract a better margin here if you are prepared to put in all the work that goes with it," said Homsey.

"Because the wages are so high, the Workers' Compensation Act is very onerous on employers. There can also be a long tail on your ex-

penses if you don't manage your business well. You've really got to be on top of things. The oil companies here are also extremely demanding because of all these reasons and so they put a big emphasis on safety and environment."

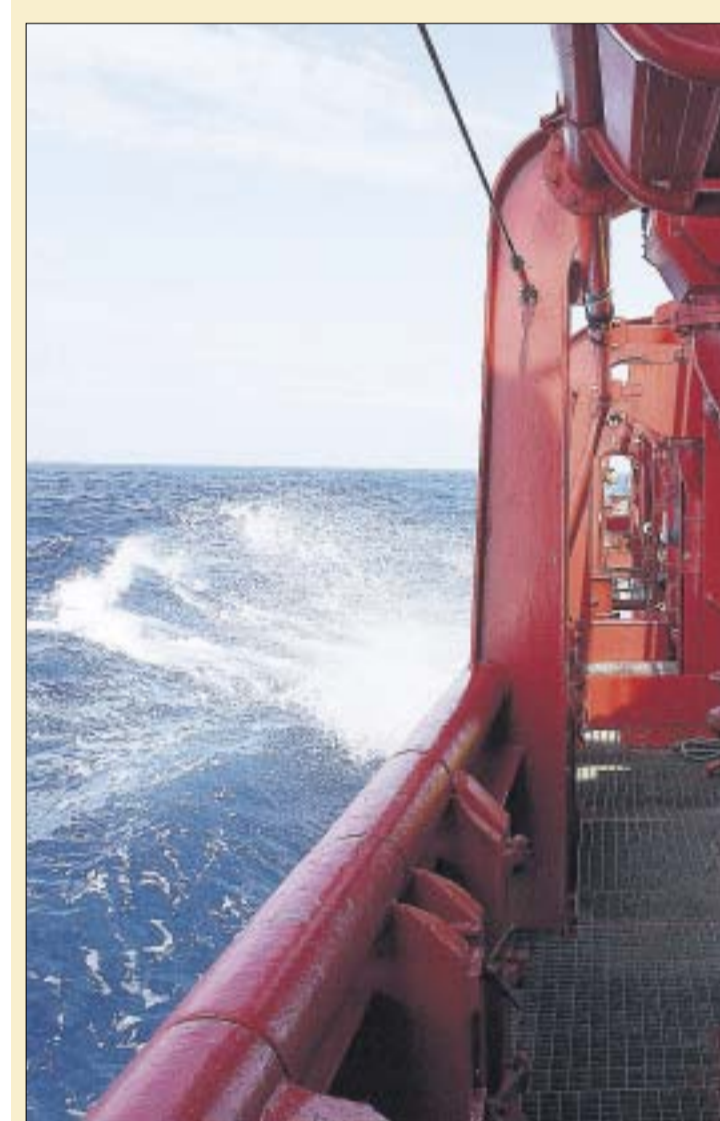
Are the Australian unions about to kill the goose that laid the golden egg?

"I don't think they're in danger of killing the goose because you have a significant number of projects here that stretch out for the next 15 to 20 years. What I can see is that they're not impervious

if the government does decide to change regulations," said Homsey.

"I don't think the unions will kill the goose but they may precipitate changes that put this industry a little bit more back into context with the rest of the community."

The Australian federal government is currently conducting a review of shipping, examining such issues as whether the country should institute a tonnage tax, whether cabotage should be modified and whether manpower needs are being addressed.



THE "FAR SCOUT": Pictured, the 2001-built AHTS vessel. Rising competition from abroad is adding to oversupply in the region

Photo: Farstad

## Rates upturn 'may take a further 12 months'

Farstad Shipping (India Pacific) managing director Joe Homsey believes any upturn in Australian vessel rates may take another 12 months.

"The rates are at a low point, without a doubt. They have come down considerably. Not immediately after the global financial crisis but probably within six months we started to see some easing back and it is continuing largely because of the oversupply," said Homsey.

"It is a combination, of course, because the demand initially contracted and now we're seeing it grow back very gradually, although supply has outpaced it."

Some sources say 12,000-bhp vessels earning \$50,000 per day three years ago dropped as low as \$15,000 per day in some cases but are now around \$25,000 to \$35,000 per day.

A large number of vessels are

being offered in for projects in Australia from outside the country.

"Many players are trying to get in and the rates in some cases have been cut in half," commented Homsey. "At the same time, the cost of operating in Australia has just been tearing ahead, with the increase in wages going on pretty much unabated. So rates have dropped and margins are being squeezed."

"I wouldn't say it's the lowest point because we've seen lower rates but we've dropped back quite a number of years," he added.

"The immediate outlook is we're probably not going to see this situation turn around within the next 12 months. I hope it turns around sooner but I can't see that at the moment. I hope I am wrong. Longer term, I think it must recover but it will be slow."

clusive relationship with them or anything, it just so happened that the way business developed between us, it was comfortable," said Homsey.

Meanwhile, Richard Hein, who was later the managing director of P&O Australia and the director for AOS, was supportive of the offshore industry and wanted AOS and P&O to remain in the sector even if the group would not open up capital for AOS. That is why a number of approaches from international players to buy the business, particularly from the US side, never came together.

In 1997, P&O and Farstad formed an equal joint venture, through IOS, which was set up in Norway to take part in the tonnage-tax scheme. AOS owned 10 ships at that time and put in five, while Farstad put in two vessels. In effect, Homsey ended up managing IOS, which operated quite successfully.

Having the Norwegians on the Australian team changed P&O's tone significantly.

"With the positive support of Farstad, P&O actually came to the party and started to agree that we could build some more ships, so

we started building again in a purposeful way," said Homsey.

However, while P&O began going through changes that ended up being the dismantling of the group, Farstad made an approach in late 2002 and P&O agreed to sell its 50% stake by 2003.

Given the nature of the country's market, where the burdensome union situation serves as a de facto barrier to entry, a large part of Farstad's success in Australia is clearly tied to the combination of Norwegian assets and strong Australian management.

Homsey agrees that his part of the Norwegian group is Australian at its core but he is quick to highlight the "tremendous amount of co-operation" with the owners in Norway.

"I actually think it is very much a mutual thing. Farstad knows the business well and has been very supportive. They've provided a lot of capital that we previously could not acquire and they have brought to the table a lot of know-how and solutions when it comes to delivering on projects. We have been able to crystallise what opportunities there are and how to deliver on them," said Homsey.

# Swire bets on steady growth

Having a 'heavy-hitting' parent is a big help in a sluggish market.

Darrin Griggs

Fremantle

Swire Pacific Offshore (SPO) in Australia has a fairly moderated view of the markets ahead as the company sharpens its focus on expanding into larger ships and bringing more platform-supply vessels (PSVs) into the nation's waters.

Globally, SPO owns about 75 quality offshore ships with around 20 on order, moving the company toward a 100-vessel fleet. But this significant offshore owner is actually only a tiny part of the massive Swire group, which employs about 130,000 people across a portfolio of industries.

In Fremantle, SPO regional boss Duncan Telfer says building offshore ships is necessarily a speculative pursuit because market needs evolve so quickly. He points out that having a heavy-hitting parent puts SPO at an advantage, especially because of its tendency to take an exceptionally long-term view of all its markets.

"Nobody has a crystal ball but you can take a rough guess about future vessel needs and that, I think, is what's encouraging because our shareholder is prepared to invest in what we see as the market going forward," he said.

Telfer points out that SPO has been focussed on building its C-class vessels at 185 tonne bollard pull (tbp) and its D-class at 220 tbp but adds that sizes will increase, with a cut-off of 150 tbp as "the magic line for Swire", below which it will not venture.

How does Telfer describe offshore rates in Australia at the moment?

"Bottom dollar, dirt poor, not high enough. Shall I continue?" he said, with a laugh. "Rates have dropped off over the past two

years consistently and the average is less than 50% of what it was."

For the Australian market going forward, the SPO boss is looking for a long, gradual increase.

"Although it's certainly not a declining market, it's not going to be a Brazilianesque sort of boom. I'm hoping we're looking at a steady increase over time and as Swire looks specifically at bigger vessels I think we can expect to see a steady increase in the fleet," said Scottish-born Telfer, who went to sea at 16 on liners, started in offshore in his early 20s and has worked as a master on anchor-handlers.

"There's been a downturn recently on the exploration side, which has been some concern for us because a lot of our 'bread and butter' is on the exploration side," he said. "It will pick up, I think, but not dramatically."

While Telfer says PSVs will feature more in SPO's Australian activity, he adds that the company has been looking very closely at Brazil.

While there are more than 100 people in SPO's head office in Singapore, there are 14 people in Fremantle and over 200 permanent seafarers working for Swire in Australia.

Broadly speaking, Australia has two basic business models for offshore-vessel companies, the pure owners and the crew managers with bareboat charters. Swire's take on the unions seems to match that of other owners.

"The Australian manning costs would be onerous and prohibitive if we were working within international competition here but we're not. That doesn't mean we don't care about costs because we certainly do. But as long as the market is prepared to absorb those high costs, then we are going to



CAPTAIN DUNCAN TELFER: The Australian market is set for a long, gradual increase.

Photo: Darrin Griggs

operate within it," said Telfer.

But the SPO boss does elaborate on the stress caused by exceptionally high Australian wages, which some sources estimate are about 330% higher than for similar Asian wages.

"In a fair and free market, whoever can do it best at the right price is going to win the job. And I think that's the way to do it because otherwise you're just channelling funds away and eventually it becomes unviable," said Telfer.

"Having said that, the Australian market does have a lot of com-

petition within it and the regulations are certainly controlled and disciplined. There could be a paradox in that we don't have a manning market where we can go out and compete on price. How sustainable it is, I think, is the big question. A balloon has to burst at some point."

Although seafarer wages are high, the highly structured nature of the crewing system puts the employers on a level playing field for those costs.

"Crewing is important anywhere but it takes on a special sig-

nificance in Australia. It is easy to look at the cost side of things and say it is out of control but it is not out of control in how the system works. It is organised so that we all know what the costs are and everybody has to deal with the same cost."

SPO's fleet in Australia and New Zealand peaked at 17 vessels a while ago but has now dropped down to about six. It normally operates 10 to 12 ships in the nation's waters and Telfer expects an expansion in that direction over the next few years.

## A leading shipyard in China for both ship repair and new building

Under the leadership of CSSC, Chengxi Shipyard Co., Ltd., together with its subsidiary company, Jiangsu Xinrong Shipyard Co., Ltd., is struggling to be the FIRST CLASS shipyard in the world.

### Ship Repair / Conversion

With a capacity of 300 vessel repaired/converted annually for different type of vessels from over 50 countries and regions.

Floating Docks:

1. LOA 330m x Inner Breadth 53.5m, Lifting Capacity 50,000 tons
2. LOA 285m x Inner Breadth 49m, Lifting Capacity 35,000 tons
3. LOA 258m x Inner Breadth 42m, Lifting Capacity 26,000 tons
4. LOA 256m x Inner Breadth 40.8m, Lifting Capacity 18,850 tons
5. LOA 189m x Inner Breadth 28m, Lifting Capacity 13,000 tons

### Ship Building

With a capacity of 22 ships delivered annually from Handysize to Kamsarmax for bulk carrier and self un-loader etc.

Slipway:

1. LOA 240m x Breadth 36m with 4 x 120t and 2 x 150t cranes
2. LOA 230m x Breadth 81m with 2 x 200t gantry cranes

### Offshore Engineering

Repairing and conversion of FPSO and FSO etc.

Address: No.1 Hengshan Road, Jiangyin, Jiangsu, China

Tel: +86 510 81668150/81668151

Fax: +86 510 81668800

Email: cssc.cxsy@chengxi.com

Website: www.chengxi.com



中船澄西船舶修造有限公司  
CHENGXI SHIPYARD CO., LTD.

**Duncan Telfer: "Although it's certainly not a declining market, it's not going to be a Brazilianesque sort of boom. I'm hoping we're looking at a steady increase over time and as Swire looks specifically at bigger vessels I think we can expect to see a steady increase in the fleet."**

## ASIA-PACIFIC OFFSHORE: AUSTRALIA

# Mermaid to expand in niche sector

**A shipowner with a unique sideline in repair and supply is planning to grow its drilling support.**

Darrin Griggs

Perth

ASX-listed shipowner Mermaid Marine Australia (MMA) wants to expand into drilling support with medium-size platform-supply vessels (PSVs) and may sign a new-building contract soon.

"We're looking to contract two ships and will probably do one of those within the next two or three months," said MMA chief operating officer David Ross.

"They will probably be built somewhere in Southeast Asia but perhaps not Singapore. We'll build anywhere from Indonesia to Vietnam and it will depend on quality and cost."

The company is shopping around at several yards for a 3,000-dwt to 4,000-dwt vessel with 700 to 800 square metres of deck space and diesel-electric propulsion sounds likely. The price will probably be somewhere between \$32m and \$38m, depending on the design, says Ross.

"We built the *Mermaid Sound* with diesel-electric five years ago and we've had a very good run out of her, for reliability, efficiency and station-keeping. We're passionate about diesel-electric and

will be probably looking to build more of those. It's also a question of whether we will be looking at dual-fuel LNG-powered vessels," said Ross.

"We're primarily a vessel owner, so when we're looking to build, we're looking at taking on good, solid 15-year assets."

MMA's core business, which accounts for about 60% of revenue, is a fleet of 34 offshore vessels, mostly operated in Australia waters. This includes 27 owned ships and seven chartered ones, largely anchor-handlers in the 4,000-bhp to 6,000-bhp range.

At the moment, three vessels are working internationally, where one of MMA's main clients has been Geokinetics in ocean-bottom seismic work.

MMA also specialises in off-take support for floating production, storage and offloading (FPSO) units, with two off-take support vessels, the *Mermaid Sound* and *Mermaid Strait*, having just won three-year contracts with Woodside. The *Mermaid Strait* is being built at ASL in Singapore and the company is in discussions for building another off-take ship at the same yard.

With an FPSO on its turret, a

shuttle tanker will come in behind to "offtake" the cargo, and one of MMA's specialised off-take support vessels will assist with connection hoses and then keep the tanker in line with a towing wire about 600 metres off the stern. Then all three units will "weathervane" around the turret.

MMA's purpose-built off-take vessels can tow over the bow as well as the stern and five of these ships are supporting eight of the region's 10 or so FPSOs.

Apart from the vessel side, MMA also has a supply base and is involved in repair.

Jim Carver, a former master from Lombardo Marine, purchased a small workboat in 1982 and got MMA started in the market. He soon realised that there was no general operating hub for the oil and gas industry in the region and had the foresight to take a lease on some land on the Barrow Peninsula, which is the MMA Dampier supply base today.

The base represented a heavy investment in the early days, especially the dredging of the channel, but Ross says the unique asset is now beginning to pay off. MMA has spent around AUD 150m (\$161m) on the facility, which ac-



**SUPPLY BASE:** Mermaid Marine Australia's Dampier facility

counts for 30% of the company's business.

The base has grown from a single berth to six-berth multi-user facility completed in 2009, the only such base in the region. It has the only significant slipway between Fremantle and Singapore, says Ross, and can lift up to 4,000 dwt, which means most of the PSVs in the area and some of the anchor-handlers.

The slipway handles all the maintenance for the MMA fleet, which takes up about 60% of its time, while the rest is third-party work. Right now the repair facility is booked solid for the next four months. Apart from repair, it takes part in mobilisation activities, such as installing A-frames on vessels.

"This facility is the key infrastructure in the region. There is no

waterfront available for private industry. There just isn't and there will not be any more private wharves because of restrictions to land," said MMA general manager David Lofthouse.

BHP, Santos, Chevron and Hess are all resident on the MMA base but it is open to other oil companies, such as Apache, and competing shipowner clients, such as Maersk or Farstad. Construction activity brings in the likes of McDermott and Subsea 7.

The Dampier base is supporting exploration drilling, production drilling, offshore production and offshore construction, while MMA's smaller Broome base is looking after exploration activities.

Meanwhile, all the cargo on the way to the Gorgon project passes through the base in a series of

**David Ross: "Our supply base and slipway is a strong strategic asset but we are primarily Australian owners and we build assets to hold them. We'll continue to build for our core off-take support market, while looking to expand into the drilling-support market."**



**MERMAID MARINE AUSTRALIA:** Chief operating officer David Ross and (right) general manager for business development David Lofthouse



**THE "MERMAID SOUND":** Purpose-built off-take

Photos: Darrin Griggs

# Offshore Marine takes long view

A chartering and manning specialist is optimistic about the future of the 'golden goose'.

Darrin Griggs

Perth

Australian charterer and manning specialist Offshore Marine Services (OMS) is keeping a positive long-term view of its home markets given the huge resources that are being unlocked in the nation's waters.

"We're at a crossroads but I'm very optimistic about this country, this industry and the participants in the industry," said OMS general manager Peter Richards.

"Australia is being seen as the golden goose to a degree, I think, by the rest of the world. I think they are correct. It is a very exciting period, with leaps in technology and all sorts of development. We are going to have some difficult times and there is no question about that but I think Australia is a very good place."

Richards refers to huge gas resources in his country's waters, as well as the world's hunger for cleaner energy, as some especially good reasons to remain positive.

"As for the market, I think we are on a bit of a plateau at the moment. Our movement in the off-

**Peter Richards: "As for the market, I think we are on a bit of a plateau at the moment. Our movement in the offshore industry will probably start happening in the second half of 2012 and will then be steady, very steady, as an upward growth through to about 2016. It will plateau again as we hit the production phase for these projects."**



**OFFSHORE MARINE SERVICES: General manager Peter Richards (left) and business-development manager Eliot Ward at their office in Applecross, Western Australia**

Photo: Darrin Griggs

shore industry will probably start happening in the second half of 2012 and will then be steady, very steady, as an upward growth through to about 2016. It will plateau again as we hit the production phase for these projects," said Richards.

"You have to remember that we are living in a world where there is a global craving for energy and Australia is sitting on the reserves. All we have to do is develop them and that is happening now and will continue to happen. Australia could potentially end up as the world's largest exporter of gas."

Australia has two basic business models for offshore vessel players in the country, the pure shipowner and the bareboat-chartering manning agent.

OMS represents the other side of the coin, as compared with the likes of Farstad and Swire. It fills a definite niche by allowing foreign owners to gain exposure to Australia without building up an extensive operation and it serves as a flexible player in busy markets.

OMS started as a private company in 2002, with four shareholders who were experienced industry players, some from Total Marine. It was purchased by

Skilled Group, which is a large Australian listed company that focusses on labour supply, with about 27,000 employees and a turnover of around AUD 2bn (\$2.14bn).

Skilled purchased OMS Australia, which included the New Zealand office, as an entry into the offshore arena in mid-2007 and then took on international arms in the Malta, Aberdeen and Dubai in late 2007. The company has since reopened its Singapore office.

With revenues of about AUD 310m in 2010, OMS has two main business streams.

About 65% of its revenue comes from work as manning agent, which involves providing marine crews, rig crews and catering crews to vessels and facilities in Australia and internationally.

The other side of the business is vessel operations with a fleet of 12 chartered ships, which makes up the remaining 35% of its revenue. Five vessels in the fleet with the "OMS" prefix are owned by the founders who sold the company to Skilled.

"Our numbers of seafarers and drill crew fluctuate but they do so between 1,200 and 1,300 people any day of the week in total in

Australia and New Zealand. Outside of Australia we are probably up around the 600 mark," said Richards.

Of the mix of its crew in Australia, OMS handles about 75% seafarers and 25% rig workers.

As a crewing agent, how does OMS respond to people who complain about crew costs in the country?

"People might say it is expensive to come and operate in Australia and, well, it is," said Richards.

"Compared to the west coast of Africa or Indonesia or wherever, it is. But, at the end of the day, you're coming into a regulated environment that has a stable government, a stable workforce, stable laws and we're not firing guns down the main street of St Georges Terrace."

Do the crewing costs operate as a barrier to entry?

"Yes, industrially, to operate in Australia, in our sector, you have to be savvy. It is not easy for people to come here and think that they can just sail over the horizon and operate just as they do in West Africa. It won't happen here and shouldn't be allowed to happen here," said Richards.



**AHTS: Offshore Marine Services' 12,240-bhp "Tourmaline" (ex-"Aquamarine", built 2008)**

Photo: OSM



Photo: MMA

quarantine-compliant zones before being transhipped to Barrow Island.

The \$50bn Gorgon project is in a Class-A nature reserve, which from an Australian perspective is the highest classification, with unique flora and fauna found nowhere else on the planet.

Chevron has extremely strict environmental and quarantine guidelines that are a pre-requisite for maintaining the operating lease on the island. Cargo and trailers have to be washed thoroughly and inspected at several points to remove all sorts of items, such as all soil, spider webs, insects and seeds.

"The shoes you have on now probably would not pass the quarantine compliance. And we're taking thousands and thousands of tonnes of freight through here and all has to pass the strict guidelines," said Lofthouse.

"Our supply base and slipway is a strong strategic asset but we are primarily Australian owners and we build assets to hold them. We'll continue to build for our core offtake support market, while looking to expand into the drilling-support market," said Ross.



**support vessel on contract to Woodside**

Photo: MMA

## ASIA-PACIFIC OFFSHORE: AUSTRALIA

# Savvy game at Go Marine

Its launch may have been pre-crash but the company has stepped on the gas during the downturn.

Darrin Griggs

Perth

GO Marine Group is the result of a collection of Australian master mariners recently deciding "to give it a go".

Just seeing a new offshore-vessel player in Australia should be a surprise in itself given the challenging nature of the sector, its roster of top-tier competitors, potentially punishing expenses and the rather limited size of the market.

As a new entrant on the offshore scene, GO Marine opened its doors in 2007 during the hot markets but has carried out most of its rather meteoric rise in revenue during the challenging years after the global financial crash of 2008.

"When we started the company, it was pre-crash and everything was booming. We were just a bunch of young guys and we wanted to give it a go," said managing director Garrick Stanley.

Stanley, 38, who had been a master mariner for Total Marine and others, says he called on Mal Wardle, one of the founders of that

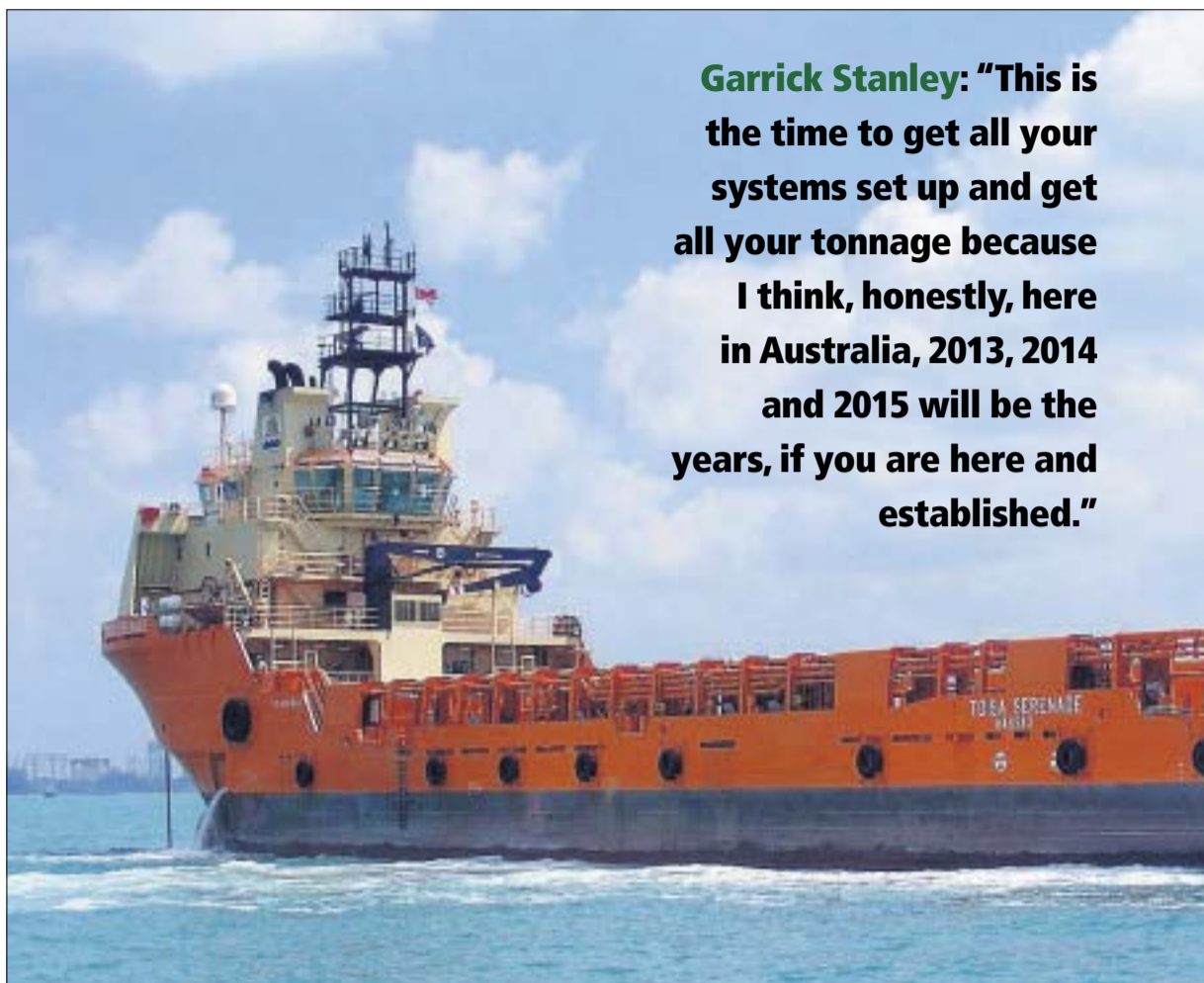
company before it was sold out to Integrated Group.

"I approached Mal and asked him if he would back me to start GO as a shipping and labour-hire company and he did. That was very much our focus from day one, to build a shipping company," said Stanley, one of the five original GO Marine founders.

In 2007 and 2008, the company was developing its management systems, its policies and pre-approvals with the oil companies, while also working on manning and rig moves. Gaining Chevron's pre-approval took 14 months alone.

Also in 2008, the company used a bareboat charter to bring its first vessel into Australian waters, taking the 5,150-bhp, 65-tonne-bollard-pull (tbp) anchor-handler *Ark Sydney* (built 2008).

"We grew to \$11m in revenue in the six months to June 2008 and then it was \$77m to June 2009, \$111m to June 2010, \$185m to this year and we will be at \$200m-plus revenue business going forward," said Stanley.



GO MARINE: The 7,909-bhp "Toisa Serenade" (built 2001)

"We are bidding on projects now that if we win could double our revenue again. In a fairly depressed market, we managed to grow very quickly. I think in 2012, 2013 and 2014, it is just going to go through the roof."

GO Marine peaked with 19 vessels but the fleet is now back down to 14, with ownership stakes in three ships through its partnership with 19% owner Otto Marine of Singapore. The ultimate goal is to have a fleet of 25 to 30 vessels in the next two to three years, with 10 to 15 of those being owned directly.

"It's been a rapid growth and the work has come from everywhere. We've done everything from project work to anchor-handlers and platform-supply vessels [PSVs] with the oil companies and remotely-operated-vehicle [ROV] support. I guess the biggest thing is that we are now running

with every oil major," said Stanley.

About 70% of the work has been in Australian waters and 30% in Southeast Asia.

GO Marine has a large 200-tbp anchor-handling tug supply (AHTS) vessel with Chevron, large anchor-handlers with Apache, an anchor-handler in Indonesia for Hess, PSVs with Woodside and in the Bass Strait for the construction side with McDermott, as well as running 5,150-bhp vessels internationally for Fugro for seismic support.

So how has GO Marine moved so far forward so quickly?

"Look, I don't care what anyone says, Australia is a tiny market. And it's a lot about industrial relations — if you want to make it work here then you have to be here, it's as simple as that. And I think one key to our success is all about service. It's very deliberate

**Garrick Stanley: "This is the time to get all your systems set up and get all your tonnage because I think, honestly, here in Australia, 2013, 2014 and 2015 will be the years, if you are here and established."**

and nothing is too hard for us. If we get a call, we'll make it happen," said Stanley.

"We are master mariners and we all know the industry. We also do a lot of marine consultancy so many of the job offers come from that. A lot of people can build ships but not a lot of people can find the work and there are management companies out there too that don't find it. We are on the frontline really going after the work."

With the difficult global financing situation, especially for a young company, GO Marine has used joint-venture partnerships to give it access to much-needed vessels. Its three joint ventures are GO TO with Otto, GO OC with Opielok Offshore Carriers and GO Hartmann with Hartmann.

The GO Marine business model is aiming to end up with a 50% owned fleet, a 25% joint-venture

## New kid on block set to reap benefits from joint venture with



GO MARINE GROUP: Managing director Garrick Stanley at his office in South Perth

Photo: Darrin Griggs

GO Marine Group could end up with some very large and costly assets from its Singapore joint-venture partner, Otto Marine.

The venture may see GO Marine take one or more of the four large VS-491 anchor-handling tug supply (AHTS) vessels originally ordered by Mosvold Supply in Norway. The ships have been plagued by delays and several cancellations.

"There is a very good possibility we will end up with one of these ships but there is no doubt in my mind that if Otto gets a good offer, they will sell them," said GO Marine managing director Garrick Stanley.

Stanley says the 28,000-bhp, 270-tonne-bollard-pull (tbp) ships are too large for the Australian market at the moment, even though Maersk has some similar-size vessels on the North West Shelf. He adds that additional suitable work could come in the future for specific projects or pre-laid mooring work, for example.

"I don't see those VS-491 ships as primarily Australian. There's work out there but these are \$85m or \$90m ships and market rates just wouldn't support that at the moment. We would be taking them to New Zealand and rough waters or anywhere else in the

**Garrick Stanley: "We need vessels and, let's face it, the newbuilding market is dry, so our venture is also a good situation for Otto."**

# Braemar priority on local support

Australia's only offshore-vessel broker says adding value and services tops the agenda.

Darrin Griggs

Subiaco

Richard Williams has joined the ranks at well-known broking house Braemar Seascope, with the Australian yard veteran claiming a rare distinction in the process — he is the only offshore-vessel broker in the country.

Various brokers have been doing long-distance business in Australia for quite some time and, admittedly, some local consultants or one-man shows may be active below the radar.

However, among the larger international houses, Williams is the only offshore-vessel broker actually on the ground, having taken up his post last September.

Despite his rare status, Williams is anything but lonely. Braemar Seascope already had a significant presence in the country, with 14 employees in the Subiaco, Perth, office and over 30 staff in Melbourne.

While he can draw on the resources of the larger Braemar Seascope group, Williams is also accompanied in the office by Braemar Falconer, one of the companies in the group's technical division that is specifically associated with warranty surveys in the offshore sector.

"For Braemar Seascope, we are in a new phase. We are not banging on desks demanding this or that. We are looking at the market to understand what the opportunities are, what the pressure points are and where the growth is," said Williams.

"This is very much a business development — a sort of pioneering position for the group."

Because the market is relatively small, there are a handful of often well-established shipowners that have good long-term, close relations with many of their clients, so in many cases brokers may find carrying out pure vessel charters as something of a challenge.

One example of where a broker may fit in is by working with oil companies or other contractors that may not have marine departments in Australia. Another example is perhaps helping to provide tonnage to operators.

However, given the nation's strong unions — with their high wages and strict vessel requirements — as well as clients' vessel requirements, the risks are high.

At the same time, more players are looking to enter the market. So a knowledgeable broking authority on the sector's pitfalls and rules may be in increasing demand.

"To bring a ship into Australia you have to meet all the checks



**BRAEMAR SEASCOPE: Offshore manager Richard Williams outside his Perth office**

Photo: Darrin Griggs

and requirements of the charterer, of course, but, for example, they also have to be asbestos-free, as well as meet quarantine requirements, such as the bottom has to be cleaned before a ship can enter the area. And the Australian crew have to be on board from the last port of departure," explained Williams.

There are also union requirements for noise and air conditioning, the size of the bench tops, the length of the beds and various other requirements before a crew even steps onto a vessel.

In any event, Braemar Seascope is staying open-minded about how the company's offshore role

will crystallise in Australia.

"There's no room for someone who says, 'here I am, give me your business'. You have to be able to add value or add a service that's going to help the client," said Williams.

"Our role here is a long-term strategic one. We are definitely not transplanting the London offshore business model into Perth. It is a different world, with different players and a different market."

Braemar Seascope's new offshore manager also believes that local clients will begin to increasingly appreciate local support, as the complexities of the offshore sector continue to grow with high-

er levels of technology and more activity in deeper water. In relation to this, broking business previously carried out at long distances may become harder to manage.

As far as the attraction from outside, there is no shortage.

"Yes, there are a lot of people looking at the market and saying, 'Wow, this is the place we need to be, so how do we get there?' The oil majors are constantly being approached by owners with ships, barges and accommodation vessels — you name it," said Williams.

"A lot of people are flying into Perth, walking up and down St Georges Terrace and knocking on doors, having meetings and they are pretty much being told, 'How are you going to do this, this, and this? Go away — see you later.' That's the type of wall people are coming up against."

"From where we sit, here on the ground, we're hearing the challenges and have our eyes open. For companies that would like to be here, we are able to give them very clear and reliable advice," he said.



Photo: GO Marine Group

fleet and 25% bareboat charters. Through its joint venture with Otto, the company has ownership stakes in the 10,800-bhp *GO Cappella* and *GO Canopus*, and 3,000-bhp *GO Polaris* (all built 2009).

But what is GO Marine's view of the market going forward?

"In Asia, rates are abysmal. You're lucky to break even. We are achieving break-even or slightly better but it's tough and that's because there's just so much tonnage," said Stanley.

"In Australia, I feel like this is not the year for anybody. I think this is a year to get yourself set up. This is the time to get all your systems set up and get all your tonnage because I think, honestly, here in Australia, 2013, 2014 and 2015 will be the years, if you are here and established. And I would honestly not want to be starting the company in this environment today."

## Otto Marine

world," explained Stanley.

Some controversy has surrounded the vessels because of the delays and Mosvold's cancellations, along with Otto's learning curve on the first vessel, which has raised some questions in the industry about quality.

"The performance of the Otto ships that we have on charter has been good. Otto is a good yard and is certainly building, arguably, some of the best tonnage in the region. But I think they are also developing and the size and technical complexity of these VS-491 ships have probably made them longer to complete than the time frame allowed," said Stanley.

"There's absolutely no downside from us teaming up with Otto. We need vessels and, let's face it, the newbuilding market is dry, so our venture is also a good situation for Otto."

Otto owns a 19% stake in Go Marine.

**Richard Williams: "Our role here is a long-term strategic one. We are definitely not transplanting the London offshore business model into Perth. It is a different world, with different players and a different market."**

## OFFSHORE

## DOF's 'Skandi Constructor' secures juicy Ghana charter

Darrin Griggs Oslo

The Norwegian DOF group says its Aberdeen-based subsea specialist is putting the advanced construction-support vessel (CSV) *Skandi Constructor* (built 2009) to work off Ghana in a lucrative short-term contract.

DOF Subsea UK has landed a contract with Irish independent Tullow Oil for the provision of jumper and spool-installation services off Ghana, in a deal valued at \$4.3m over 20 days.

Originally ordered by crisis-struck Marine Subsea as the high-profile, 120-metre *Sarah* and primarily meant to take on well-intervention work, the *Skandi Constructor* was built by Norway's Ulstein Verft, using Ulstein Design's SX-121 configuration.

DOF purchased the vessel at a sizeable discount through the Scottish courts, paying a confirmed price of \$110m earlier this year.

DOF boss Mons Aase told TradeWinds previously that DOF Subsea was likely to use the *Skandi Constructor* in the subsea market for construction or inspection maintenance and repair (IMR) and that DOF would have to find a partner with experience in well-intervention if it wanted to move into that market.

After Marine Subsea defaulted on the *Sarah's* \$110m loan, that ship was arrested by lenders Standard Bank and Giek, which demanded immediate repayment of the loan. The lenders also withdrew \$112m in financing for the sistership *Karianne*, which had not yet been delivered to Marine Subsea by Ulstein. The yard cancelled the contract and took possession of that ship, which was sold to Norway's Island Offshore for about \$108m.

Given some rough value estimates by brokers on the ships of between \$145m and \$150m at the time of the sale, DOF's purchase price represented about a 26% bargain, while Island Offshore's bid was about a 28% cut.



DOF BOSS: Mons Aase

Photo: DOF

## Penguin Shipyard launches 25th Flex crewboat

Darrin Griggs Oslo

Singapore-listed Penguin Group's Penguin Shipyard International has just launched its 25th Flex crewboat for the offshore oil-and-gas industry.

At the end of last week, the *Express 65* hit the water at the 12,000-square-metre yard in Tuas for ASX-listed and Singapore-based Miclyn Express Offshore (MEO).

MEO is a significant provider of

offshore vessels across Southeast Asia, Australia and the Middle East, with 68 crew/utility boats, 20 offshore-support vessels (OSVs), 10 tugs and 21 barges.

Penguin has been building a series of the Flex-36 designs on a speculative basis and the *Express 65* is one of four Flex-36 ships recently purchased by MEO, which has bought a total of 10 such vessels to date.

The yard has also sold the design to various owners from West

Africa, the Middle East and Southeast Asia.

Penguin says the aluminium Flex-36 design has "practically defined the market for midsize crewboats in Southeast Asia since 2007".

The multipurpose (MPP) Flex-36 is meant to be used as an offshore crewboat, a security escort ship, a rescue/standby vessel or for wind-farm installation support.

The 36-metre vessel can carry 70 to 80 passengers at speeds of

up to 25 knots, has fire-fighting capabilities and oil-spill dispersant booms and also has space for 60,000 litres of fuel, 25,000 litres of fresh water and 40 tonnes of deck cargo.

So far, the yard is building 10 of the design this year, all with internal financing. Penguin estimates that its Singapore yard and its 50,000-square-metre yard in Batam, Indonesia, is capable of delivering more than 20 of the Flex-36s in one year.



THE "EXPRESS 65": The newbuilding is one of four Flex-36 crew boats recently purchased by Miclyn Express Offshore (MEO).

Photo: Penguin Group

### IN BRIEF

#### Seadrill buys into Asia Offshore

John Fredriksen-controlled Seadrill has taken over commercial management of up to four Asian rigs by buying into Asia Offshore Drilling (AOD).

Seadrill says it spent \$54m during a private placement of AOD shares and now owns 33.75% of the company.

AOD, set up by Thoresen Thai Agencies's Mermaid Maritime unit and aiming for an Oslo listing, has two jack-up rigs on order at Keppel Fels in Singapore and confirmed this week an option for a third, using proceeds of the share sale.

It also holds a second option.

Seadrill says it will be responsible for the construction supervision, project management and commercial management of all AOD's rigs.

Keppel says AOD spent \$184m on the optional rig for delivery in the third quarter of 2013.

#### Fatstad sells veteran PSV

Norway's Farstad Shipping has sold an elderly Singapore-based platform-supply vessel (PSV) as part of its fleet-modernisation programme.

The 2,368-dwt *Lady Christine* (built 1985) is understood to have fetched about \$5m and may well continue its career in the Far East.

Alesund-based Farstad has not disclosed the name of the buyer but it is unlikely to be another Norwegian company and there is speculation that the buyer is Russian or Asian.

The Australian-built *Lady Christine* has spent most of its long career working in Australian waters but has been deployed for the past 12 months out of Singapore, although the vessel's utilisation has not been high.

Brokers say Farstad was seeking about \$8m when the vessel was first put up for sale a year ago but the price it has fetched is in line with the current market value of 1980s-built PSVs.

Farstad sold the 3,063-dwt PSV *Far Sleipner* (built 1984) earlier this year to interests associated with Murmansk-based Sea Consulting, with the vessel now trading as the *Iskatel*.

Farstad's older vessels are controlled by its P/R International Offshore subsidiary, which now has five 1980s-built vessels in its fleet following the sale of the *Lady Christine*.

They are all for sale at a suitable price as Farstad has eight newbuildings on order for delivery over the next couple of years.

Farstad says it will make a fourth-quarter profit of NOK 11m (\$2m) on the sale of the *Lady Christine*, which is due for delivery to its new owner in October.

#### Teekay Offshore is cash ready

Teekay Offshore has picked up \$20m to help it pay for four shuttle-tanker newbuildings at Samsung Heavy Industries.

New York-listed Teekay Offshore raised the cash from the sale of 700,000 shares to an institutional investor, it says in a statement.

The move comes a few days after the

company bagged 10-year contracts for the quartet with BG Group in Brazil.

The vessels are expected to hit the water in 2013.

#### Shipbroker warns of PSV oversupply

Less than one in 10 PSV newbuildings of North Sea standard have charter contracts in place, a leading shipbroker says.

RG Hagland counts 213 PSVs of over 3,000 dwt to be delivered between 2011 and 2014, of which only 19 have been committed to long-term charters.

For 2011, Hagland says 98 PSVs of over 3,000 dwt will hit the water, of which 80 are unattached.

Between 2012 and 2014, the situation is even worse, with only a single PSV among the 115 on order having a charter in place, the Norwegian broker's latest monthly report says.

Hagland adds that despite the orderbook, seven large PSVs were penned in June, of which six were speculative.

#### Maersk Drilling ups orderbook

Maersk Drilling has pushed its 2011 newbuilding spree past the \$3bn mark after taking up options on two drillships at Samsung Heavy Industries.

It will pay \$1.3bn for the vessels in a deal that includes options on a further two drillships at the yard.

Maersk Drilling chief executive Claus Hemmingsen says the move fits the company's plan to become "the leading contractor in the ultra-deepwater market". Maersk will take delivery of the firm

drillships in the second and third quarters of 2014, a statement says.

Since the start of 2011, it has penned firm contracts for two jack-ups and four drillships for a total price tag of \$3.8bn.

Maersk Drilling already has 26 drillships in the water.

#### Cairn Energy hunts seismic hires

UK-based exploration-and-production (E&P) company Cairn Energy plans to charter two seismic vessels for its proposed operations off the east and west coast of India later this year.

Cairn officials confirm the vessels will be used for its proposed two-dimensional (2D) and three-dimensional (3D) programme in its Krishna-Godavari basin on the east coast and the Mumbai deepwater block on the west coast.

The company does not reveal the vessel type but sources expect Cairn to hire two dual-source, four-to-six streamer ships.

The vessels are also expected to feature advanced on-board data interpretation and processing.

Cairn is expected to award the two contracts in the next three months with plans to launch the proposed seismic study by mid-October. Both seismic studies are likely to be completed by April or June 2012.

Sources say the ships will help the company identify potential oil-and-gas reserves in the blocks as well well-drilling locations.

Cairn is expected to invest some \$1.5bn in the next two years to develop the two blocks.

## OSM hosts K Line ship naming in Arendal

Trond Lillestolen Oslo

The first ship naming in Arendal for more than 50 years took place at the weekend.

The K Line Offshore new-building *KL Barentsfjord* was named at the docks in the Pollen area at the centre of the southern Norwegian town.

Albeit relatively small for an international vessel, the ship dominated the picturesque inner harbour. Some 160 guests were invited, although the *KL Barentsfjord* was also open to the public following the official ceremony.

Arendal was the leading maritime city in Norway during the heyday of sailing ships in the latter part of the 19th century.

The town has regained something of its former glory with companies like Deep Sea Supply, K Line Offshore, Sevan, OSM and Aker now established there.

OSM is the manager of the 11,796-bhp *KL Barentsfjord*, which was built at STX Offshore & Shipbuilding in South Korea. It has been fixed for two years to ConocoPhillips at \$25,800 per day with options for another two years.

OSM in Arendal has full management of seven vessels from K Line Offshore.

**GODMOTHER:** Tomoko Shimuzu, wife of K Line Offshore's Toshio Shimuzu, doing the honours with the customary bottle of champagne.



SITTING PRETTY: The "KL Barentsfjord"

Photos: OSM



**MANAGERS:** From left, Per Ivar Fritzen, Bjorn Tore Larsen, Jan Morten Eskilt and Shun On Lam

## Goodearth puts vessel-expansion plan on hold

Pinaki Routray New Delhi

Chennai-based dry-bulk operator Goodearth Maritime has postponed its proposed fleet-expansion programme because of the current volatility in the international shipping market.

Sources closely linked to the company's fleet development confirm that the drop in international freight rates coupled with lack of cargo support has forced the owner to delay its plans.

They add that it has altered its earlier project to order 130,000-dwt mini-capesizes, seeking instead to book bulkers of between 50,000 dwt and 60,000 dwt.

Goodearth has yet to finalise the number of vessels it wants but is expected to opt for Chinese or South Korean yards. The timetable remains unclear and senior officials declines to comment on the

the expansion programme.

The company currently has four 53,000-dwt supramaxes on order at Vizag-based Hindustan Shipyard (HSL) for delivery in the next 18 months.

In November 2009, Tradewinds reported that the company was considering Chinese yards for an order for five 130,000-dwt bulkers.

Goodearth approached state-owned facilities under the umbrella of China State Shipbuilding Corp (CSSC) and China Shipbuilding Industry Corp (CSIC).

The company is currently listed with eight bulkers — the 77,300-dwt *Good Purpose* (built 1982), 55,800-dwt *Good Light* (built 1979), 30,000-dwt *Good Providence* (built 1977), *Good Pacific* and *Good Princess* (both built 2008) and *Good Pilgrim* (built 2009) and 53,000-dwt *Good Pride* (both built 2009).

### IN BRIEF

#### Hanjin aims to raise \$200m to finance newbuildings

South Korean container line Hanjin Shipping is hoping to raise up to \$200m from a convertible bond issue this month.

JP Morgan is the sole bookrunner for the deal, which is being marketed at interest of between 3.5% and 4%.

The conversion-premium range will come in at between 20% and 25% over the 6 July closing price of KRW 24,700 (\$23.23).

The company revealed last month it was planning to invest \$850.6m in five 13,100-teu newbuildings.

No shipyard has not been revealed but delivery dates are slated for between 2012 and 2013.

## Contractor DEME to buy 50% of Beluga Hochtief

Aaron Kelley Stamford

Belgian contractor DEME has replaced bankrupt heavy-lift operator Beluga Shipping as Hochtief's partner in Beluga Hochtief Offshore.

DEME affiliate GeoSea, which specialises in the installation of offshore structures and wind farms, will rename the joint venture HGO Infra Sea Solutions when regulatory authorities approve the acquisition of Beluga's 50% stake.

"Since there is huge demand for offshore-installation equipment, we are planning the construction of further special-purpose vessels," Hochtief chief Henner Mahlstedt told investors.

The financial terms of the deal

have not been disclosed.

Founded in 2009, Beluga Hochtief Offshore entered the market with the intention of building, operating and chartering windfarm-installation vessels.

Today, the company is committed to the expansion of its "service spectrum" with the repair, maintenance and decommissioning of offshore facilities.

One of its jack-up newbuildings, which is scheduled for delivery in 2012, cost an estimated EUR 200m (\$284m) and remains under construction in Poland.

In March, the venture made headlines in TradeWinds when it secured a three-month extension with Crist Shipyard on exercising an option for a second vessel.



**HENNER MAHLSTEDT** Photo: Hochtief



# STAND OUT FROM THE CROWD

Our new recruitment platform will offer a number of ways to enhance your jobs listing, with featured positions, enhanced home page positions, banner ad slots, company campaign mini sites, and video presentations.