

Vessels seek out new options in rig market risk to North Sea

LONDON, UK, November 25, 2022 /EINPresswire.com/ -- The North Sea rig market is under pressure as market players begin to look elsewhere, posing an availability risk with new oil and gas projects expected to come online in 2024.

According to Westwood Global Energy Group, the prospects for semisubmersible rig demand are looking “uninspiring” for 2023, with a further reduction in active units expected in the new year. Jackup rigs are also leaving the market for “new contracts with longer terms and higher day rate potential.”

Buoy utilization is currently “lagging”, and could benefit from a shortage of semisubs, though availability issues may arise in the longer term with demand expected to pick up by Q1 2024.

Teresa Wilkie, a market analyst for offshore energy at Westwood, observed that Northwestern Europe is trailing other regions in terms of utilization, which stands at 78% compared with 90% elsewhere. Companies are choosing to move their vessels rather than allowing them to remain idle in the medium term.

The Island Innovator and Deepsea Bollsta platforms have already abandoned the North Sea this year in favour of operations in Africa, where a third unit is rumoured to be relocating in 2023. A further rig is expected to join an Australian project in H2 2023.

The departure of high-profile rigs comes at a time when day rates are being marked up for new contracts. According to Westwood’s sources, figures of USD 300,000 for Transocean Barents in the UK, and USD 408,000 for Wintershall DEA and OMV in Norway for Transocean Norge have been touted.

A significant drop in demand visibility for semisubs next year could have deleterious consequences for the market rebound currently being forecast for 2024. At present, outstanding demand is almost 64% below the 2024 visible demand outlook. Additionally, contracts are seeing a squeeze on their timelines, with averages for new contracts around 43% lower than this year’s current figure of 171 days.

There are four semisubs with “free and clear availability” according to Westwood, but two are bound for foreign projects and the others are expected to sign new contracts within the UK. Four more units may become available next year if extension agreements are unsuccessful. Looking at the market fundamentals, there is “potential” for a tighter market, but this is dependent on

further demand next year and is in any case unlikely to materialize before 2024.

German group BASF owns 72.7% of Wintershall Dea with remainder is held by Russian investors Mikhail Fridman, Pyotr Aven and German Khan.

<https://www.energyvoice.com/oilandgas/north-sea/rigs-vessels/463087/north-sea-faces-rig-market-risk-as-vessels-leave-for-better-prospects/>

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