Asia Pacific offshore region to remain balanced

THE OFFSHORE RIG MARKET in the Asia/Pacific region, including India, is expected to remain tight during the summer and possibly throughout the rest of the year. This is due in part to numerous new contracts and contract extensions being negotiated in the region for both jackups and semisubmersibles. India in particular has been busy chartering jackups and is expected to sign up several deepwater rigs this summer as well.

An interesting note to the tight demand and continued strong market is that dayrates for jackups have been falling, according to ODS-Petrodata. Dayrates in the mid-$60,000 to mid-$70,000 range were experienced earlier this year but now have fallen to the low to mid-$50,000 range. In some cases there have been reports of dayrates dropping into the $40,000s. However, the company says this may be due to the fact that recent contracts are for lower specification jackups.

DEEPWATER ACTIVITY

India’s ONGC has three requirements for long-term work for deepwater floats while TotalFinaElf and Kerr-McGee have outstanding requirements for deepwater rigs in Australia. The ONGC work is expected to begin late this year and may include wells in water depths ranging up to nearly 10,000 ft was that is the capability required for at least one of the units.

Contracting activity for standard water depths rigs has reduced the number of available units to those that have been idle or stacked long-term, according to ODS-Petrodata Group. However, they say, while chartering activity has been robust, a lack of requirements beginning in the fourth quarter may mean another soft market for this class of rig.

Only one operator presently has plans for new fourth quarter 2002 drilling activity utilizing a floater for a five-well program. The caveat, says ODS-Petrodata, is that this program could also be carried out with a jackup.

RIG MARKET TO REMAIN STRONG

In terms of rig activity and dayrates, according to Paul Grant, Marketing Manager, Asia & Australia, for Transocean, the jackup market in those areas has remained buoyant.

“In the short term,” Mr Grant said, “the indications are that such activity levels and dayrates will be sustained over the next year with a number of rigs already locked into longer term contracts and a number of substantial duration programs on the horizon.”

The Asia and Australia floater market has been less buoyant (no pun intended) compared with the jackup market.

“There are limited opportunities and no obvious indications that this will change in the new term,” Mr Grant said.

“However,” he added, “past experience in Asia has been that this market can change dramatically in a short space of time.”

Roger Hunt, Executive Vice President of Marketing for GlobalSantaFe, agrees. “The market has been near fully employed for the past 12 months,” he said. “Rigs that weren’t employed were probably undergoing some kind of refurbishment, so we had effective full utilization.”

“A couple of our rigs have recently received long-term contracts,” Mr Hunt added, “and that’s a good indicator that clients in that part of the world have long programs as well as seeing a tight market.”

Mr Hunt also notes that there are about a half dozen prospects presently for jackups that are either outstanding about to be bid by operators. The contractors for those projects range from eight months to two years. Most are for development projects, Mr Hunt, noted, for drilling over platforms or templates.

“I am looking for the market to stay as it is now, balanced,” Mr Hunt said.

“When you consider the growth potential within Asia in terms of the various countries’ desire to become more self-sufficient in terms of oil and gas sources,” Mr Grant added, “and the proven reserves that are in place combined with the unexplored areas, then we see Asia and Australia to be a growing market.”