



HIGH SEAS شركة أعالي البحار
Marine & Industrial Services Co.Ltd. للخدمات البحرية والصناعية المحدودة
A DIVISION OF ALI AL TAMIMI GROUP OF COMPANIES



Options for OSVs in the Current Market

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OBJECTIVE

TO address the current OSVs challenges in the current market and discuss the scope for increasing OSV purpose utilization



OVERVIEW OF CURRENT MARKET

- ❖ The price of a barrel of oil had fallen below \$30 and oil companies are deeply cutting E&P spending.
- ❖ The current downturn in the offshore oil market is probably one of the most severe since 1980s.
- ❖ No new-build orders have been reported since August 2015.
- ❖ Oversupply of OSVs as utilization is down and Daily rates are down to 50%.
- ❖ Nearly 1,000 offshore support vessels are in layup worldwide as the industry suffers from the worst conditions for 30 years . Prices for second hand vessels have fallen 40%.
- ❖ Oil prices are expected to pick up from 2018 to 2020.



OSVs OPERATIONAL CHALLENGES

Operating the vessels reliably

- Qualified crew on board
- compliance with safety and environment regulations.
- Repair and maintenance.



OSVs OPERATIONAL CHALLENGES



Lay-up or Stack OSVs

- Choice of lay-up scenario based on lay-up time and cost
- Lay-up class requirements
- Choosing a lay-up location
- Maintenance strategy and recommissioning



OSVs OPERATIONAL CHALLENGES



Hornbeck Offshore Services (HOS)

- Fleet of 66 (OSVs) & Multi purpose support vessels (MPSVs)
- 30 vessels stacked to save about \$125 Million/year.
- Delay cash out lay of \$10 million on regulatory dry docks in 2015



Typical ship cost reduction with different scenarios

Normal Running Budget	Hot Lay-Up	Warm Lay-Up	Warm Lay-Up 2 Vessels double banked	Cold Lay-up
Crew	Crew	Crew	Crew	Crew
100%	65%	45%	20%	0%
Insurance	Insurance	Insurance	Insurance	Insurance
100%	H&M – 100% P&I – 50%	H&M – 90% P&I – 50%	H&M – 90% P&I – 50%	H&M – 80% P&I – 25%
Spares & Consumables	Spares & Consumables	Spares & Consumables	Spares & Consumables	Spares & Consumables
100%	33%	30%	30%	0%
Repair & Maintenance	Repair & Maintenance	Repair & Maintenance	Repair & Maintenance	Repair & Maintenance
100%	50%	45%	45%	0%
Total Costs excl. port & fuel costs	Total Costs excl. port & fuel costs	Total Costs excl. port & fuel costs	Total Costs excl. port & fuel costs	Total Costs excl. port & fuel costs
100%	55%	41%	33%	34% Including all cold lay-up costs
Total Costs incl. port & fuel costs	Total Costs incl. port & fuel costs	Total Costs incl. port & fuel costs	Total Costs incl. port & fuel costs	Total Costs incl. port & fuel costs
100%	74%	62%	54%	34% Including all cold lay-up costs

OSVs OPERATIONAL CHALLENGES



Scrapping

- Low uptake in OSV removals (Scrapping) because of small size and steel content.
- Stacking as a temporary solution is more preferred by owners of OSVs.
- Each Potential charter needs to be reviewed against the options of stacking or selling the vessel in question.





Increasing OSV Utilization

Multi Purpose offshore support vessels get better opportunity over other specialized OSV for charter.

Conversion of OSV into a range of other vessels. For Example, Damen is offering to help OSV owners convert PSVs into a range of other vessels.

Penetration of other non-oil & gas sectors like shipping.



Thank You



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