



EXAMINER'S REPORT

NOVEMBER 2017

OFFSHORE SUPPORT INDUSTRY

General Comments:

Much of the problems can be traced back to not reading the question carefully, and providing too much broad generalisations at the expense of detail and substance.

Q1. Your company has been selected as exclusive broker by an offshore field operator about to commence the construction phase of a fixed platform installation. Prepare a briefing note for a kick-off meeting with the field operator to ensure that the range of services required is fully understood.

Looking for a general understanding of the key elements of an offshore construction project and the various vessels/equipment required at each stage.

We expect the students to demonstrate general understanding of the two types of fixed structure (Steel Jacket & Gravity Base) and the basic installation procedure ie. fabricated onshore and then towed to the oil field for installation then topsides modules fabricated onshore, transported to field and lifted onto platform structure.

General understanding of associated production well drilling and the range of export systems (floating units/fixed pipeline) was also expected.

A sound understanding of the range of support vessels principally: Survey, PSV, AHTS, OCV, Pipelayers, Heavy Lift and when they would be required, together with general understanding of their characteristics, current market availability etc. was also expected.

Q2. Discuss the key operational differences between a shallow water and a deep water exploration programme

Looking for the students to demonstrate they are aware of the significant differences between a deep water and shallow water exploration programme, in particular the specification variations for the assets required and the vessels supporting the operations, and likely logistical issues to be encountered.

Candidates are expected to have an understanding of the water depths which would define an area as deep or shallow water, the type of MODU likely to be deployed and the specification that support vessels operating in these areas would require.

Logistics and base support, weather conditions, transit times and effects on emergency response were also expected to be covered as would planning for the project.

Identifying geographical areas as examples of deep/shallow water region should also feature in the answer.

Q3. As an OSV broker, write a detailed fixture recap for the 6 month + 2 x 3 month option charter of a PSV by an oil major, to be employed in a country of your choice and in support of an exploration drilling programme.

A fixture recap should be a relatively straight forward question for a student to answer demonstrating an understanding of a very common aspect of an offshore brokers role.

The recap should run to around 20 items with hypothetical detail inserted.

Q4. Answer BOTH parts of the question:

a) Using a diagram to support your answer, describe a modern PSV showing the main dimensions, capacities and any other relevant details/equipment.

b) Describe a typical OSV cargo run, providing details of the vessel and cargoes carried.

Drawing a PSV should be fundamental for students as it is the most prolific vessel type in the OSV fleet.

A suitably annotated sketch showing general arrangement, propulsion, accommodation, deck area, bulk storage below main deck, positioning of deck crane, tugger winches and capstans, FRC, crash barriers and discharge manifolds should be included.

A well labelled drawing should score well regardless of artistic flair and relative scale.

There should also be a description of key features ie. Generally DP2 with the propulsion arrangement described – no. and location of thrusters, azimuths etc.

The description of a typical cargo run should include loading/discharge arrangements at the supply base and at the installation, details of cargo carried (deck and bulk), backhaul cargo, operator details (charterers base or marine logistics company).

Q5. The duration of a fixture will generally be grouped under THREE broad charter periods. Explain each one and discuss why a charterer would choose each of them.

Looking for fixtures terms to be categorised as: Short/Spot; Medium or Long.

No formal definitions but generally: Spot <30days; Medium 30 days to 1 year; Long > 1 Year.

Explanation/discussion should include evaluating core needs with additional/irregular requirements and hence assessing term/spot chartering. Discussion on chartering policies/strategies regarding spot, mid term and long term fixtures, importance of not over committing.

Estimating overall charter costs over given period – spot v term effects of utilisation levels.
Assessment of varying workscopes – production support, exploration, construction etc.

Highlighting the importance of an active spot market for viability of spot charters.
Identifying active markets and regions with little surplus vessels. Discussion of activity levels where spot markets exist: North Sea; West Africa; Brazil; SE Asia.
Variation between PSV and AHTS given irregular nature of rig moves.

Q6. With particular reference to the movement of the oil price in recent years, write a chartering strategy report for your exclusive OSV owner, advising on the current market situation including relevant recommendations with your reasons.

Looking for students to be aware of the effects of the oil price across the OSI.
To demonstrate awareness of the current market situation for each OSV sector.
Marks awarded for a general awareness of; Spot and term rates globally, newbuild costs and order book, recent S&P values for each sector.

To understand the significance of the OCV/MPSV market to subsea developments, the delaying/pushing back of FIDs for these developments and the current utilisation of these vessels.
Expectation is for students to make reasoned projections with clear recommendations which could include: The implication of oil price particularly for high cost subsea developments, consolidation, mergers/acquisitions, political issues – conflict areas/sanctions, environmental issues.

Q7. Discuss the purpose of an on-hire and off-hire survey; describe some of the issues that such surveys could raise.

Students are expected to demonstrate their understanding of the general purpose of on/off hire surveys and the benefit of an independent surveyor to establish a vessel is of an acceptable standard and generally as described in the charter party.

Discussion should include ROBs at delivery/redelivery, tank conditions (what problems can exist), survey reports/certificate, vessel assurance - determining vessel is fit for purpose and all equipment is fully functional, modification work for specific work scopes, minor/major damage issues.
Candidate should demonstrate understanding of liabilities/obligations: Charterer responsible for cost of reinstating vessel to on-hire condition, costs of survey generally split on 50:50 basis etc.

Q8. Discuss the advantages and disadvantages between using a charterers own charter form of their choice, and a BIMCO Supplytime 2005.

Candidates were expected to demonstrate their awareness of the range of CP forms and the distinction between a charterer's standard form and that of BIMCO. Discussion should include appraisal of key clauses where the liabilities/obligations between charterer and owner can vary significantly between CPs.

Examples could include: maintenance days, substitute vessel, sublet/assignment, early termination

etc. Marks could be gained for explaining the benefits of familiarity with a particular CP, and mentioning the recent introduction of BIMCO 2017.