Offshore Rig Construction Market to 2016 and Current Rig Deployment Scenario

Rig Designs Promoting Better Safety Conformation and Increased Operational Capabilities being Key to Newbuild Orders
GBI Research Report Guidance

- Chapter two provides an introduction to the offshore rig construction market and the topics covered in the rest of the report
- Chapter three provides an overview of the offshore rig construction market, with brief explanations of key segments within the offshore rig construction industry and the industry’s significance in the upstream value chain
- Chapter four contains a geographic and segmental analysis of the industry
- Chapter five discusses key trends and challenges for the industry
- Chapter six presents and analyzes historic and present statistics, and provides expenditure as well as rig order cost forecasts and rig demand-supply analysis, newbuild rig order details and also presents comprehensive data and information on the current rig fleet deployment of all the major offshore rig sub-segments worldwide
- Chapter seven discusses methodology and abbreviations used in the report, and provides contact details and a GBI Research disclaimer
The current scenario as of early 2013, and the expected scenario in the next five years, signals a strong demand for deepwater and ultra-deepwater rigs, with multiple newbuild orders for semisubmersibles and drillships pending in various shipyards worldwide, especially in South-east and East Asia; and South Korea. Hence, rig construction majors from South-east Asia have benefited from the rig construction boom and are expected to continue to record growth and increased business during 2012–2016.

Number of Offshore Rigs Under Construction/Upgrade, by Rig Segment, Updated October 2012

Source: GBI Research, Oil and Gas Upstream Database [Accessed on October 18, 2012]
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2 Offshore Rig Construction Market to 2016 and Current Rig Deployment Scenario - Introduction

The offshore rig construction market is linked to the demand-supply scenario of offshore rigs worldwide, which both directly and indirectly affects offshore rig day rates, and the availability and deployment of rigs globally. This demonstrates how important a part of the value chain the market is with regards to the upstream oil and gas industry.

The report “Offshore Rig Construction Market to 2016 and Current Rig Deployment Scenario – Rig Designs Promoting Better Safety Conformation and Increased Operational Capabilities Being Key to Newbuild Orders” provides an in-depth analysis of the offshore rig construction market, key trends and challenges, geographic and segmental analysis, and all the key information and relevant historic, present and forecast data with regards to the offshore rig construction market. It also provides an extensive data and information coverage on all major offshore rig types currently deployed worldwide.

The three key segments of the offshore rig construction industry are covered under jack-up rigs, semisubmersibles and drillships. However, other rig types are used by offshore drilling contractors for specific applications.
6 Offshore Rig Construction Industry Forecasts to 2016 and Statistics of In-service Offshore Fleet

The Asia-Pacific region, particularly South Korea, Singapore and China, has been a major contributor to the global offshore rig construction industry. The region is the most dominant player in terms of offshore rig construction, contributing substantially to offshore rig construction activity worldwide. South Korea has been and is expected to continue to be the market leader in the major deepwater and ultra-deepwater rig construction segments – semisubmersibles and drillships – with around XX newbuild orders out of a total of XX orders worldwide being executed in its shipyards. Singapore currently has the highest number of newbuild orders for the jack-up segment, with XX orders out of a total of XX orders worldwide.

6.1 Offshore Rig Construction Newbuild Expenditure Forecasts to 2016

As offshore drilling contractors, and oil and gas exploration and production companies seek energy reserves in deepwater, ultra-deepwater and geographically challenging offshore areas, such as the Aortic regions and the deepwater regions of offshore Brazil, the demand for offshore rigs is expected to rise steadily in the 2012–2016 period. From 2000–2010, offshore rig construction expenditure grew steadily, from $XX billion in 2000 to $XX billion in 2010, at an Average Annual Growth Rate (AAGR) of XX%.

Figure 2: Total Annual Newbuild Construction Expenditure Forecasts, $bn, 2005–2016

Source: GBI Research, Oil and Gas Upstream Database [Accessed on October 18, 2012]
### Table 2: Total Annual Newbuild Construction Expenditure Forecasts, $bn, 2005–2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure, $bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>2006</td>
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<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
</tbody>
</table>

Source: GBI Research, Oil and Gas Upstream Database [Accessed on October 18, 2012]
6.4 Currently Pending Newbuild Rig Orders by Offshore Drilling Contractors, Updated October 2012

Below are the details of the newbuild rig orders from offshore drilling contractors worldwide, along with the rig type.

In total, XX jack-up rigs, XX semisubmersibles, XX drillships, XX tender rigs and one inland barge were under construction or undergoing upgrade as of October 2012, after being ordered by various offshore drilling contractors in different regions.

### Figure 9: Newbuild Rig Orders, Updated October 2012

![Newbuild Rig Orders Pie Chart](chart.png)

**Source:** GBI Research, Oil and Gas Upstream Database [Accessed on October 18, 2012]

### Table 9: Newbuild Rig Orders, Updated October 2012

<table>
<thead>
<tr>
<th>Rig Type</th>
<th>Number of Rigs Under Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jack-ups</td>
<td></td>
</tr>
<tr>
<td>Semisubmersibles</td>
<td></td>
</tr>
<tr>
<td>Drillships</td>
<td></td>
</tr>
<tr>
<td>Tender Rigs</td>
<td></td>
</tr>
<tr>
<td>Inland Barges</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** GBI Research, Oil and Gas Upstream Database [Accessed on October 18, 2012]
Appendix

7.1 Abbreviations

AAGR: Average Annual Growth Rate
ASOG: AMEC Samsung Oil and Gas LLC
BOP: Blow-out Preventer
COSCO: China Ocean Shipping Company
CPTDC: China Petroleum Technology and Development Corporation
E&P: Exploration and Production
EAS Shipyard: Estaleiro Atlantico Sul Shipyard
ISO: International Organization for Standardization
ONGC: Oil and Natural Gas Corporation
PEMEX: Petróleos Mexicanos
PDVSA: Petróleos de Venezuela S.A.
SHI: Samsung Heavy Industries
TLP: Tension-Leg Platform

7.2 Bibliography

7.3 Market Definitions

Asia-Pacific refers to Australia, Azerbaijan, Bangladesh, Brunei, China, India, Indonesia, Japan, Kazakhstan, Kyrgyzstan, Malaysia, Myanmar, New Zealand, North Korea, Pakistan, Papua New Guinea, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Turkmenistan, Uzbekistan and Vietnam.

Europe refers to Albania, Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Finland, FYR Macedonia, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Netherlands, Norway, Poland, Portugal, Moldova, Romania, Russia, Serbia, Slovakia, Spain, Sweden, Switzerland, Turkey, Ukraine and the United Kingdom.

The Middle East and Africa refers to Algeria, Angola, Bahrain, Cameroon, Chad, Cote d’Ivoire, Egypt, Gabon, Ghana, Iran, Iraq, Israel, Jordan, Kenya, Kuwait, Libya, Morocco, Nigeria, Oman, Qatar, Niger, Republic of the Congo, Saudi Arabia, Senegal, South Africa, Sudan, Syria, Tunisia, United Arab Emirates, Yemen and Zambia.

North America refers to the United States of America and Canada.

South and Central America refers to Argentina, Aruba, Bolivia, Brazil, Chile, Colombia, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Jamaica, Martinique, Mexico, Caribbean Islands, Nicaragua, Paraguay, Peru, Costa Rica, Suriname, Trinidad and Tobago, Uruguay, Venezuela and the Virgin Islands.

Offshore rig segments under construction and/or upgrade covered include jack-ups, semi-submersibles, drillships, inland barges and tender rigs.

In-service offshore rig segments covered include jack-ups, semi-submersibles, drillships, inland barges, tender rigs, drill barges, platform rigs and submersibles.

7.4 Methodology

GBI Research’s dedicated research and analysis teams consist of experienced professionals with a pedigree in marketing, market research, and advanced statistical expertise, along with consulting backgrounds in the energy industry.

GBI Research adheres to the codes of practice of the Market Research Society (www.mrs.org.uk) and the Society of Competitive Intelligence Professionals (www.scip.org).

All GBI Research databases are continuously updated and revised.

7.5 Coverage

The objective of updating GBI Research’s coverage is to ensure that it represents the most up to date vision of the industry possible.

Changes to the industry taxonomy are built on the basis of extensive research of company, association and competitor sources.

The company coverage is based on three key factors: market capitalization, revenues and media attention/innovation/market potential.

- The estimated revenues of all major companies, including private and government, are gathered and used to prioritize coverage.
- Companies which are making the news, or which are of particular interest due to their innovative approach are prioritized.

GBI Research aims to cover all major news events and deals in the energy industry, updated on a daily basis.

The coverage is further streamlined and strengthened with additional input from GBI Research’s Expert Panel (see below).
### 7.5.1 Secondary Research

The research process begins with exhaustive secondary research on internal and external sources being carried out to source qualitative and quantitative information relating to each market.

The secondary research sources that are typically referred to include, but are not limited to:

- Company websites, annual reports, financial reports, broker reports, investor presentations and US Securities and Exchanges Commission (SEC) filings.
- Industry trade journals and other literature.
- Internal and external proprietary databases.
- National government documents, statistical databases and market reports.
- News articles, press releases and web-casts specific to the companies operating in the market.

### 7.5.2 Primary Research

GBI Research conducts hundreds of primary interviews a year with industry participants and commentators in order to validate its data and analysis. A typical research interview fulfills the following functions:

- It provides first-hand information on the market size, market trends, growth trends, competitive landscape, future outlook, and so on.
- Helps in validating and strengthening the secondary research findings.
- Further develops the analysis team’s expertise and market understanding.

Primary research involves e-mail correspondence, telephone interviews as well as face-to-face interviews for each market, category, segment and sub-segment across geographies.

The participants who typically take part in such a process include, but are not limited to:

- Industry participants: CEOs, VPs, business development managers, market intelligence managers and national sales managers.
- Outside experts: investment bankers, valuation experts, research analysts and key opinion leaders specializing in oil and gas markets.

### 7.5.3 Expert Panel Validation

GBI Research uses a panel of experts to cross verify research and forecast methodologies and drive its analytical content.

The GBI Research expert panel comprises marketing managers, product specialists, international sales managers from energy companies; academics and geologists from research universities, consultants from venture capital funds and distributors/suppliers of oil and gas goods and services.

Details of the make up of the expert panel can be viewed through website, and are available to clients on request.
7.7 About GBI Research

GBI Research is a leading business information company which provides global business information reports and services.

Our highly qualified team of analysts, researchers and solution consultants use proprietary data sources and various tools and techniques to gather, analyze and represent the latest and most reliable information essential for businesses to sustain a competitive edge.

7.8 Disclaimer

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