



SURF Installation Capex

Recently there has been no shortage of discussion surrounding industry spending – an occurrence seen across all industries. While the global credit market has fallen on hard times of late, it is important to note that a large majority of the offshore oil and gas industry has remained relatively insulated from the effects of the turmoil in the financial markets.

While there will certainly be some cut backs in spending by companies directly exposed to the credit markets (particularly small Independent cuts), a majority of the industry's super-major and large independent operators have stated that their capital budgets and plans remain unaffected by the global economy. As such, the industry's total capital expenditures for offshore SURF installations remains on a positive trend for the foreseeable future.

For the period between 2009 and 2013, Quest Offshore forecasts industry spending at just under U.S.\$90 billion on SURF installation activities. This is a dramatic increase over the previous five years, which saw a total SURF spend of approximately U.S.\$46 billion.

This trend is a solid barometer of the health projected in the offshore industry as the world's operating oil companies continue to push the limits of technological achievement in order to meet the world's growing energy demand.

Major field developments in West Africa, Brazil and the Gulf of Mexico are on the horizon for the industry with some high-profile projects already in the conceptual / design phase. In West Africa, Total's Pazflor and Clov projects are gaining momentum, while Petrobras's highly anticipated Tupi pilot project is slated for production next year. In the ultra-deep waters of the Gulf of Mexico, a slew of operators have plans underway for the development of reservoirs in the region's lower tertiary trend, such as Chevron's Jack and St. Malo development.

All signs point to a healthy offshore SURF industry for the foreseeable future. As global energy demand increases, and operating oil companies retain the ability to push forward with field development projects, offshore spending is poised to remain buoyant well into the next decade.

For more information, contact:

Matt Pickard
Senior Market Analyst
Quest Offshore Resources, Inc.
Matt.pickard@questoffshore.com
(281) 491 - 5900

