



Solent Towage's Fawley fleet: the vessels are three of the most sophisticated Voith Schnieder escort and tanker handling tugs in Europe.

Ostensjo pushes ahead in offshore sector

HAUGESUND-headquartered Ostensjo Rederi was formed by chairman Johannes Ostensjo in 1974 and has, from its inception, specialised in clearly defined areas of the offshore support and towage sectors of the marine industry.

In 2007, the company returned its best results from all sectors since its formation with a turnover of Nkr750m (\$105m) and a net result of Nkr368m.

The towage division of the company currently operate 13 tugs and six mooring launches at Karsto, Sture and Nyhamna in Norway, at Fawley in the UK and at Whitegate in Ireland. All are important oil or gas terminals where efficient towage and marine services are paramount.

The Irish Whitegate terminal is served by a single tug stationed in Cobh under the management of subsidiary Lee Towage.

Solent Towage, a wholly owned UK subsidiary, is responsible for the management of towage, escort and marine services at the Esso Refinery at Fawley in Southampton Water and operation of the tugs based there.

Ostensjo received a major boost earlier

in the year when, after a lengthy competitive tendering exercise, Solent Towage was awarded a further 15-year contract by Exxon, Esso's parent company, to provide services at Fawley.

The tug fleet operating there includes three of the most sophisticated Voith Schnieder escort and tanker handling tugs in Europe. Named *Apex*, *Phenix* and *Tenax*, all three are less than two years old and have a static bollard pull of 68 tonnes. In the escort role the vessels can generate braking forces of 150 tonnes at 10 knots and steering forces of 140 tonnes at the same speed. The tugs are equipped for fire fighting to Fifi standards and pollution control operations.

The entire fleet — including ASD terminal tug *Thrax* and tug/workboats *Asterix* and *Ibex* — is registered under the UK flag. With all three Voith tractors on station, the Solent Towage fleet has the capacity to undertake a variety of coastal, shortsea and other towage work on the spot market. The company is in the process of expanding their facilities in Southampton Water to support its recently expanded fleet.

New additions to the Ostensjo fleet include *Vivax*, a powerful new stern drive tug recently delivered by the Turkish yard of Sanmar Denizcilik. The 80 tonnes bollard pull vessel has been built to a Robert Allan 'improved' Rampart 3200 design and will become the permanent escort and tanker-handling tug at the Nyhamna terminal in Norway.

A further Voith tractor tug has been ordered from Astilleros Gondon in Spain. Similar to the *Tenax* class, this vessel will be modified and equipped to make it suitable for offshore operation. This latest vessel will be delivered in the middle of next year.

Ostensjo Rederi has been at the forefront of platform supply vessel design and operation since that type of vessel first came into service. From 1978 to the present day, the company's PSVs have been employed by Shell UK and other oil majors to service their installations in the North Sea. The company has also invested heavily and successfully in ROV-survey, cable lay, trenching, heavy lift, removal operations and module handling.

Operators facing tough decisions on newbuildings

With tug market coming off boil, money is scarce for owners to pay for glut of new tonnage and to take up options, writes Bob Beegle

HISTORICALLY, the tug market mirrors the economy but generally lags behind it and is not as volatile in either its 'up' or 'down' cycles. And it is too early to see any major effect on tug newbuildings — but it is expected. No market can be immune from the economic uncertainty the world faces over the next few years.

New tugs worldwide are up 27% from last year, but off slightly from their third quarter 2008 peak. Some 734 tugs are scheduled for delivery through to 2011. Malaysia leads construction with 156 tugs, followed by China at 126, Turkey 67, Spain 59, Indonesia 44 and the US between 40 and 60 depending on the source.

Newbuildings are expected to decline after 2010, but nowhere near the rate experienced in the 1980s when new US tugs plummeted from 32 in 1982 to 7 in 1983 and only one in 1984. Options for eight ATB barges in the US have not been exercised, thus cancelling the eight tugs to push them.

Many operators are making hard decisions as to whether they should exercise their options in addition to vessels already under construction — or cancel, taking a chance on finding future resales at a lower price. Regardless of the ongoing crisis, several US owners still plan to replace ageing ocean tugs, possibly adding four or more new vessels per year to the orderbook.

OPA 90 regulations spurred the newbuilding of double-hull tank barges and environmental regulations on emissions may spur building new tugs — as long as cash is available and shipyards can deliver. New efficient tugs are needed regardless of today's difficulties.

Marcon International has sold 17 tugs totalling 60,265 bhp so far in 2008 and hopes to conclude an added 30,000 bhp+ in tug sales by the end of the year. But buyers are postponing purchases — with some

apologising that increasing bank rates make projects unprofitable.

Sales though still occur. More than at any other time in recent history cash talks — and there are still buyers with cash in hand.

Some require tugs for projects that have been in the pipeline while others look towards new opportunities, or might be fortunate to operate in a niche not as affected by the financial turmoil swirling about us. Tug buyers may no longer pay top dollar, but many are still buying.

After 2005, it was difficult to find good secondhand tugs at reasonable prices. As a sign of the times, more tugs are being listed with 20 additional boats offered within the last two weeks. It is difficult though to calculate values in today's market. Most comparisons are from better days and the industry needs time to develop new benchmarks. Several owners reduced prices on older tugs last month by between 15%-50%. Another small operator, laying up his fleet, now just invites best offers.

Only time will tell how reasonable prices are and if there will be buyers. Good tugs over 4,000 bhp still remain scarce and are maintaining value, and the only alternative for a needy buyer with a firm requirement may be new construction.

There will be changes in global players over the next few years. Expansion through mergers and acquisitions or purchase of shares may be attractive to owners with deep cash reserves. Several strong companies are expected to sell fringe assets in order to concentrate their strengths and reserves on core markets. Over-leveraged operators will find themselves targets for friendly or hostile takeovers and a few small fleets may just fade away.

The credit crisis may be solved by the first quarter of 2009; however, do not expect easy financing afterwards. During the mid-1980s, many lenders walked away from marine loans. It was not until 10 years later that vessels reappeared in their portfolios.

The credit shortage only marked the beginning of this present global economic slowdown and this crisis necessitates solving before time is spent understanding its effects. The increase in the amount of outstanding commercial paper (loans) shows that money is once again starting to move and the initial crisis subsiding, but there is still a recession to face.

A re-evaluation of everybody's role in the marketplace must take place to take stock of the wellbeing of customers and adjust. There are challenges ahead, but money can be made in every economy.

Bob Beegle is president of Marcon International

Crowley protects Washington coast

CROWLEY Maritime Corp has a contract with Washington Department of Ecology to supply a year-round emergency response tug based in Neah Bay, Washington.

This unprecedented move enables an emergency response tug to provide a continuous service to disabled ships, help prevent oil spills in the Strait of Juan de Fuca and along Washington's pristine coastlines.

Nearly 9,000 tankers and cargoeships pass through the strait each year. Adjacent to the shipping route are the beaches in the Olympic National Park, Olympic Coast National Marine Sanctuary, three national wildlife refuges and tribal lands — and all are directly at risk from major oil spills.

Although emergency towing vessels are commonplace in Europe and elsewhere, the North American states have been slow to adopt 24/7 year-round services. Since 1999,

state-funded response tugs stationed at Neah Bay have kept disabled ships from drifting on to the rocks and causing major oil spills during the severe winter months. Those tugs have stood by and assisted over 40 ships that became disabled or had reduced steering or propulsion problems during harsh winter storms.

In April, the Department of Ecology and Crowley agreed to extend the company's existing contract to station a high horsepower, oceangoing tug at Neah Bay for a year. Crowley's powerful Invader-class tug *Gladiator*, with 7,200 horsepower and a 75 tonne bollard pull, will be stationed at the Neah Bay Marina where the infrastructure and access to shore-based electrical power supplies will be improved.

Scott Hoggarth, general manager of marine services for Crowley in Seattle, com-

mented: "This is a significant day for Crowley and the state as we embark on a year-round mission to protect our coastal and inland waters and shorelines. This proactive measure by the Washington Department of Ecology reduces the possibility of an environmental accident, thereby providing peace of mind to coastal communities. We are pleased to be a part of this environmentally responsible measure."

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