

# Brazilian Wave

September 2015 Issue: 49

## BLOCKED = OFFHIRE?

The continued plight  
of foreign owners

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THIS MONTH RIO PLAYED HOST TO ARTRIO, A HUGE ART FAIR WHICH BROUGHT TOGETHER 106 GALLERIES AND 52000 VISITORS. THE EVENT SHOWCASES WORKS FROM THE GREAT MASTERS IN ADDITION TO NEW AND UPCOMING ARTISTS.

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**OCEANPACT** - PSV / OSRV Carmen was fixed to Fugro for buoy launch in a campaign in Campos basin for end client Repsol Sinopec late August for 10 days firm plus options. The vessel has returned to Rio de Janeiro and is prompt available at time of writing.

**FARSTAD** - Brazilian built and flagged BOS Turquesa was fixed to Glander Bunkering for a fuel run 31st August then on with Transocean for anchor handling support for 2 days firm plus options. At time of writing the vessel remains employed and afterwards uncommitted becoming available in Rio de Janeiro. AHTS Far Sovereign is available in Guanabara Bay and has CAA valid for 1 year in Farsstad's name.

**SOLSTAD** - AHTS Normand Mariner has left Brazil after completing her 4 year contract with Petrobras. AHTS Normand Master has also concluded its long term contract with Petrobras and the owners are looking for opportunities.

**ER OFFSHORE** - After successful conclusion of their charters with Petrobras PSVs ER Bergen and ER Tromsø and AHTS ER Luisa and ER Vittoria are available in the Guanabara Bay, subject to customs clearance and circularization.

**DOF** - PSV / RSV Skandi Chieftain has been fixed to Chevron Brasil for 14 days firm plus options. The vessel will perform ROV duties in Frade field.

**OTTO CANDIES** - PSV Anne Candies has returned to the US Gulf after conclusion of her contract with Petrobras. The vessel has been cold stacked.

**OCEANPACT** - Brazilian built and flagged OSRV Marica has been fixed to Chevron as a front-runner until 20th September, and will proceed on to a 120 days contract with OGPar starting September 21st. The vessel is hired as a fully equipped OSRV.

**LABORDE** - Brazilian built and flagged LAB 151 has been fixed to OCEANPACT for end client Chevron for 30 days firm plus options as OSRV and st-by duties to be enrolled on the Frade field.

**CBO** - Brazilian built and flagged CBO Campos has started its contract with Deepocean this month. At time of writing the CBO Valentina and CBO Guanabara are available in Guanabara Bay.

**MAERSK** - AHTSs Maersk Provider, Maersk Asserter and Maersk Puncher are available in Guanabara Bay subject to customs clearance. Maersk Supply Service have been bidding for some local opportunities but it is likely that at least one of the vessels will depart Brazil in October.

**CHOUEST** - Brazilian built and flagged Santos Scout has been relocated to south Brazil for dry-docking after her long term contract with Shell finished. The vessel has worked for Repsol Sinopec prior

being moved to the yard.

**BRAVANTE** - PSV Bravante VI has been fixed to Subsea7 for 55 days firm plus options to end client Shell to assist with the subsea installations of the Parque das Conchas field Phase 3. The vessel contract has started on September 15th after customs clearance.

**SIEM** - Brazilian built and flagged Siem Giant will be redelivered from Shell on September 26th and proceed directly to her contract with Petrobras for 1 year firm plus one year option.

**ASTROMARITIMA** - Brazilian built and flagged Astro Parati will be redelivered by OGPar on September 20th and at moment of writing the vessel is uncommitted and will be available in Guanabara Bay.

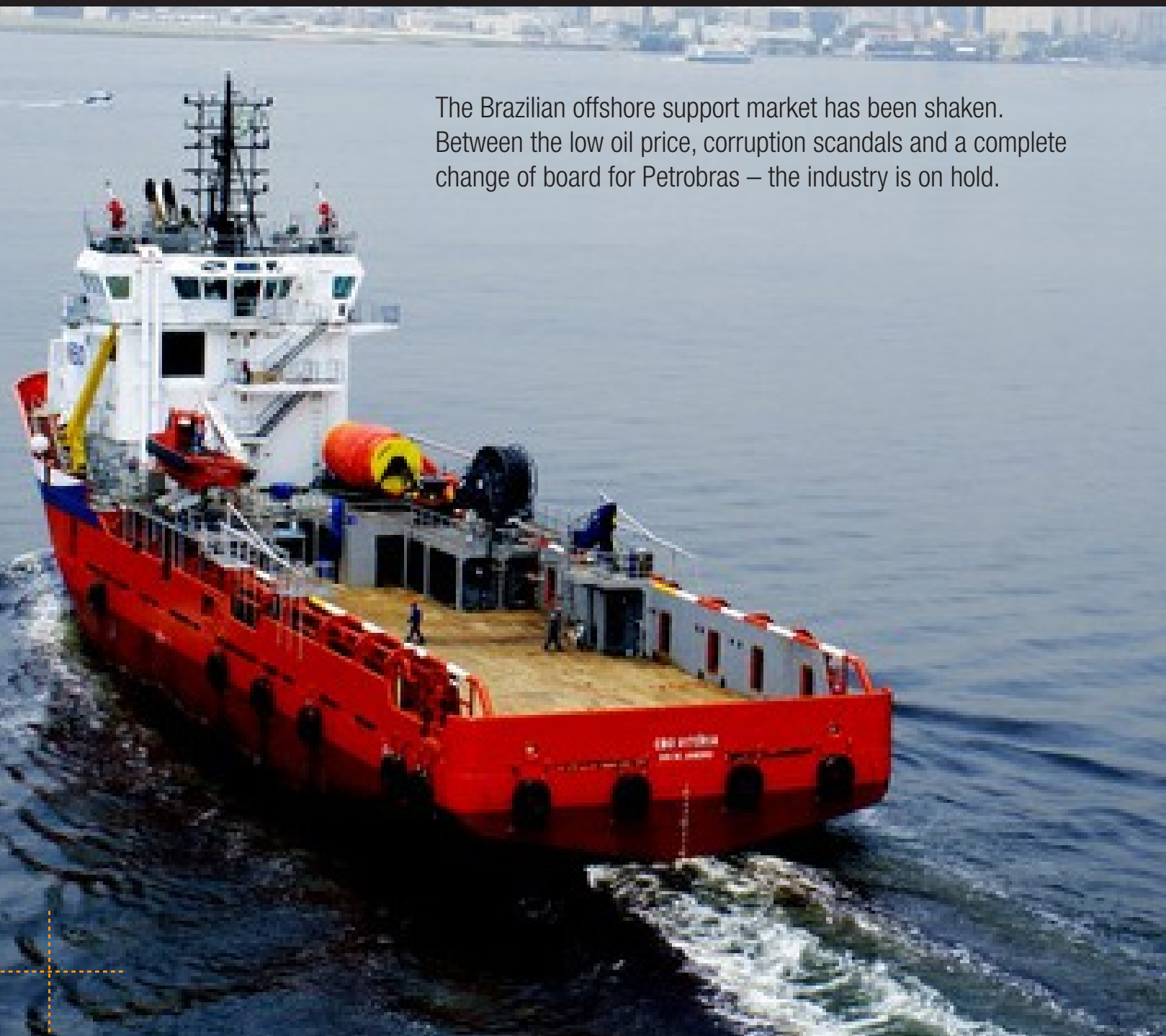
**HORNBECK** - PSVs HOS Pinnacle and HOS Wildwing have completed the four year terms with Petrobras and have been sent to the US Gulf. PSV HOS Resolution has also completed her Petrobras charter and is now en route to Spain.

\* **WILSON SONS** - Westshore clarifies that the Wilson Sons Hulls TBN 1 and TBN 2 (to be named Pardela and Pinguim) have not yet been delivered as we have informed in last month's edition, but launched at the shipyard in China. The vessels are expected to be delivered later this year and to reach Brazil in January 2016. We apologize for the mistake.



# VESSEL BLOCKED = OFFHIRE?

The Brazilian offshore support market has been shaken. Between the low oil price, corruption scandals and a complete change of board for Petrobras – the industry is on hold.



**B**razilian legislation, in order to protect and stimulate the local owners and local tonnage, states that a foreign flagged vessel to be employed on the offshore support sector must be authorized. The authorization, or CAA - Certificado de Autorização de Afretamento is valid for maximum 1 year and is issued by Antaq, the controlling agency, after a check (called “Circularização”) on the local market for availability of similar local tonnage. During the check, published through a local web-based system, local owners have the right to “block” the foreign flag vessel. Let’s look at the right to block and what brings the situation to where we are today:

**Day rate is irrelevant.** No matter the day rate the local vessel is asking for, the right to block remains and the foreign flagged vessel will not be authorized. Similar does not mean exactly the same. A foreign flagged vessel of DP2 class can be blocked by a DP1 class, and other aspects such as fluids segregation, bollard pull, etc, are somewhat secondary to other vessel aspects such as gross tonnage. Overall, even a PSV 3000 can in many ways offer a threat to a PSV 4500, or an anchor handler of 150 tonnes BP to a 180 tonnes. Its mere existence as an available vessels is the important factor, because a single Brazilian flagged vessel can block as many foreign flagged vessels until it gets employed.

This is the root of the problem faced by foreign vessel owners. A handful of local flagged vessels currently unchartered are blocking over 50 foreign vessels. At the center of the problem is Petrobras, the main shipping company placing “Circularizações” but the owners with foreign tonnage are caught in between. The Petrobras standard

contract states in most cases that the CAA/Circularização is charterers’ responsibility. Further, it establishes that if the CAA is not issued as a result of a blockage, an early termination right can be claimed by the charterer. Such a clause makes a 4 year firm period contract with Petrobras in effect a 1 year firm period – it’s just that up until now Petrobras has never found itself in this situation, and the market has relied upon that. So a 4 years contract with Petrobras has always been perceived as a 4 years firm contract. When in fact it is not.

## A HANDFUL OF LOCAL FLAGGED VESSELS CURRENTLY UNCHARTERED ARE BLOCKING OVER 50 FOREIGN VESSELS

From various blockage cases in 2014 and 2015, it has become evident that Petrobras has not been very effective in controlling the blockage issue. Definitely not because of the will of Petrobras managers and employees doing their best to avoid such situation, but most probably because of the inability of Petrobras to react fast and properly to the economic and political scenario it finds itself in, various vessels remain blocked yet only by a handful of local flagged ships. Can these local vessels not be hired or does Petrobras really not have the demand? Humbly, we think not. The demand exists and at least 3 bids remain open which could absorb the local tonnage

and put the problem to an end, all within the usual contracting mode of Petrobras via open bid and without any question to the legitimacy of the process.

The consequence is, as the vessels being blocked are not able to obtain their CAA, and as a result can’t obtain the navy authorization to operate, the vessels are placed “offhire” by the charterer. The point is, if the CAA is charterers’ responsibility in the first place, is it right to claim an offhire?

Petrobras has not been very clear about this issue, in spite of timely placing the blocked ships offhire. In the latest formal communication to the market specifically on the PSV1500 category (issue as the owners are being called to re-bid for discount), Petrobras states that “the company is fulfilling its contractual obligation to request the renewal of the CAA face Antaq” and further that “the non-issuance of the authorization may trigger the early termination of the contract”. Well, that is all true and recognized. So Petrobras either terminates the contract, or else, while the vessel is awaiting and not able to operate due to the CAA, keep the vessels on-hire. It is not an easy situation for the charterer, but the owners are held in a position unable to react or take any action to resolve the matter. At the moment, Petrobras has taken action on the PSV1500 category in an attempt to absorb local tonnage. Owners on contract are being called to present new offers and price will determine who stays and who leaves. It is also expected that within October, the PSV 3000 outstanding bids will also come to closure - and this should solve about 90% of the problems. The next month is going to be crucial for our industry.

PETRORIO SEEKS OPPORTUNITIES

PetroRio (ex-HRT) is looking for new fronts for investment in production assets in Brazil and the North Sea, in farm-in operations and through the participation in the 13th Bid Round as minority partners. The company's strategy is to keep a low exposure to exploration risks, while focusing on reducing production costs, especially after facing a gross loss of BRL 19.4 million in

Q2 2015, while it had a gross profit of BRL 55.2 million in Q2 2014. The company retains a 60% stake of the Polvo field (ANP still has not approved the purchase of Maersk's 40% share), while also waits for ANP's approval of Bijupirá and Salema's acquisition from Shell and Petrobras, which can increase their production in 22,000 boed.

OGPAR'S TUBARÃO AZUL ON HOLD

While production with FPSO OSX-3 at Tubarão Martelo field remains at an average pace of 9.1 boed (August figures), OGpar announced that FPSO OSX-1 was demobilized in late August from Tubarão Azul field (3.5 boed) after ANP's approval and shall leave for Norway, as a strategy to minimize the field's abandonment costs, in an environment of inflexible regulatory and environmental obligations, according to the company. The temporary suspension of production for one year

on Tubarão Azul Field was requested to ANP, while feasible alternatives to resume activities are studied. Meanwhile, as a cash flow relief to OGpar, Premier Oil acquired the 30% stake that the company held in CE-M-661, a deep-water Ceará Basin exploration block, which seismic license for 3D data acquisition by PGS has just received approval from Ibama. Total is the operator of the area with 45% market share and QGEP has the remaining 25% of the project.

STATOIL'S PEREGRINO FIELD DEVELOPMENT PLAN

Statoil plans on improving the third WHP project that will be installed on Peregrino field in Campos Basin, and the construction details of the unit will be disclosed in the first half of 2016, defining if either EPC or EP+FC, and details of the drilling and accommodation

units, jacket, and deck. The equipment is part of the second phase development of the field, which produces about 70,000 boed. The first oil from this new unit is expected at the end of the decade.

KAROON'S EXPANSION IN SANTOS BASIN

As part of the revision from Karoon and ANP of the Kangaroo evaluation plan, the company may drill more wells in Santos Basin. Karoon now has a firm commitment to drill in Echidna prospectus and another in the Emu area, which are expected for 2016. There is also the possibility of drilling four additional wells, one in each block if declared commercially viable. The

company will also carry out a 3D seismic acquisition throughout this area. Eventually, Karoon may do a farm-out of the areas. Currently, blocks S-M-1166 S-M-1165, S-M-1102, S-M-1101 and S-M-1037 are operated by Karoon with a 65% stake in partnership with Pacific Rubiales (35%).

COMPLETE LIST OF 13TH ROUND BIDDERS REVEALED

Thirty seven companies got their applications for registration approved by ANP. There are companies from 17 countries, 22 foreign and 15 Brazilian, and 4 new entrants. The table below shows the operators that applied for the next bidding round: Still on the 13th round, the company Spectrum, which

recently completed the acquisition of 2D seismic data of several regions in a multi-client contract, believes Sergipe-Alagoas blocks to be the most promising area of the auction because of the discoveries made in the region over the past three years. Anyway, let's hope for the best results in the whole auction!

#	COMMON NAME	GROUP	COUNTRY OF ORIGIN
1	Alvopetro	Alvopetro	Canada
2	Anadarko	Anadarko	USA
3	Azibras	Azimuth	Bermuda
4	BP Energy	BP	UK
5	BPMB Parnaíba	BTG Pactual	Brazil
6	CNOOC Petroleum	Government of China	China
7	Ecopetrol	Ecopetrol	Colombia
8	ExxonMobil Brazil	ExxonMobil	USA
9	Galp Energia Brazil	Galp Energia	Portugal
10	GDF Suez Brazil	GDF Suez	France
11	GEOPAR - Geosol*	GEOPAR - Geosol	Brazil
12	Geopark Brazil	Geopark	Bermuda
13	HRT O & G	Petro Rio	Brazil
14	Imetame	EP Imetame	Brazil
15	Mitsui E & P Brazil	Mitsui & Co.	Japan
16	Oil M & S	Indalo	Argentina
17	OP Energy	Black gold	Brazil
18	Parnaíba Gas	EBX	Brazil
19	Parnaíba Part.*	EBX	Brazil
20	Partex Brazil Op.	Partex	Portugal
21	Petrobras	Petrobras	Brazil
22	PetroRecôncavo	PetroRecôncavo	Brazil
23	Petrosynergy	Synergy Group	Panama
24	Phoenix	Phoenix	Brazil
25	Premier Oil Brazil	Premier Oil Group	UK
26	PTTEP Brazil	PTTEP	Thailand
27	Queiroz Galvão	Queiroz Galvão	Brazil
28	Rosneft	TNK-BP	Russia
29	Shell Brazil	Shell	Anglo-Dutch
30	Sonangol SHB	Sonangol	Angola
31	Statoil Brazil	Statoil ASA	Norway
32	Tarmar	UBX	Brazil
33	Tek*	HLJW	China
34	Total E & P in Brazil	TotalFinaElf	France
35	TSL*	TSL	Brazil
36	UTC Expl. and Prod.	UTC	Brazil
37	Vipetro	Vipetro Petróleo SA	Brazil
	* New entrants		

## RATE REDUCTIONS ROUND 2

As a result of all that is happening in Petrobras's backyard, the future of suppliers and employees of the company is at stake. In addition to the cost containment, termination of contracts and the convening of suppliers for rate renegotiation, Petrobras "invited" some suppliers in the second week of September for a second round of renegotiation of ongoing contracts that didn't fit in its pocket. Petrobras sent out letters to shipowners to request further reductions even for those who had already given discounts. A new proposed rate should this time be submitted through Petronect Portal, usually used for new bids only, with a week's time limit.

## SETE BRASIL AND PETROBRAS REACH AGREEMENT

In order to resume its financial and operational restructuring process, after BNDES left the financing of the project earlier this year, Petrobras (10% share) and Sete Brasil recently agreed that the company will build 19 units instead of the 28 originally planned, however 4 of them will be sold, possibly to Kawasaki. From the remaining 15, Sete Brasil will operate 5 necessarily through a joint venture to be confirmed, and the other 10 will be operated by only one foreign company. The new agreement does not affect the costs to Petrobras, which will still pay US\$ 460,000 per unit, but Sete Brasil is now able to make a profit instead of a significant loss expected before. The contract could be signed by the parties very soon.

## RATING DOWNGRADE

One day after the cut of Brazil's rating from BBB-minus to BB-plus, Petrobras lost its investment grade rating from Standard & Poor, which downgraded the company's credit rating to speculative grade status. With this negative outlook and "great uncertainty" indication in debt repayment capacity, there is a greater chance of increase in the firm's financing costs, thus, reduced ability to execute the company's 2015-2019 business plan. Last month, Petrobras declared that the investment plan of BRL 400 billion was guaranteed by the company, but after the grade cuts, it became a challenge, among many others.

## INTEGRITY COMPLIANCE

After Petrobras' Corruption Prevention Program established new compliance requirements for its suppliers, it became crucial that companies adapt to this new reality by structuring their own integrity programs, especially the suppliers that are blacklisted (24 in total). Petrobras is sending questionnaires asking, as an example, if their managers or directors have any relatives who are politicians, public agents or Petrobras' employees. However, the oil major did not clarify whether the suppliers would be or not in a bad position if the answer is "yes". Petrobras aims the requalification of the blacklisted companies, in order to keep the development pace.

## NEW PRODUCTION RECORDS

Petrobras scored another monthly record in Pre-Salt production, with 798 thousand bpd in July, which was 6.9% higher than previous month's figures. In addition, the company has been pursuing the daily production goal of 2,125 boed this year. The YTD production average is 2,131 boed, which already is 0.28% above the goal and 8.6% above the same YTD production average in 2014. Some analysts say that production may remain stable until the end of the year, due to very few new wells or platforms in this period, however, it can also be impacted by declining production in mature fields or unscheduled maintenance stops.



## DRILLSHIP DPDS2'S CONTRACT CUT SHORT

Petrobras intends to return the Drillship DPDS2 from Paragon by the end of September, even though the rig was contracted in 2012 until March 2017, with a daily rate of US\$ 300,000. The unit is expected to spend around 30 days either in Guanabara Bay or Macaé region, getting prepared to leave Brazil. Petrobras is also negotiating the reduction of the charter of DPDS3 to 380 days, while it was originally supposed operate until August 2017 at the daily rate of US\$ 347,000.

## RONCADOR PLANS BOOSTED

ANP has approved Petrobras' updated development plan for Roncador field, in which it restored the timetable for the drilling of seven wells (one injection), previously planned for 2013 and 2014. The oil major plans on boosting the outflow capacity of the production system in Brazil's most productive field (371,226 boed). By the end of this year, four of these wells should be initiated, apart from the conversion of another one as an injector. The remaining commitments are planned for the second half of 2016, when a new revision of the development plan should also be presented. Meanwhile, the Golfinho field in Espírito Santo Basin will be subjected to a coated well formation test soon, according to the revised field development plan approved in June, which also includes three new wells in the area. The average production of the area is around 24,300 bopd and 699,000 m<sup>3</sup>/day of gas.



## NEW RISERS FOR SANTOS PRE-SALT

Free standing hybrid risers (FSHRs) are to be installed in the Sapinhoá Norte and Iracema Sul fields in Santos basin between March and April 2016, according to Petrobras. Installation will be carried out by Saipem with the PLSV SDS-2. The risers will be connected to the FPSOs Cidade de Ilhabela and Cidade de Mangaratiba, which produce oil, respectively, in Sapinhoá Norte and Iracema Sul through steel lazy-wave risers (SLWRs). With the new installation, they will be able to export up to 6 million m<sup>3</sup> of gas/day.

## ENSCO CUTS COSTS WITH BRAZILIAN OFFICE

Enasco will restructure their current business units including its facility in Brazil, in order to generate expected savings of around US\$ 57 million a year. From now on, activities in Brazil will be reported to the unit for the Americas in Houston. In conjunction with this restructuring, the company further reduced onshore positions and centralized certain support functions. The company stated that it remains committed to Brazil, which still has growth potential in the long term.

## ENVIRONMENTAL LICENSE ISSUED FOR ROTA 3

Petrobras received a preliminary license from Ibama for the installation of the Rota 3 pipeline that will link the Buzios field and other assets in Santos Basin to the Comperj refining complex in the state of Rio de Janeiro. The 232 km pipeline system will supply the Natural Gas Processing Unit at the refinery, and is expected to be completed in 2017. The planned investment for Rota 3 is USD 713 million. The project includes a 184 km, 24-inch diameter, underwater stretch, plus equipment installation including 02 ILTS (in-line tees), 02 PLEMs, 03 PLETs, 03 rigid jumper connections and a system to connect to the Rota 2 (Cabiúnas) Pipeline. The preliminary license was recently issued and will be valid for three years, after being requested almost two years ago. To get the installation license from Ibama, Petrobras will still need to submit more studies.



## New oil spill response frontiers in Brazil

The core of the emergency response norms in Brazil is set around oil spill response vessels equipped with two sets of booms, a skimmer and a daughter craft able to handle the oil spill boom as the primary mode. Further, it establishes that the tanks for oil recovery must not be shared with cargo (with a few exceptions) and the main deck shall remain free of cargo where interference may prevent the timely deployment of the oil recovery equipment. The calculation of recovered oily water capacity will be determined in function of the production of the field (or estimated volumes in case of exploratory wells) added of the holding capacity of the production unit in the field - which establish the worst case scenario. Modeling of the spill likelihood to reach the continent and other items apart, in general terms the vessel demand will be so high that an operator with one single production unit may need as much as three vessels under exclusive use (no allowance for sharing other operators in the vicinity) to fulfill the requirements. Inevitably, the regular logistics vessels for the oilfield will have to be adapted to respond in case of emergency, or be hired having as selection criteria the availability of items such as Oil Rec class, FiFi, etc. As the market does not have at its disposal as many oil rec classed ships - especially as this local demand is not comparable to any other country in the world, vessels end up being adapted to attend the local legislation

requirements. A few observations can be made in this respect. IBAMA gives meticulous attention to the deployment of oil spill booms and the ability to contain the spill and recover as much oily water as possible. This focus drives the requirement into daughter crafts on board the OSV that have to be able to hold an oil spill boom formation in offshore conditions. And when such is not available or when the boom formation needs to remain for an extended period of time, another vessel must be made available on location to maintain. And in this idiosyncrasy the ERPs - Emergency Response Plans of all operators in Brazil count with such equipment as the most effective recovery tool for the spilled volumes. This is the focus of IBAMA no matter what. The industry has more effective equipment which has been tested in offshore conditions and can be just as effective, if not more effective than using a daughter craft to hold a boom formation. Norway uses and has demonstrated to IBAMA officials in 2014 the successful offshore use of the current-buster. The current-buster is specialist equipment that allows a Y-formation of the oil boom in the water with an enclosed end for the skimmer, for an effective collection of oil without the deployment of a daughter craft. Alternatively, the boom-vane is another type of equipment able to hold the oil boom open for extended periods of time without the need of a daughter craft.

The deployment of a daughter craft in the water is not an easy task. On the contrary it is possibly one of the most dangerous controlled risk activities there is. To the point that Safety organizations such as UK's MCA have issued clear recommendations that such craft must not be used for any other purpose than that of a real rescue situation, and drills should only be performed in fully controlled environment. This is unfortunately not what the Brazilian legislation says or what the authorities practice in real life. When a spill occurs, and the stain spreads really fast, risking 3 or 4 lives to go on a daughter craft to combat a small portion of what an oil spill really is, it is simply nonsense. It is unfortunate that this is not discussed on an open basis in the local industry. This article comes however as an evidence of change. It has been noted that in 2015 an oil operator whose name cannot be disclosed on request has based its emergency response with the use of the available technology. Evidently, the use of more than one boom formation per vessel and of at least a couple skimmers, as shown in one the pictures, can accelerate the recovery process, besides reducing the exposure of the crew to danger. It would be a shocking surprise to see IBAMA not move in this direction and the industry is hoping for the best.



## ANTAQ ATTEMPTS TO CURB THE FLAG SALE TREND

The navigation national agency Antaq published the details of two Public Hearings in August. The agency's intention is to make improvements in the Resolutions 4262 and 4271 with the help of all stakeholders, who can contribute with comments and clause changes on Antaq's website as well as in live public hearings, one in Rio de Janeiro on September 3rd and another in Sao Paulo on September 17th. The resolution 4262 describes how Antaq will grant navigation authorizations to legal entities incorporated under the Brazilian Law and with headquarters and administration in the country, to carry out cabotage and overseas navigation, or operate in offshore or harbor support, thus to become an "EBN"; while resolution 4271 details the rights and duties of the users and the companies operating in offshore and harbor support as well as cabotage and overseas navigation, and establishes administrative violations and fines.

With this invitation, Antaq made clear through Technical Notes (detailed revision of the resolutions) that their goal is to restrict the issuance of new navigation permits to companies that might cause or are currently causing distortions in this market with the practice of "flag sale" or are acting as "paper companies". Antaq defined "flag sale" as when EBNs excessively use their right to operate in a specific type of navigation reserved for Brazilian flag vessels in order to allow a company or foreign vessel to operate in that market through charter or issuance of bill of lading, by making use of its tonnage margin allowed for such charters, as if this was the main activity of EBN and not an exception.

Antaq defines "paper companies" as those who get specific incentives and rights that are exclusive for EBNs such as transport preferences indicated in the legislation and access to the resources of the Merchant Marine Fund (FMM), through financing and escrow account of the Additional Freight for Renewal of the Merchant Marine (AFRMM) without, however, presenting counterpart in investments, appropriate administrative structure or minimum capital compatible with the segment in which they wish to operate. The agency states that those practices are extremely harmful and allow the insertion of foreign vessels into a reserved market without the consideration of the development of the national fleet, as well as give way to unfair competition and commercial practices and which go beyond the field of private interests bringing negative consequences for the public interest.

As a way to restrain this, Antaq proposes the following relevant changes in the resolutions:

For the offshore support permit, the EBN should have at least one vessel that is commercially appropriate to the desired navigation and necessarily be self-propelled or take advantage of a pusher/tugboat that enable them to operate commercially (e.g. a barge would only be acceptable if EBN has an offshore tug to tow it). The only vessel types considered under this permit are cargo ship, catamaran, tanker ship, tugboat, pusher, ferryboat, floatel, barge, hovercraft, launch, and offshore supply vessels of several types.

The EBN cannot keep at least one vessel not commercially operating for more than 90 running days; if the EBN

has less than BRL 3.6 million per year in gross revenue (considered a small company), this vessel could be idle for up to 180 days without jeopardizing in Antaq's authorization.

Companies already authorized as EBNs should adapt to meet the changes in the resolutions within 90 days; if not, Antaq will apply the appropriate penalties, including the cancellation of the EBN permit. Companies operating without the permit or threatening the free market competition can be fined up to BRL 1 million.

If we only take into consideration Petrobras' current situation, how will the oil major maintain their EBN permit and keep acting as "flag seller" and somehow as "paper company" by owning only one small vessel which hardly ever operates in the offshore support, but gives the company the possibility of chartering hundreds of foreign vessels in bareboat, as well as benefitting from FMM financing? Also, how will other EBNs that mostly act as service providers enable the operation of foreign vessels be impacted, since this setup became a prerequisite to work with the oil major in split contracts? Will Petrobras give up their current role as the real EBN of those contracts to comply with the proposed regulation and transfer this responsibility to the services providers/EBNs, or will they operate the chartered vessels themselves (which is almost impossible to imagine)? Antaq has a genuine and valid concern, however the market pluralism may cripple the changes proposed or may harm the market. We will keep watching the developments of the public hearings, as the deadline of one of them is October 2nd, and analyze their outcomes and impacts.



## HAPPY BIRTHDAY TO US!

**W**estshore do Brasil, a subsidiary of Westshore Shipbrokers in Norway was established September 1st in 2010. The Brazilian branch of Westshore made a significant contribution to the offshore vessel arena in Brazil, something we have strived to build on. This month we are commemorating our fifth year of operations in Brazil and we are very proud about it! We have been successfully doing business and taking a leading position in the offshore market through different avenues and upcoming players taking us to where we are today. It's time to celebrate, eat some cake and take this opportunity to share some photos of our Brazilian team.



## WESTSHORE AT OSJ ASIA 2015

**O**ffshore Support Journal hosted the 3rd edition of its Asian conference on the 8th and 9th of September in Singapore. The Conference brought together many of the most experienced players in both the Asian and the global OSV market to look at the business critical issues, the opportunities as well as the threats, facing the industry. Daniel Del Rio presented an update about the Brazilian OSV market perspectives highlighting the challenges and opportunities of the Brazilian OSV market.

