

ROV Operations to Grow to US\$725 Million

Operations of cable controlled "work-class" remotely operated underwater vehicles (ROVs) is a business worth US\$600 million worldwide and this is forecast to grow to US\$725 million by 2008 according to "The World AUV & ROV Report" a new global business study published by Douglas-Westwood Limited. This growth is expected to mainly come from the oil & gas sector as increasing demand raises ROV utilisation and day rates.

The three main ROV business sectors discussed by the report are: support of offshore drilling operations " a US\$200 million market with steady growth prospects; offshore construction " a US\$300 million with good growth prospects; and annual pipeline inspection " a small US\$24 million market with good growth ahead. Activity is mainly divided between four geographic regions; Africa " which offers the greatest growth prospects over the next five years, S E Asia and North America. Brazil is also expected to show good growth.

ROVs have been in operation since the late 1970s and more than 5,600 individual ROVs have been built to date. Of the large "Work" class ROVs deliveries have totalled over 900 units with some 500 of these being in commercial operation worldwide.

Following a series of acquisitions, the largest owner is now Oceaneering, with we believe 156 work class ROVs.

ROV manufacturers have faced considerable difficulties in recent years following the double whammy of the oil price fall in 1998 followed by the collapse of the submarine cable installation market where ROVs were extensively used. Over the next five years improving operational day rates may encourage vehicle operators to buy new ROVs rather than replacing old components, but according to Westwood the business still lacks a new gamechanger technology to drive new vehicle sales.

The cable-less cousins of ROVs, autonomous underwater vehicles (AUVs), are now entering commercial operations. At least 120 AUVs have been produced to date, but so far only five or six large ones are in regular commercial operations. Arguably the most successful has been the Norwegian Kongsberg "Hugin" used in deepwater survey operations for the oil & gas industry where high efficiencies have been demonstrated and remarkable data quality achieved. But deepwater survey is a limited market and more applications are required to drive sales " a major challenge is in developing AUVs that can be cost effectively deployed in place of survey vessels for surveys in continental shelf water depths less than 500 metres.

However, new AUV concepts are emerging, including vehicles that can be launched from a floating production platform and travel autonomously to remote subsea wellheads and "dock" onto power and control from the platform. This is an area that is of interest to oil companies. The French company Cybernetix is developing vehicles that combine these characteristics of ROVs and AUVs. Another French company, ECA, known for its military vehicles is developing a pipeline inspection AUV.