

Offshore Drilling Rigs Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The offshore drilling rigs market is expected to register a CAGR of more than 2% during the forecast period (2022-2027). The COVID-19 pandemic severely affected the market due to the decline in oil prices in 2020 and delays in oil and gas upstream projects in offshore areas. However, the recovery of crude oil prices after 2020 is expected to make offshore drilling profitable, which may aid in the market's growth, especially in the new exploration done in different offshore regions across the world. In addition, the improved viability of deepwater and ultra-deepwater projects is anticipated to drive the offshore drilling market during the forecast period. However, the volatility in crude oil is expected to majorly restrain the growth of the offshore drilling market during the forecast period.

Key Highlights

The deepwater and ultra-deepwater segment is expected to witness significant development due to increasing technological innovation and the rising viability of such operations.

New markets, such as Gabon, Senegal, Guyana, Trinidad & Tobago, Egypt, and the Mexican side of the Gulf of Mexico, are actively promoting the development of offshore reserves, especially the deepwater and ultra-deepwater reserves. This factor is expected to create significant opportunities for the operating companies in the future.

The Middle-Eastn region is expected to be one of the potential markets, with most of the demand coming from Nigeria, Angola, and Egypt.

Offshore Drilling Rigs Market Trends

Deepwater and Ultra-deepwater Segment to Witness Significant Growth

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From 2014 to 2019, global deepwater expenditure increased, and countries/regions, such as Brazil, the United States, the Gulf of Mexico (GoM), North Sea, Angola, and Nigeria, constitute for a large amount of this capital expenditure, with West Africa anticipated to have the most significant regional growth. Although the pandemic caused a decline in the expenditure due to low oil prices, a rebound is expected in 2022 due to higher oil prices, with West Texas Intermediate (WTI) trading above USD 80/barrel.

However, the market experienced a recovery in 2021 from the slump in 2020, with many deepwater and ultradeep water projects being executed. For instance, in December 2021, Shell PLC announced a deepwater discovery in the Gulf of Mexico. The company found oil at the Blacktip North prospect, located in the OCS block, Alaminos Canyon 336. The well encountered approximately 300 feet of net oil pay at multiple levels. The well was drilled to a total measured depth of 27,770 feet. Further activities are underway and will likely attract more investments in the region.

In March 2021, Brunei Shell Petroleum and Shell Exploration and Production Brunei started drilling the Merbah Deep-1 and Jagus Subthrust-1 wells in the deepwater offshore of Brunei. The Brunei government aims to make deepwater exploration one of its strategies to increase oil and gas production to 350,000 boepd by 2025. It will likely issue more deepwater exploration permits to counter its declining oil production trend since 2006.

Moreover, the recent trends of cost reductions and critical technological breakthroughs have enabled many oil and gas exploration and production companies to expand their portfolios of sustainable deepwater developments.

Therefore, with increasing deepwater activities and technology breakthroughs, the deepwater and ultra-deepwater segment is expected to witness significant growth during the forecast period.

Middle-East to Witness Significant Growth

Many countries in the Middle-East region have large-scale offshore oil and gas reserves. The world's largest gas field, the South Pars Gas Complex in the Persian Gulf, or the new discoveries of oil and gas reserves in the eastern Mediterranean sea are expected to aid the market's growth.

The Angolan offshore acreage is among the most prospective countries in Africa and continues to draw high levels of investment. Drilling results are broadly positive, with exploration yielding several high-impact discoveries in recent years. For instance, in January 2020, Eni started production at the Agogo-1 deepwater field and won exploration rights to Block 28 in the Namibe Basin, while TotalEnergies SE, active in Angola for more than 60 years, was awarded Block 29.

On the flipside, with Angola's most prospective acreage in the deepwater, ultra-deepwater, and pre-salt areas, exploration can be characterized as high-risk and high-reward. The bulk of drilling is expected to target deepwater and pre-salt prospects, spearheaded by industry giants, such as Chevron, BP, Eni, ExxonMobil, Statoil, and TotalEnergies SE, along with the national oil company Sonangol.

In 2022, Ghana Partners aims to drill two development wells in the Ntomme riser base area in offshore Ghana, and another well is planned later in the year for the Enyenra area. Besides drilling the well, Ghana Partners are also investing in infrastructure to allow these wells to enter production from 2023 onward.

In January 2022, Shell PLC announced a significant oil and gas discovery in an offshore well in Namibia. The drilling started for the Graff-1 well in December 2021 and has found resources estimated at 250-300 million barrels of oil and gas equivalent. The Graff-1 is likely to spark significant international investments in the region, which remained largely dormant over the last 25 years.

Nigeria holds the top position among the 10 countries, with the largest remaining crude oil and condensate deepwater reserves. The majority of reserves are along the country's Niger River Delta and offshore in the Bight of Benin, the Gulf of Guinea, and the Bight of Bonny. Currently, exploration activities are primarily focused on the deep and ultra-deep offshore, although some onshore exploration is also in progress.

Therefore, upcoming offshore E&P activities, especially from the West African region, are expected to boost the number of

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offshore drilling rigs in the region during the forecast period.

Offshore Drilling Rigs Market Competitor Analysis

The offshore drilling rigs market is moderately fragmented. Some of the major players include Keppel Corporation Limited, Samsung Heavy Industries Co. Ltd, Sembcorp Marine Ltd, Transocean Ltd, and Seadrill Ltd.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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