Rov Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 125 pages | Mordor Intelligence

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Report description:

The ROV market is expected to register a CAGR of more than 8% during the forecast period (2022 - 2027). The COVID-19 outbreak led to the decline in offshore rig count from 60 at the beginning of 2014 to 11 (one of the lowest ever) in April 2021, mainly due to the volatile crude oil market. Increasing offshore oil and gas discoveries and rising oil and gas decommissioning activities are expected to drive the ROV market during the forecast period. However, the declining number of offshore rigs and offshore oil and gas activities are restraining the market.

Key Highlights
Oil and gas application is expected to dominate the market due to the rising offshore oil and gas production and increasing oil and gas decommissioning activities.
The ongoing deepwater and ultra-deepwater oil and gas discoveries and shale gas explorations are expected to create huge opportunities for ROV deployment over the forecast period.
North America dominated the market worldwide, with most of the demand coming from the United States, Mexico, etc.

ROV Market Trends

Oil & Gas Application to Dominate the Market

The drop in offshore activity and reduction in the number of offshore drilling rig count negatively affected the ROV market. The demand for work-class vehicles was impacted negatively by the downturn in the oil and gas industry. However, increasing offshore wind farm development, especially in Europe, created some demand in the past few years.
Further, with the increasing production of hydrocarbons delivered through subsea wells, the demand for introducing new technologies that can ensure the safe development and intervention of these wells, located under thousands of meters of water, is

increasing. In addition, rising deepwater offshore development activities and improved viability of offshore oil and gas projects in countries such as Brazil and Guyana are expected to increase the number of subsea wells in the coming years. This increase may drive the demand for ROV systems in the oil and gas application during the forecast period.
The ROV market is also likely to grow because of offshore decommissioning activities worldwide. After 1947, only in the Gulf of Mexico (GOM), over 4,750 structures were removed from the federal waters. Additionally, there were around 2,189 existing platforms in the GOM's OCS region, of which approximately 30% of platforms were non-producing or otherwise considered 'idle-iron' and had to be decommissioned.
In August 2020, Petrobras awarded three contracts (Solstad, Oceanpact, and Fugro) for providing ROV services for its subsea activities offshore Brazil. Fugro will supply five work class ROVs, each equipped with tooling and survey spreads designed for deployment in up to 3,000 m (9,842 ft) water depth.
Also, Oceaneering's Subsea Robotics segment won multiple contracts during the fourth quarter of 2020, with anticipated aggregate revenue in excess of USD 225 million. The work scopes are primarily for remotely operated vehicle (ROV) services delivered from floating drilling rigs and multi-service, subsea intervention, and construction vessels.
Therefore, based on the factors mentioned above, the oil and gas application segment is expected to dominate the ROV market during the forecast period.

North America to Dominate the Market

As of 2020, the United States was the largest producer of oil and gas in North America. The country has more than 900,000 active oil and gas wells, and more than 130,000 have been drilled since 2010. Further, at the beginning of 2018, the Trump administration announced the opening of 98% of the coastal water for oil and gas exploration and production, which was not allowed earlier. Such announcements are expected to drive the demand for ROVs in the long run.
Offshore projects are now becoming more competitive due to the improving efficiencies and tightening of the supply chain, which led to declining costs of offshore drilling. For example, before 2014, a deepwater well in the Gulf of Mexico cost about USD 200 million to drill. As of 2020, the cost to drill and complete wells fell by about 65% after the downturn in 2014.
Further, in 2020, 1.6 million barrels of oil per day, or about 18% share of the US crude oil, was produced from offshore wells in the Gulf of Mexico. The administrative support is expected to increase activity levels in the deepwater and ultra-deepwater discoveries during the forecast period. In December 2019, TotalEnergies announced its plans to develop two deepwater projects in the Gulf of Mexico, namely Anchor Oil Field and North Platte Discovery. Therefore, such projects in the offshore segments are likely to augment the ROV market's growth in the United States during the forecast period.
According to the Bureau of Safety and Environmental Enforcement (BSEE) and Bureau of Ocean Energy Management (BOEM), the GOM Shallow Water Province, generally of water depth less than 200 meters, has been a prolific area accounting for 33% of the Gulf's gas production and over 10% of its oil production. However, in the past 10 years, the number of wells drilled in the shallow water province decreased by 89%, and approximately 100 platforms a year are being removed with no new platforms being installed. ? Therefore, if this trend continues, the lack of development will potentially strand 179 million barrels of oil and 4,567 billion cubic feet of natural gas. According to BSEE and BOEM, they have an estimated worth of USD 20 billion.
In March 2020, TGS and Schlumberger awarded Shearwater GeoServices Holding AS an ocean bottom seismic ROV project in the deepwater Gulf of Mexico. Exploration of deepwater in this region, which requires ROVs, is expected to drive the ROV market.
Hence, due to such factors, North America is likely to dominate the ROV market during the forecast period.

ROV Market Competitor Analysis

The ROV market is moderately fragmented. The key players in the market include DeepOcean AS, DOF Subsea AS, Oceaneering International Inc., Helix Energy Solutions Group Inc., and TechnipFMC PLC.

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