

Floating to the fore

Following the J Ray McDermott and Keppel Fels joint venture's acquisition in January of the patents of the now-defunct ABB Lummus Global deepwater floating production division, the two have formed a new company to develop and market deepwater floating systems. **Marshall DeLuca** talks to company president Eric Namtvedt about the company's plans to compete in this market.

For years the floating production systems division of ABB Lummus Global ranked as one of the top players in the deepwater TLP market. The company had, through its various incarnations, provided the designs for some of the industry's most successful deepwater floaters including Shell's Auger, Mars and Ram Powell units and most recently the TLPs for ExxonMobil's Kizomba A and B developments and ConocoPhillips' Magnolia. Thus, when parent company ABB announced last year that it was exiting the deepwater floating solutions business and selling off the related patents, it created a stir among contractors eager to acquire the rights to these proven designs.

In January, after a brief bidding round in which several undisclosed offers were received, a JV between engineering and construction firms J Ray McDermott and Singapore's Keppel Fels emerged as the winner and in doing so acquired the US and foreign patent rights to several floating production designs, key among them being the Extended TLP (ETLP) and the Single Column Floater, which the companies have since parlayed into a new jointly owned company named FloaTEC.

Under the umbrella

According to the agreement between J Ray and Keppel, FloaTEC will be owned 50-50 by each company, governed by a six-member board comprised of three members from each parent and led by president Eric Namtvedt (pictured right).

Namtvedt, who has worked on the operator side, the service side and most recently with Aker Kvaerner, says the vision of the company is to provide the entire package of a deepwater production system, including the hull, moorings and risers from conceptual work to managing delivery of an engineering, procurement, construction (EPC) contract.

For Keppel and J Ray, Namtvedt says, FloaTEC is a natural compliment to their existing businesses. Not only does the joint venture offer the two fabricators a better chance of landing work for their respective yards (a combined 22 facilities at last count), but it also provides the opportunity to merge the acquired TLP designs together with Keppel's experience in deepwater production semisubmersibles

with several units delivered for Petrobras, and J Ray's spar division SparTEC, one-half of the original group innovating that technology and with three delivered units to its credit, in order to provide the full range of deepwater production solutions to the industry under a single umbrella.

'The objective to have the three technologies under the portfolio was attractive because we felt we could be much more non-biased and basically sit down with clients at the early concept phase and say we have no axe to grind,' says Namtvedt. 'We don't necessarily want a spar or a TLP or a semi, but we can look at the design basis and the various criteria, the payload requirements, the riser configuration, the depth and come up with the best solution for the project at hand.'

Technology agnostic

Though Namtvedt maintains FloaTEC will be technology agnostic, he says the company will spend a great deal of energy further developing the floater designs, particularly the dry tree semisubmersible.

'That is high priority in the joint venture,' he says. 'When you look at the maturity of design, the spar is in its fourth generation, TLP is in maybe its fifth generation, but for the low motion production semis, Keppel has only scratched the surface of the market. That is the area where we will put a lot of effort initially to bring that up to par with the others including model testing, motion analysis and riser issues.'

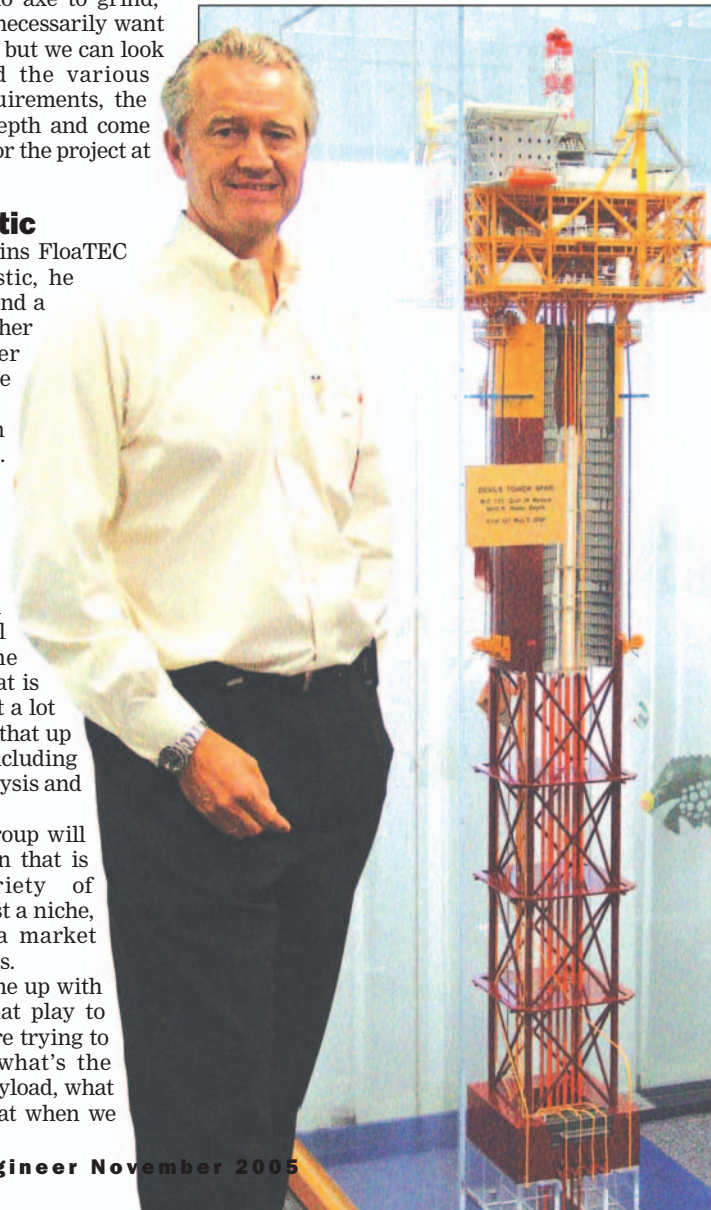
For this, he says, the group will focus on creating a design that is applicable for a variety of deepwater projects, not just a niche, and Keppel has begun a market survey to identify prospects.

'Instead of trying to come up with multiple semi designs that play to the entire spectrum, we are trying to find the sweet spot on what's the water depth, what's the payload, what are the riser issues, so that when we

focus on it, our focus will be on that sweet spot and not be a niche player such as a mini-semi or a semi with motion characteristics that work here but not anywhere else,' Namtvedt adds.

In performing the design work, the company will tap two Houston-based engineering firms for help, Sea Engineering, which has provided spar hull design and engineering support to SparTEC over the years, and Houston Offshore Engineering, a relatively new group comprised of nearly the entire former ABB Lummus Global team that developed the recently acquired designs and headed by TLP expert (and OE editorial advisor) John Chianis. FloaTEC has established Master Service Agreements with both firms to provide technical services and, Namtvedt adds, discussions are under way to take these relationships 'to the next level that establishes more of a mutual commitment'.

As for the other technologies, J Ray's SparTEC division will now be relegated to a brand name for the spar product line and



floating production

rolled under the FloaTEC umbrella. Similarly the TLP designs will now be marketed under the brand name TlpTEC and the submersibles under SemiTEC, with the TEC moniker denoting 'technology, engineering and construction'.

The deepwater arm

In terms of its relationship with its parents, FloaTEC will function as the exclusive vehicle for both Keppel and J Ray to pursue deepwater floating production hulls. Under this agreement, the two companies will continue to pursue business in this arena, says Namtvedt, only if FloaTEC sees no opportunity to make a technology delivery.

'The parents will still have the opportunity to pursue what we call "build to print" projects where if a client wants J Ray or Keppel to build a hull for them, that is fine,' adds J Ray vice president of engineering Bill Soester.

'The parents have their own business lines and fabrication is a big part of that and they can pursue that if the joint venture is not in the hunt for that project.'

Once FloaTEC lands a job, however, the company will work to capitalize on the strengths of this lineage, particularly Keppel's capacity and experience building large semi and TLP hulls and J Ray's

topsides and spar hull expertise, though it depends on the project as to how that will specifically play a part.

'The natural breakdown structure has been made for each technology,' Namtvedt says. 'Potentially we could have sections built at Keppel yards as well as J Ray yards if we were really stretched. Exactly who will lead when we go through FEED and secure a contract, it will depend on what solution it is and who has the bigger stake in the game where one is prime and the other is supporting.'

But, J Ray's Soester adds, for the parents, landing the fabrication contract of a FloaTEC job is not a guarantee: 'We as J Ray definitely anticipate the joint venture will keep us in mind, but we don't anticipate the joint venture will not give up the pursuit if the client wants to bid out the fabrication and installation work.'

The group held its first board meeting in Singapore in late September and Namtvedt is at the moment busy recruiting employees, setting up a new office and has even purchased exhibit space at Houston's Offshore Technology Conference next May at a neutral spot equidistant from its two parents.

But though it is still putting together its organization, FloaTEC has hit the ground running. The company is presently

performing some conceptual work for two clients and is also receiving invites to bid on jobs.

'I wouldn't say we are the new kid on the block because of what is coming in from SparTEC, Keppel and the TLP designs, but there is a need to earn credibility,' Namtvedt says. 'It is our challenge now to grow the company, put it in front of the clients and earn some of that credibility. Rome wasn't built in a day. We are in the process right now and the die has been cast.' **OE**



The deepwater ETLP design used on ExxonMobil's Kizomba A and B developments off Angola and ConocoPhillips' Magnolia in the Gulf of Mexico, is one of several key patents acquired by J Ray-Keppel JV FloaTEC.

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