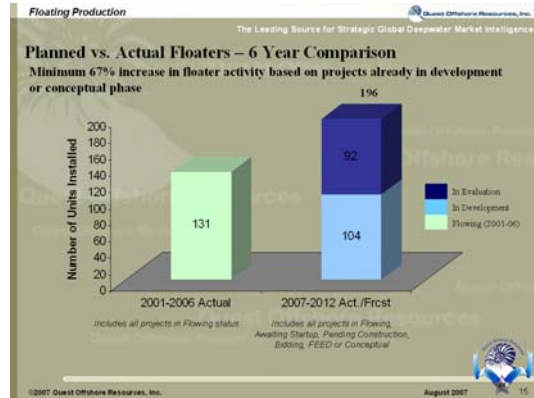
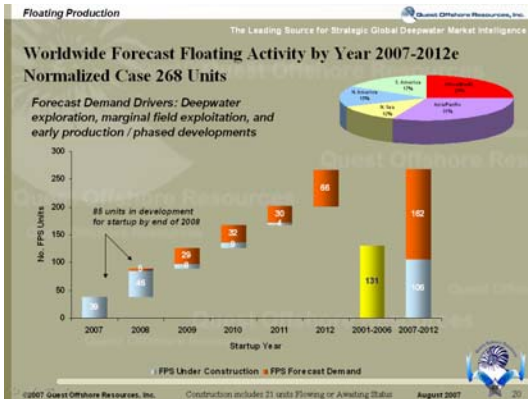


Floating Production: Riding a Wave of Growth in Asia Pacific and Africa Mediterranean

Attested as a cost-effective means of developing marginal, deepwater and early production/phased offshore fields worldwide, the global floating production fleet will continue to swell. Just this year, 30 new floating production units are expected online. Thirteen of these units are already flowing while seventeen are awaiting startup or pending construction. In the past six years, 131 floating production units of varying types have come online. In the next six years, the market figures to see the start up of a minimum of 196 floaters, an increase of 67%.



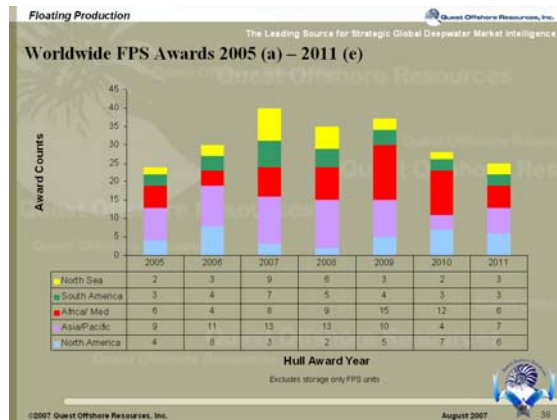
Forecasted Demand Information



Forecasted floating activity covering the period to 2012 alludes to Africa and Asia's dominance. Together these two regions comprise 56% of the current worldwide floating activity. Africa has 12 floaters under construction and an additional 55 units are forecasted for start-up before year end 2012. Africa saw 36 floaters start-up in the previous 6 year period, and the market expects an increase of 186% before 2013. However, Asia was the leader during that same time period (2001-2006) with 43 units starting up. Asia also expects to see an increase of 195% in floating production units during 2007-2012. This percentage includes 34 units under construction and an additional 50 units forecasted.

Global FPS Award Information

FPSO awards also paint a picture of an Asian and African dominance in floaters for the next two years. However, in 2010 and 2011 Asia and Africa continue to retain respectable amounts of awards, while relinquishing some of their dominance to North America, at a time when areas with less nearby infrastructure will likely be developed. The Gulf of Mexico is currently saturated with hubs for subsea tiebacks. Therefore spokes or subsea tiebacks will be the dominant development method for the near-term future. This is forecasted to continue until 2009, but the award forecast lends itself to assume that floating production will begin to flourish in the Gulf of Mexico again around 2010.



For more information, contact Jeni Hyland, Market Research Associate at jeni.hyland@questoffshore.com or 1 (281)491-5900.