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**Media Release**

**Keppel partners Seafox on study to build one of the world's first jackups with P&A features**

*The accommodation jackup rig with Plug & Abandonment (P&A) features will be based on Keppel's KFELS J Class design which is suited for the harsh environment of the Norwegian North Sea.*

***Singapore, 28 April 2014*** – Keppel FELS Limited (Keppel FELS), a wholly owned subsidiary of Keppel Offshore & Marine (Keppel O&M) has signed an engineering services agreement with Workfox B.V, a subsidiary of the Seafox Group (Seafox), to embark on an engineering study of a purpose-built accommodation jackup rig with well intervention and P&A features.

The project, which is named Seafox 8, is being developed to address a gap in the current P&A market. Subsea fields are reaching the end of their productive lives in areas such as the North Sea and the Gulf of Mexico. With increasing environmental concerns and regulations, there are a substantial number of wells in both these regions that will need to be properly sealed up in the next few years.

Seafox 8 will be able to offer P&A services, well intervention services, as well as accommodation and crane support services. It has a spacious deck and comprehensive amenities for the comfort of 282 persons on board. The jackup can also be configured for other offshore support services. Compared to existing jackups chartered for P&A work, Seafox 8 is expected to be 25-30% more economical in terms of dayrates. It will be the first accommodation and service jackup unit that is specifically suited to support rigless activities for P&A and well services at a competitive cost.

Leveraging the successful partnership of an earlier project, Seafox 5, Keppel O&M is also in discussion with Seafox to enter into a joint venture to place an order for Seafox 8 upon completion of the study, which is expected in 2H 2014.

Mr Keesjan Cordia, CEO of Seafox, said, "With our background in providing accommodation support, workover, construction, and decommissioning services to the offshore oil & gas industry, we noticed the strong demand for P&A services and identified a need for a specialised rig in this market. We believe the jackup we are conceiving, Seafox 8, offers the ideal solution as it can work all year round including during the North Sea's winter period and undertake multiple services at a time. It is a real workhorse and unlike drilling rigs which are often used to do P&A currently, Seafox 8 has the crane capacity to assist with maintenance and well services activities. It has NORSOK-specified accommodation for crew and client personnel, and a lower operating cost than existing equipment with a single role purpose."

"We are glad to continue this winning partnership we have with Keppel in coming up with innovative products. Seafox 5, a multi-purpose self-elevating platform (MPSEP), which they built for us previously, has been performing extremely well and I am confident that Seafox 8 will be just as successful."

The hull and legs of the new generation jackup rig will be based on Keppel's new KFELS J Class design which is customised to operate in water depths of up to 112 metres in the harsh offshore environmental conditions of the Norwegian North Sea.

Developed by Offshore Technology Development (OTD), Keppel's R&D arm, the robust KFELS J Class is designed as a drilling jackup rig for the Norwegian North Sea and is an enhancement of Keppel's proven harsh environment drilling rigs – the KFELS N Class and KFELS G Class designs. Keppel O&M has previously delivered three rigs of each design, which have been successfully operating in the North Sea including Norwegian waters.

Mr Wong Kok Seng, Managing Director of Keppel O&M (Offshore) and Keppel FELS said, "We have successfully developed and commercialised many proprietary concepts for a variety of offshore services and challenging frontiers by partnering our trendsetting customers in the early stages of those projects. For Seafox 8, we are taking the hull of an ultra-harsh environment rig in our KFELS J Class for use as an accommodation rig with equipment for P&A services. The KFELS J Class extends the capabilities of our proven KFELS G Class and KFELS N Class designs for work in the North Sea.

"This is an example of how we have been able to leverage and apply our technology expertise innovatively for a variety of offshore applications. And with an experienced partner like Seafox in this market, we are confident Seafox 8 will be well-received and give us a good head start in growing our track record as the leading solutions provider for the P&A services sector."

Keppel O&M and Seafox have a 49/51 joint venture in Seafox 5, an offshore wind turbine installation vessel which was built to Keppel's proprietary MPSEP design. Delivered in 2012, Seafox 5 has successfully installed 80 monopiles for offshore wind turbines in the German Sector of the North Sea and is currently deployed for Maersk Oil and Gas for accommodation and maintenance work. After its contract with Maersk, Seafox 5 will be chartered to DONG Energy E&P to service their operation at the Hejre field, in the Central North Sea, off the coast of Denmark.

Mr Wong added, "With Seafox 5, our foray into the offshore wind and oil and gas support services market has proven to be successful. Seafox is the leading operator in this field and Seafox 5 has received excellent charters and strong enquiries. Having done our due diligence on the P&A market, we are replicating this successful partnership with Seafox to be one of the first to seize the opportunities in this market."

The above agreement is not expected to have any material impact on the net tangible assets and earnings per share of Keppel Corporation Limited for the current financial year.

**About the plug and abandonment market**

Countries and industry regulatory officials are mandating the offshore oil and gas operators to immediately seal unproductive wells to permanently remove these potential environmental threats. Service companies are developing tools and methods to limit the economic impact of fulfilling these obligations.

Industry estimates put as many as 12,000 wells in the Gulf of Mexico which qualify as P&A candidates. In the UK sector of the North Sea alone, it is estimated that more than 500 structures with about 3,000 wells are slated for permanent abandonment in the near future. In the Norwegian sector of the North Sea, more than 350 platforms and more than 3,700 wells eventually must be permanently abandoned. Nearly 70 per cent of the forecast wells P&A

expenditure is in the Central and Northern North Sea, equating to £3.1 billion. Almost 480 wells are scheduled for decommissioning in these regions, of which nearly 60 per cent are platform wells.

There are currently two methods of P&A. The first is using the available equipment on a fixed platform to execute the P&A without the support of a rig. This method is almost always faced with constrains on deck and bed space limitations, multiple logistics challenges and the downside of high man-hours. Another method is using drilling rigs with the use of third party equipment. However, drilling rigs' dayrates are rather expensive for such applications.

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**About Seafox Group**
Founded in 1991, the Seafox Group is a leading provider of offshore accommodation and multi-support service jack ups across the world.

The Seafox Group services a global range of customers with a primary focus on the Southern North Sea in Europe. It has extensive experience operating and managing assets in this region, which is known for its stringent rules and regulations, and difficult environment.

Currently, the Group owns five jack-ups and 50 temporary living quarters. all jack-ups are time chartered out on full service contracts to respectable customers (e.g. Shell, Total, ConocoPhillips etc.) in the Southern North Sea on short and long term bases.

The Seafox Group's operational activities are fully outsourced to Workfox B.V./Ltd situated in Hoofddorp NL and Great Yarmouth UK. Workfox BV/Ltd is the leading operator of multi-support service jack-ups in the Southern North Sea and has been the exclusive manager of the Seafox fleet since the early 90's.

**About Keppel FELS**
Keppel FELS is a subsidiary of Keppel Offshore & Marine Ltd (Keppel O&M), a wholly-owned company of Keppel Corporation Limited. Keppel FELS is a leading designer, builder and repairer of high-performance mobile offshore rigs. Its portfolio of proprietary designs and floating production solutions meets a broad spectrum of operating requirements, including deep waters and harsh environments.

As a group, Keppel O&M is also a leader in ship repair and conversion, and specialised shipbuilding. Its near market, near customer strategy is bolstered by a global network of 20 yards and offices in the Asia Pacific, Gulf of Mexico, Brazil, the Caspian Sea, Middle East and the North Sea regions. Integrating the experience and expertise of its yards worldwide, the group aims to be the provider of choice and partner for solutions for the offshore and marine industry. For more information on Keppel FELS, visit www.keppelfels.com

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