

Financial Evaluation of An Offshore Drilling Rig Venture

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Abstract

The paper is a financial evaluation of an offshore drilling rig venture. It pertains to other ventures world wide involving substantial investments in offshore marine equipment. The scope of the paper ranges from a discussion of the drilling industry to the financial proformas covering the operation of the equipment.

The points that the presentation covers are as follows:

1. The structure, economics, marketing and financing of the drilling industry.
2. The strategic matching of the opportunity with the operating environment, resources and management disposition of the company.
3. A financial analysis of the venture, including:
 - a. "Back of the envelope analysis."
 - b. Construction period projection.
 - c. Proformas as at commencement of operations.
 - d. Operating projection.
 - e. Net present value analysis.

Additionally the paper draws attention to issues that are important to the above evaluation.

The paper should enlighten and be well received by those participants to the conference who are mainly orientated towards the technical side and not the financial aspects associated with marine ventures.

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Keywords: contractor, initial investment, construction period projection, cash flow, envelope, evaluator, upstream oil & gas, construction loan, investment, expenditure

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