

As the focus on African oil and gas development expands, the involvement of helicopter fleets is growing. Peter Shaw-Smith reports.

Oil's well on the rotary front

UK oil and gas consultancy, Douglas Westwood, is forecasting 17% growth in African oil production between 2015-2019.

David Hart, a research analyst at the consultancy, estimated that offshore operators in Africa would need around \$3 billion of financing to grow the fleet over that time, out of a global total financing requirement of \$24 billion. He added that medium-type helicopters would be 61% of the global market.

Nigeria, alone, is thought to have around 200 onshore helipads, 200 offshore helidecks and a fleet of around 100 helicopters owned and operated by six companies, including Bristow Group of the US and the local Caverton Helicopters.

Because several drilling operations in the onshore Niger Delta are located in mangrove swamps, helicopters are also required to bring personnel to operational areas.

Bristow has a fleet of 47 aircraft in west Africa, including six large helicopters, 30 medium, eight small and three fixed-wing aircraft. Some 19% of its global revenues were generated there in the last quarter.



“Our west African business unit is located in Nigeria, providing helicopter transportation services to clients in five different states of the Nigerian Federation, including Lagos, Delta, Cross River, Rivers and Akwa Ibom,” said Bristow Group communications manager Julie King.

“We have more than 1,000 employees in our helicopter transportation companies operating in Nigeria, which include Bristow Helicopters Nigeria Limited (BHNL), Pan African Airlines (Nigeria) Limited (PAAN) and BGI Aviation Technical Services (BATS).”

According to Michael Nagel, of Canada-based Nagel Aviation Consulting, Bristow has “the lion’s share” of the Nigerian market at very impressive [growth] rates per quarterly reports.

“Its new relationship with Everett shows an appetite for continued growth in Africa that



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already includes a long-term relationship with Petroleum Air Services (PAS) in Egypt,” he added.

Caverton is the main local player in Nigeria. It was floated on the Nigerian Stock Exchange last summer, adding around \$160 million to the market capitalisation. Its oil and gas client base includes Shell, Total, NNPC and Subsea 7, among others. Caverton Helicopters Limited is a subsidiary of the Caverton Offshore Support Group.

Caverton is expanding its fleet. In February, Waypoint Leasing, of Limerick, Ireland, announced it had reached agreement with Caverton to lease one new AgustaWestland AW139 and one Bell 412EP, both of which, it said, had been delivered.

“This marks our first transaction in west Africa, which is already a significant helicopter leasing market and expected to continue growing long-term. We are confident that this marks the beginning of a long and productive partnership with Caverton,” said Ed Washecka, Waypoint CEO.

Currency weakness has, however, had a major impact on international operators in Nigeria of late. With the Naira falling from 160 to the dollar in May

2014 to 200 at the end of February 2015, international operators like Bristow have been forced to report major financial statement adjustments. Weakening oil prices have also contributed to the headwinds facing operators in Africa.

“We have seen impacts to our oil and gas transportation business as customers look to reduce costs, given the dramatic drop in oil prices,” said King.

“We are taking decisive action to sustain our business during the downturn, including proactively working with clients on innovative solutions for cost efficiencies and maintaining strict cost discipline throughout our company.”

However, Bristow and Caverton are not the only players in west Africa. As Michael Savva, senior associate, Watson, Farley and Williams (Middle East) LLP in Dubai, explained: “We have worked for CHC Helicopter in relation to its leasing arrangements into Nigeria with Atlantic Aviation, a joint venture between CHC Helicopter, the world’s largest helicopter offshore services company, and Jagal Group, a leading Nigerian industrial conglomerate with diverse operations in the oil and gas sector.”

“In addition to Nigeria and Angola, we have seen aircraft leased into Equatorial Guinea for



operation in the oil and gas sector.”

And Nagel observed: “Other examples of robust operations include Cairo-based PAS and Aero Contractors fixed-wing operations in Lagos connecting to helicopters for offshore support at Port Harcourt.

“Also, a growing strength in west Africa is Belgian company Noordzee Helicopters Vlaanderen (NHV) which, in 2014, acquired Blueway Group, including DanCopter, Blueway Offshore Norway, Airlift and Vertech Offshore.”

Nigeria’s Toucan Aviation focuses on charter management for the energy sector in Nigeria and the sub-Saharan region. “We interface with the rotary community on a daily basis as our clients fly across the region with jets and then transfer to helicopters to access the harder to reach locations or offshore destinations,” explained CEO Achuzie Ezenagu.

“There are not as many local operators as one would expect, given the capacity of our oil and gas operations. Any investors seeking to come into the local Nigerian market are most certain to turn a decent profit but there are pitfalls that need to be avoided.

“The first is the local content laws. Foreign companies must team up with tried-and-tested

local partners, who are committed to the long-term success of the venture. There will also be a need to establish a parallel maintenance culture as spare parts and competent maintenance staff will always be hard to come by,” he added.

Toucan has noticed a major increase in the use of helicopters for short-hop trips that assist clients to avoid major traffic in the inner cities and also to reach rural towns that are not easily accessible through the road networks.

“We have found that the Agusta 139s seem to be the helicopter of choice for most of the rotary wing operators in our region,” said Ezenagu.



Nagel said recent offshore and onshore helicopter work had taken place in the mature market of Libya, with a similar situation with Algeria onshore. “There has been recent offshore exploration in Morocco and numerous Middle East helicopter companies are getting established in north Africa,” he said. “In South Africa, the local operators are Starlite and Titan. Both support oil and gas, the UN and many other markets.”

Major global players are also looking to take

advantage of the growth in oil and gas services in east Africa.

“Numerous operators are seeking to support exploration and production companies. These include CHC, Bristow, Caverton, and Heli Union,” said Nagel.

“Everett Aviation, based in Nairobi, Kenya and Dar es Salaam, Tanzania is likely to grow with the supply partnership of Bristow. Everett leased three AW139 helicopters from the Bristow Group in 2010 in support of Statoil’s drilling operations offshore in Tanzania and Mozambique. Two aircraft were used for crew change and a third on search and rescue.”

“In other areas of the world, helicopters tend to service a number of industry sectors. As well as oil and gas, you have emergency medical services, search-and-rescue, police, and training. Oil and gas is, though, far and away the biggest market,” said Savva.

“The same can be said of western Africa, although I expect that an even greater majority of heli support there is focused on oil and gas. Given the economies and principal sectors in places such as Nigeria, Angola and Equatorial Guinea, “workhorse” helicopters transporting employees to and from oil rigs is critical to the oil and gas sectors in those countries.”