

Offshore drilling merger raises competition concerns

Press release

The CMA has found that the merger of Noble and Maersk Drilling could increase operating costs for oil and gas producers in the UK North Sea.



In February, the Competition and Markets Authority (CMA) opened an investigation into the approximately £2.6 billion anticipated merger between Maersk Drilling and Noble Corporation.

Noble and Maersk Drilling are both globally active offshore drilling contractors for the oil and gas industry. The CMA's investigation primarily focussed on the two businesses' overlapping activities in the supply of a certain type of platform, known as a 'jack-up' rig, commonly used for offshore drilling by UK customers in the North Sea.

Following its Phase 1 investigation, the CMA has found the deal raises competition concerns in the supply of jack-up rigs for offshore drilling in North West Europe (the area comprising the UK, Denmark and the Netherlands). The merging business are two of the four main suppliers in this market and have frequently competed against each other for contracts in the past. The CMA is concerned that the combined businesses would not face sufficient competition after the merger, which could lead to higher prices and lower quality services for oil and gas producers in the North Sea.

If the merging businesses are unable to address the CMA's concerns, the deal will be referred for an in-depth Phase 2 investigation, to be carried out by a group of independent CMA panel members.

Colin Raftery, Senior Director of Mergers at the CMA, said:

Offshore drilling services are critical for oil and gas producers. Our investigation showed that Noble and Maersk have competed closely in the past and face only limited competition.

We're therefore concerned that the loss of competition that this deal would bring about could result in higher prices or lower quality services, increasing operating costs for oil and gas producers in the UK North Sea.

Noble and Maersk Drilling have 5 working days to offer proposals to the CMA to address the competition concerns identified. The CMA would then have a further 5 working days to consider whether to accept these in principle instead of referring the case to a Phase 2 investigation.

For more information, visit the [Noble Corporation / Maersk Drilling merger inquiry page](#).

1. On 23 February, the CMA gave notice under section 96(2A) of the Enterprise Act 2002 that the merger notice provided by Noble Corporation (Noble) and The Drilling Company of 1972 A/S (Maersk Drilling) in relation to the anticipated merger between both companies meets the requirements of section 96(2) of the Act.
2. All media enquiries should be directed to the CMA press office by email on press@cma.gov.uk, or by phone on 020 3738 6460.

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