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# VTB Finds Lessee for Scandalous Oil Rigs

By Tatyana Voronova

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VTB-Leasing bought 30 ZJ50DBS oil-drilling rigs from a Cyprus-based firm.

VTB-Leasing on Thursday signed an agreement with Orenburgskaya Burovaya Kompania, or OBK, to deliver six of its oil-drilling rigs for lease, a VTB spokesperson said.

The state bank's leasing unit purchased 30 ZJ50DBS rigs in July 2007 from the Cyprus-registered firm Clusseter Ltd., rather than from their manufacturer, Sichuan Honghua Petroleum Equipment. The company planned to lease them to the firm Well Drilling Corporation under a contract valued at $456.9 million, with the total cost rising to $650 million after customs duties and fees.

Well Drilling Corporation handed the rigs to Severnaya Ekspeditsia, which had a subleasing agreement with Gazprom-Bureniye. Things didn't work out with Severnaya Ekspeditsia, however, and VTB-Leasing tried to get back the rigs and contest the subleasing agreement.

As of the end of last year, the bank managed to win back 11 rigs in court, while the other 19 are still being disputed. Severnaya Ekspeditsia quickly went into bankruptcy.

According to calculations by VTB minority shareholder Alexei Navalny, the bank lost about $160 million while purchasing the rigs, primarily because it paid the middleman firm $15 million for each rig instead of the company's catalog price of $10 million per unit.

During VTB's annual shareholders meeting, president Andrei Kostin assured them that the rigs would be subleased.

While VTB Group was able to sign one contract Thursday, it has yet to find users for all of the rigs, a manager at the bank told Vedomosti. OBK does drilling work for TNK-BP, a source at the bank said.

A spokesperson for TNK-BP confirmed that it would be a three-year agreement but said the rigs would be used by its subsidiary Orenburgneft, which will finance the project.

A source at OBK told Vedomosti that the work of one of the rigs was demonstrated Thursday not far from the town of Buzuluk. VTB, VTB-Leasing, TNK-BP and OBK will sign an agreement on the rental of another six units by the end of the year, he said.

The source said the bank was very thorough in selecting a partner for its equipment, with the talks lasting about a year and a half. The company has already rented two of the ZJ50DBS drills, he said. "They began working at the start of the year. One well is already drilled."

By the end of the year, VTB-Leasing plans to place up to 40 rigs in various organizations, including OBK, the VTB spokesperson said, adding that the equipment was in demand.

Deputy Prime Minister Igor Sechin's recent visit to Uralmashzavod supports that idea. While he was there, contracts and agreements were signed with two rig buyers: drilling service company Eriell Group and the firm Syrian European Community for Heavy Industries.

At the time, Sechin said Uralmashzavod's oil derricks had "a very high level of dependability" and that they were built to work in the difficult conditions of Russia's Far North.

Uralmash's portfolio currently includes orders to deliver five drilling rigs for Gazprom Neft, three for Rosneft and two for Eriell Group. It also plans to produce six drilling units to re-equip an offshore platform for Azerbaijan's state oil company.

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