

LUKoil to Get \$438M in Kazakh Settlement

By [The Moscow Times](#)

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ALMATY, Kazakhstan — LUKoil will receive about \$438 million to help end an ownership dispute that arose when China National Petroleum Corporation bought the Russian oil producer's partner in a Kazakh oil venture in 2005.

PetroKazakhstan and LUKoil will each retain their 50 percent stakes in the venture, Turgai Petroleum, state-run KazMunaiGaz Exploration Production said Friday in a statement. KazMunaiGaz owns PetroKazakhstan with CNPC.

LUKoil made a rival bid to buy PetroKazakhstan five years ago as Russia and China jostled for access to Central Asia's energy resources. LUKoil, the country's largest private oil producer, sought to exercise a right of first refusal to buy PetroKazakhstan out of Turgai in 2008, saying CNPC was not offering it acceptable projects as an alternative.

“This allows LUKoil to avoid problems in Kazakhstan, and they get an inflow of real cash,”

said Pavel Sorokin, an oil and gas analyst for Alfa Bank.

The agreement, signed Aug. 16 in Moscow, gives LUKoil the right to dividends from Turgai, which it has not received since 2008, said a LUKoil spokesman, who declined to be identified citing company policy.

KazMunaiGaz EP said it also might get a portion of dividends, which were halted during the arbitration period, through its stake in PetroKazakhstan.

Turgai Petroleum produced an average of 68,000 barrels per day last year and holds proven and probable reserves of 104.4 million barrels, according to KazMunaiGaz EP.

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