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# TNK-BP to Acquire BP's Algerian Energy Assets

By The Moscow Times

October 06, 2010




TNK-BP, the venture between BP and Russian billionaires, will look to acquire the London-based company's Algerian fields to accelerate overseas expansion, a top executive for the billionaires said Wednesday.

"As soon as BP receives Algeria's permission to transfer the assets to TNK-BP, TNK-BP will take a serious look at these assets," said Stan Polovets, chief executive officer of the Russian billionaires' holding company AAR. "By being an international oil company, we will be able to achieve much higher multiples on our earnings."

TNK-BP chairman and AAR shareholder Mikhail Fridman aims to build foreign operations so that at least half of the company's production comes from outside Russia. The company has already said it will bid for BP assets in Vietnam and Venezuela. Expanding overseas will allow TNK-BP to raise its value per barrel of reserves to about $8 from $4 today, Polovets said.

BP is the largest foreign investor in Algeria, according to the company's web site. In addition to exploration acreage, it operates two gas fields, Salah Gas in the Sahara Desert and Amenas in the southeast of the country, and is a partner in the Rhourde El Baguel oil field. Spokesman David Nicholas declined to comment on whether BP will sell the assets.

Fridman was accompanying President Dmitry Medvedev on a visit to Algeria that started Wednesday. Discussions between BP and Algerian state oil company Sonatrach on the transfer of assets are currently taking place, Polovets said in an e-mailed response to questions.

Algerian assets would provide "a launchpad for further expansion on the African continent, particularly in North Africa," he said.

Tony Hayward, who stepped down as BP CEO on Oct. 1, has taken a seat on the board of TNK-BP after pledging in July to sell as much as $30 billion of BP assets to pay for the Gulf of Mexico oil spill.

President Medvedev and Prime Minister Vladimir Putin would approve of the expansion, Polovets said.

"The Russian leadership knows that by entering new markets, TNK-BP and other Russian companies will gain new experience and expertise that can then be applied to projects in Russia."

The acquisitions may impact TNK-BP dividends, though the total payout this year will be about $3 billion, Polovets said.

While TNK-BP has paid out as much as 60 percent of net income in dividends in the past, "this ratio could be slightly lower in 2010 if a number of large asset transactions are completed before year-end," Polovets said. "But nobody expects it to fall below the minimum 40 percent."

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