

TNK-BP Spends \$1.8Bln on Assets

By [The Moscow Times](#)

October 18, 2010



Extraction pump operators adjusting equipment at the Samotlor oil field.

BP said Monday that it agreed to sell a package of oil and gas fields in Vietnam and Venezuela to its Russian joint venture TNK-BP for \$1.8 billion as the London-based oil major raises cash to pay for its Gulf of Mexico oil spill.

BP said in a statement that the assets represented reserves of 270 million barrels of oil equivalent and daily production of 40,000 barrels.

The sale brings to about \$11.5 billion the amount that BP has agreed from asset sales in recent months. The company has a divestment target of \$25 billion to \$30 billion over the next 18 months.

Analysts said the price was in line with their valuations for the assets, which they added were not strategic for BP.

"This allows BP to high-grade its portfolio," said Iain Armstrong, an oil analyst at Brewin

Dolphin.

The deal also sees TNK-BP realize its ambition of growing outside Russia, where it is the third-largest oil producer.

"The acquisitions in Venezuela and Vietnam mark a milestone in TNK-BP's strategic expansion in the global energy market," said Mikhail Fridman, TNK-BP's executive chairman and one of the four Russia-connected billionaires who own the other half of TNK-BP.

The sale also represents the latest pull-back by big Western oil companies from Venezuela.

In 2007, U.S. oil giants Exxon Mobil and ConocoPhillips pulled out of Venezuela following socialist President Hugo Chavez's demand for majority control of oil projects, and in March this year, Royal Dutch Shell said it and others were shunning the country's licensing rounds.

BP remains in talks with potential buyers for its interests on the North Slope of Alaska, including Prudhoe Bay, and Argentina-based Pan American Energy, sources familiar with the matter said.

The assets are worth about \$7 billion and \$7.5 billion, respectively, analysts said.

TNK-BP, which produced 1.89 million barrels of oil equivalent per day in 2009, said it would use its own funds to finance the acquisitions and expects the transaction to be completed by the first half of 2011.

In Venezuela, the company will buy 40 percent of the Petroperija and 26.6 percent of the Bouqeronin oil field projects, majority-owned by Venezuela's state-owned PDVSA oil company.

It will also acquire a 16.7 percent stake in the Petromanagas upgrader project, which processes tar-like Orinoco heavy crude into lighter synthetic oil that can be processed by traditional refineries.

In Vietnam, TNK-BP will acquire BP's 35 percent stake in an offshore gas condensate project; a 32.7 percent stake in the Nam Con Son gas pipeline and a 33.3 percent stake in the Phyl My 3 power plant.

All three of these assets form an integrated gas and power project with a production capacity of 30,000 barrels of oil equivalent per day, on a working interest basis.

Original url: <https://www.themoscowtimes.com/2010/10/18/tnk-bp-spends-18bln-on-assets-a2287>