

Lone Participant Bashneft Wins Trebs Tender

By [The Moscow Times](#)

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The Federal Subsoil Resource Use Agency said Thursday that Bashneft, the oil producer controlled by Russian billionaire Vladimir Yevtushenkov, won the rights to develop two Arctic oil deposits for 18.5 billion rubles (\$587 million), higher than the starting price.

The watchdog awarded Bashneft, the only remaining bidder, the rights to what were the country's largest undistributed onshore fields.

Bashneft offered 1.7 percent more than the starting price, according to the agency. The government must approve the deal.

Oil production at Bashneft has jumped almost 27 percent since Yevtushenkov's holding company, AFK Sistema, agreed to acquire control of the regional oil producer and refineries at in March 2009. Bashneft shares have grown 58 percent this year in the past year as it integrated the refineries.

The development of Trebs and Titov may boost company reserves by as much as 70 percent. The deposits, discovered in the Soviet era, may hold more than 200 million metric tons, or 1.47 billion barrels, of recoverable oil reserves, according to the government. That compares with the 2.13 billion barrels of proved, possible and probable reserves Bashneft said it held in the second quarter, citing an audit from Miller & Lents Ltd.

Bashneft became the only bidder for Trebs and Titov fields in Russia's Arctic when Surgutneftegaz failed to make a necessary cash deposit. Applications from LUKoil, TNK-BP, and India's Oil & Natural Gas Corporation were rejected. LUKoil is Russia's second-biggest oil producer, TNK-BP is third, Surgut is fourth, while Bashneft is seventh.

Sistema, which has spent more than \$3 billion buying shares in Bashneft and smaller producer Russneft, aims to create an oil business valued at more than \$10 billion, Alexander Korsik, the group's head of oil, said in an interview in September.

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