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BP Seeks TNK-BP Board Talks

By The Moscow Times

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BP has asked the Russian partners in its joint venture TNK-BP to convene a board meeting to discuss its stalled partnership with Rosneft, a source close to TNK-BP management said Thursday.

News of a possible board meeting was the first word to emerge since the sides began a second round of arbitration talks in London this week to try to bridge differences over BP's share swap deal with Rosneft.

"BP asked for a board meeting next week," the source said, declining further comment. TNK-BP's chief executive is Mikhail Fridman, one of four billionaires whose company AAR owns half of the country's No. 3 oil firm.

Spokesmen for BP and TNK-BP declined to comment.

The tycoons have won every round so far in the legal battle over the BP-Rosneft pact, arguing that it violates the terms of a shareholder agreement according TNK-BP the right of first

refusal on any deals struck by BP in Russia.

In a first ruling on March 24, the Stockholm arbitration tribunal — a forum for mediating business disputes — upheld an injunction against the BP-Rosneft deal to conduct a $16 billion share swap and launch an Arctic offshore exploration venture.

The British oil major requested a further review of the share swap as a standalone deal, excluding the Arctic project, arguing that was allowed under a carve-out clause in the shareholder agreement.

Analysts said the mere fact that talks were continuing suggested that BP was seeking to salvage not only the share swap, but also its exploration venture with Rosneft.

The only question now, said UralSib chief strategist Chris Weafer, was whether a place could be found for TNK-BP in the offshore pact or whether a sufficient price could be paid by Rosneft or BP to buy out the Russian stake in TNK-BP.

"The deal involving BP and Rosneft to explore in the Arctic is going to go ahead because it is too strategic to fail," Weafer said.

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