

Putin Attempts to Reassure Worried BP

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Prime Minister Vladimir Putin on Wednesday tried to soothe BP's worries about its future in the country, saying both Rosneft and TNK-BP should cooperate with the British oil major.

BP's Arctic exploration and share swap deal with Rosneft has been deadlocked after a court slapped it with an injunction at the behest of BP's Russian partners in TNK-BP.

Some analysts said Rosneft may drop BP and replace it with another major.

"As for cooperation with such a respectable company as BP, we would welcome that both for TNK-BP and for Rosneft," Putin told reporters after his annual address to the parliament.

He also reiterated that he was caught off guard by differences between BP and its Russian partners in TNK-BP.

"When the British colleagues came to us with their proposals on working with Rosneft, I said we would support this. At the time, no one told me personally or Rosneft about any mutual obligations to TNK-BP. We simply did not know anything about this," Putin said.

In January, BP and Rosneft announced their \$16 billion deal amid much fanfare in London after BP CEO Robert Dudley met Putin in Moscow.

But BP's partners in TNK-BP — Mikhail Fridman, German Khan, Viktor Vekselberg and Len Blavatnik — have won every round of the legal battle against BP, arguing that the Rosneft deal violates a right of first refusal on BP deals in Russia set out in TNK-BP's shareholder agreement.

The investors won an injunction in an arbitration court, which froze the agreement. BP and Rosneft extended a deadline to close the deal until May 16.

Putin said Wednesday that the matter should be resolved in a legal way in courts.

"If there are some issues or questions, linked to mutual obligations, then they should be settled in a legal way, through court decisions," he said.

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