The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

TNK-BP Pays $1Bln for Amazon Partnership

By The Moscow Times

September 29, 2011



Brazil is counting on doubling oil production over the next 10 years with the largest discoveries in the Americas. **Pedro Lobo**

TNK-BP signed a contract to pay about $1 billion to become a partner with Brazil's HRT Participacoes em Petroleo in an oil project in the Brazilian Amazon, an official at TNK-BP said.

The transaction with HRT will be completed in two to three weeks and HRT will remain the operator, said Sergei Funigin, head of TNK-BP's Venezuela division, Wednesday at an oil conference in Puerto la Cruz, Venezuela. The deal will give TNK-BP a 45 percent stake in exploration blocks in the Solimoes Basin where HRT recently found signs of oil, he said.

The companies signed a "definitive agreement" for TNK-BP to join the project, Funigin said. HRT will be the operator for at least two years, and the companies have the option to change the agreements' conditions, he said without offering further details.

TNK-BP is looking for opportunities in Brazil, Africa, the Middle East and Latin America to diversify operations, Funigin said.

Brazil expects to more than double oil production over the next 10 years as it develops the largest discoveries in the Americas in more than three decades.

TNK-BP is buying the stake from Petra Energia, HRT's original partner in the blocks, through an arrangement where HRT has rights to buy Petra's stake. HRT did not return two telephone calls to its Rio de Janeiro office Thursday seeking comments about the deal with TNK-BP.

TNK-BP, which has stakes in four joint ventures with Petroleos de Venezuela, is looking to produce more oil in the South American country and may increase its interests in current ventures or buy new assets, Funigin said. The Russian company has a 16.7 percent interest in the Petromonagas heavy crude venture that was nationalized from ExxonMobil in 2007.

Exxon is currently pursuing arbitration with PDVSA, as the Caracas-based company is called, and seeking around $7 billion in compensation in the venture formally known as Cerro Negro.

"We're waiting for the issue to be resolved with ExxonMobil, and then we are willing, if the Venezuelan government and PDVSA consider us, to increase our interest in the venture," Funigin said. "We've already told PDVSA that we are ready to sit down and talk about it."

TNK-BP's share of production from its joint ventures in Venezuela is around 25,000 barrels of oil a day, Funigin said. Petromonagas, which upgrades about 120,000 barrels a day of heavy crude, will be stopped for a month next year in March or April for programmed maintenance, Funigin said.

Original url:
https://www.themoscowtimes.com/2011/09/29/tnk-bp-pays-1bln-for-amazon-partnership-a9858