

Capex Up 17% To \$5.5Bln For TNK-BP

By [The Moscow Times](#)

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TNK-BP is looking to increase capital expenditures this year by about 17 percent to offset a production decline in its traditional regions with output growth at new fields.

Chief financial officer Jonathan Muir said the bulk of spending this year will go to greenfields that will begin producing, or increase output, from 2015 or later, including the Rospan gas field and new oil fields in the Arctic region of Yamal.

Capital expenditures will rise to \$5.5 billion this year, largely to finance construction at greenfields, and are expected to rise further to about \$6 billion annually in 2013-14, Muir said.

"[Capex will grow] as we start kicking off the Yamal and Rospan projects. We were always expecting a slight increase in capital this year. I expect we might reach \$6 billion in the future ... as we start to ramp up these projects. And then it will start to come down again," he said during a presentation of the company's financial results Wednesday.

TNK-BP is banking on growth at new fields, especially on the Yamal Peninsula, because of increasing depletion of its existing brownfield assets.

For now, greenfields account for one in seven barrels of output. The next site to come online is gas from the Rospan field, due to significantly ramp up production in 2015, then oil from another Yamal field, Suzun, due to be commissioned in 2016.

Gas production at Rospan is seen at 3.4 billion cubic meters this year, and it is expected to jump to 16 bcm per year starting from 2017.

Earlier Wednesday, TNK-BP International, the parent company of Moscow-traded TNK-BP Holding, said it saw net income rise 54 percent to \$8.98 billion last year. The revenues of the company were up to \$60.2 billion from \$44.6 billion in 2010, with EBITDA rising almost 41 percent to \$14.6 billion in 2011.

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