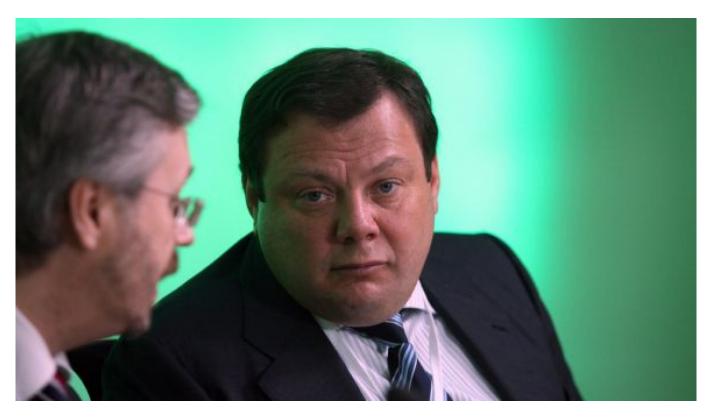


Peskov: BP Move Not Bad Signal for Investors

By Anatoly Medetsky

June 04, 2012



Former CEO of TNK-BP Mikhail Fridman Maxim Stulov

The Kremlin doesn't believe that BP's possible departure from its Russian joint venture would be a bad signal for other foreign investors, President Vladimir Putin's spokesman said Monday.

"Wise foreign investors will look at how much BP has made by entering into a joint venture," said the spokesman, Dmitry Peskov.

On Friday BP announced that it was considering an offer for its 50 percent stake in TNK-BP, its joint venture with four Soviet-born billionaires, amid another legal duel. The British company has reaped \$19 billion in dividends from the venture since its establishment in 2003.

BP is likely contemplating a change in its TNK-BP strategy in order to search for other opportunities in Russia, said Elena Herold, a senior manager at PFC Energy, a global

consulting firm specializing in the oil and gas industry.

"I do not believe that BP wants to leave Russia for good, even if it sells its half in TNK-BP," she said by e-mail.

Friday's announcement could lead to a tie-up with Rosneft similar to the one that fell through last year because of the Soviet-born billionaires, Herold said.

"It seems likely that a swap of shares between BP and Rosneft will take place as was discussed in the Arctic JV deal a year ago," she said.

The previous agreement with Rosneft would have given BP access to explore and develop Russia's offshore Arctic fields.

"Eventually, I believe, Rosneft will team up with BP in TNK-BP management, acquiring a controlling stake," Herold said. "This deal will set the stage for BP to resume growth in Russia and for Rosneft to continue international expansion."

BP hasn't informed the partners about who was offering to make the purchase of the stake that ranks as the largest foreign investment in the country's oil industry and cautioned that the deal might not go through. Peskov declined to talk about any potential buyers, but said Putin knew about the situation in TNK-BP.

It could be state company Rosneftegaz, where Putin's confidant Igor Sechin is going to be a board director, that will acquire TNK-BP shares held by BP, Herold said.

Rosneftegaz could also choose to buy shares from the billionaires, who hold their half through a company named AAR, she said. That purchase may come in addition to the deal with BP, she said.

In recent months, Rosneft struck cooperation deals with America's ExxonMobil, Italy's Eni and Norway's Statoil, and the government appointed Sechin to run the company.

A Russian court has ordered a new hearing into a \$13 billion lawsuit brought against BP by minority shareholders in TNK-BP over the failed deal between BP and Rosneft, a BP lawyer said Monday.

The Federal Arbitration Court in the Siberian city of Tyumen has ordered a new hearing in a lower court, lawyer Konstantin Lukoyanov said. The original suit was thrown out last year.

The minority shareholders claimed that TNK-BP suffered financial losses because it had been excluded from a planned strategic alliance unveiled last year between BP and Rosneft.

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