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LUKoil Bidding in Norway

By The Moscow Times

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LUKoil will create separate alliances with three companies to bid for licenses to develop Norway's offshore oil supplies. **Denis Grishkin**

OSLO — No. 2 crude producer LUKoil is vying to bid for rights to tap Norway's vast offshore oil riches jointly with Det norske, Lundin Petroleum and North Energy, a LUKoil official told reporters Thursday.

Andrei Kuzyayev, head of LUKoil Overseas, also said LUKoil would increase investment in foreign projects next year by almost 60 percent, to $5.5 billion.

LUKoil last year was prequalified as an operator in Norway's offshore areas, opening the door to licensing rounds that could add to the Russian oil company's growing international portfolio. The company seeks to offset a decline in crude production at its depleted oil fields in Siberia.

"In December, we will take part in the 22nd round (to bid) for development of hydrocarbon blocks jointly with two Norwegian companies Det norske (and) North Energy and Swedish

company Lundin," Kuzyayev told reporters.

He said that LUKoil would create separate alliances with each of the three companies to bid for the licenses and that it had set aside $300 million for possible Norwegian offshore investments between 2014 and 2016.

Russian oil companies, especially those that lack state participation and are therefore barred from holding major licenses to drill in Russia's own Arctic waters, are expanding abroad to help compensate for declining output in Siberia.

LUKoil has been gradually building an upstream portfolio in Iraq and Africa and acquiring downstream stakes in Europe.

Kuzyayev also said LUKoil aimed to increase the percentage of its overall oil output that comes from foreign projects to 20 percent by 2015 from 10 percent currently.

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