

# BP Confirms Desire to Up Rosneft Stake

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The FSB's headquarters on Lubyanskaya Ploshchad. The FSB drafted the new treason bill.

Rosneft chief Igor Sechin said BP had proposed to buy more Rosneft stock and further invest in Russia if it cashes out of its troubled existing partnership in the country.

Sechin said Friday that BP chief executive Robert Dudley and BP chairman Carl-Henric Svanberg had voiced the plan at a meeting with President Vladimir Putin earlier last week.

BP confirmed its ambitions about Russia and Rosneft.

"BP aims to be an investor in Russia for many decades to come," it said in a statement Friday.

BP has yet to choose a buyer for its half of TNK-BP, the third-largest crude producer in Russia. It's talking to its partners in the venture, who are a group of Soviet-born billionaires. Rosneft has also shown interest.

"BP is considering further investment in Russia regardless of who we sell our stake to," the British company said in the statement. "If we are successful in selling our stake in TNK-

BP, then we would be interested in investing some of the proceeds in buying shares in Rosneft."

BP's press office declined to name the size of the stake the company was looking to acquire. BP owns 1.4 percent of Rosneft, a stake it bought during Rosneft's initial public offering in 2006.

The press office didn't say what Russian projects the company was looking at. Sechin said no specific plans were under discussion.

"We are happy about the decision by BP," Sechin told reporters on the sidelines of an economic forum in the Black Sea resort of Sochi.

Sechin said BP's proposal ties in well with the government's plan to sell a portion of its stake in Rosneft as part of the privatization campaign.

"We will hold further negotiations," Sechin said.

Sechin said Rosneft didn't plan to buy a stake in BP. "We wouldn't like to work as a portfolio investor," he said, Interfax reported.

He added, however, that the company was open to "interesting" proposals.

BP could purchase at least an additional 12.5 percent of Rosneft, Kommersant reported Thursday, citing sources close to the two companies.

If Rosneft were to buy out BP's half in TNK-BP, the payment could come in two forms: cash and a Rosneft stake, the newspaper said. The cash side of the deal could measure \$10 billion to \$15 billion.

Bankers said Wednesday that Rosneft was considering taking out \$20 billion in loans from foreign and Russian lenders, Reuters reported.

TNK-BP's co-owners, represented by the AAR consortium, have until mid-October to conduct exclusive talks about purchasing BP's shares in the venture. AAR offered to buy 25 percent of the joint company.

AAR waged a successful legal battle to block an alliance between BP and Rosneft that the two giants announced last year to explore and develop Russia's offshore Arctic deposits.

Meanwhile, the Sunday Times reported that BP plans to appoint a prominent Russian to its board of directors as part of its alliance with the Kremlin, as cited by Reuters on Sunday.

Bob Dudley, BP's chief executive, discussed the plan with Putin last week, the newspaper reported, without citing any sources.

The appointment of a Russian director to BP's 15-strong board would be a first in the company's 104-year history, it added.

Rosneft and Gazprom agreed Friday to cooperate in building and sharing infrastructure for offshore projects, the companies said in separate statements.

The agreement also calls for them to band together in developing technology for offshore exploration and to develop and jointly ensure the environmental safety of such projects.

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