The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

BP Paying $325M to End TNK-BP Dispute

By The Moscow Times

November 13, 2012



While highly lucrative for both sides, the relationship between BP and AAR has been plagued by disputes since the establishment of TNK-BP in 2004. **Maxim Stulov**

The AAR consortium agreed with international oil major BP on Tuesday to end all legal disputes as the joint shareholders in TNK-BP smooth the way towards ceasing their ownership role in the company.

BP and AAR are both due to quit TNK-BP, Russia's third-largest oil producer, after being bought out by state-owned Rosneft for a total of $61 billion in the biggest deal in the country's corporate history.

BP made a payment of $325 million to AAR to end litigation still pending in a Stockholm arbitration court and ease the process of closing its transaction with Rosneft, Interfax reported Tuesday citing anonymous sources.

In a joint emailed statement the two principal owners of TNK-BP announced a "comprehensive agreement to settle all outstanding disputes between them, including the current arbitrations brought by each against the other."

"The parties have agreed to work constructively together with each other and with Rosneft to progress their respective disposals of their shareholdings in TNK-BP," the statement said.

While highly lucrative for both sides, the relationship between BP and AAR has been plagued by disputes since the establishment of TNK-BP in 2004. A nadir in the relationship between the partners was reached in early 2011 as AAR successfully turned to an arbitration court to block a $16 billion Arctic exploration deal BP had concluded with Rosneft.

The agreement announced Tuesday also allows both BP and AAR to take part in energy projects outside TNK-BP.

“The agreement includes an immediate waiver of the new opportunities provision in the TNK-BP shareholder agreement, allowing each party to explore new opportunities and partnerships in Russia and the Ukraine, effective immediately,” said the statement.

Rosneft shares, which have surged this year under its new chief executive Igor Sechin, a Kremlin heavyweight, reacted positively to the news that the takeover of TNK-BP appeared to be progressing without any hitches.

The state oil giant's shares were down 0.61 percent Tuesday.

Related articles:

- TNK-BP Wins $6Bln Gas Deal in Blow for Gazprom
- AAR, BP Agree on Board
- Rosneft Talks $25Bln Loan

Original url:
https://www.themoscowtimes.com/2012/11/13/bp-paying-325m-to-end-tnk-bp-dispute-a19369