

Rosneft Buys Into Exxon's U.S. Offshore Assets

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March 07, 2013



Rosneft is on track to become the largest publicly traded oil company. **Maxim Stulov**

Expanding its global reach, Rosneft signed a deal to buy a 30 percent interest in 20 deepwater exploration blocks held by ExxonMobil in the Gulf of Mexico.

Seventeen of the blocks are in the gulf's western waters off Texas, the companies said in separate statements.

Exxon retains the remaining 70 percent share of the blocks and will continue in the role of operator, although there is no production at the moment.

In signing the agreement last week, Rosneft exercised its option to join the projects as part of an earlier agreed wide-ranging partnership with the U.S. company. The oil giants didn't put a price tag on the deal.

Rosneft signed agreements in the course of past months to team up with Exxon in an effort to

explore and develop several offshore fields in Russia.

The Gulf of Mexico deal was signed by Rosneft chief Igor Sechin and Exxon exploration division chief Stephen Greenlee in Houston.

“This agreement provides Rosneft and its affiliates with access to one of the world’s most prolific basins,” Sechin said, according to the Exxon statement.

Experience and knowledge acquired during the joint gulf work “may potentially be used when developing deepwater blocks in Russia,” Sechin added.

During Sechin's trip to the United States last week, he also delivered a speech at an energy conference in Houston. In the speech, he appeared to refer to another potential project with Exxon when he said Rosneft started looking for future buyers of liquefied natural gas, or LNG, that it aims to produce.

Rosneft and Exxon are studying the option of building an LNG plant in Russia as part of their cooperation.

At the IHS CERAWEEK conference, Sechin also highlighted that Rosneft is on course to become the world's largest publicly traded oil company, both by production and reserves. It will reach those milestones after it swallows TNK-BP, the third-largest Russian oil producer half owned by BP.

Rosneft expects to complete the \$55 billion mega deal announced at the end of last year “in the beginning of the second quarter,” Sechin said.

On Friday, the European Commission antitrust authority said following an investigation it did not find any competition concerns, effectively giving its approval and bringing the deal one step closer to completion.

As a result of the deal, BP will own almost 20 percent of Rosneft.

BP chief Bob Dudley said BP is hoping to enlist Rosneft's help to get its foot in Venezuela, whose leader Hugo Chavez died last week after a battle with cancer.

If Rosneft can play a role in BP's possible return to Venezuela, that would be another sign that the Russian firm graduated into the club of influential international oil companies.

“BP is a major oil company, so expect us in Venezuela,” Dudley said in an interview with Russia-24 last week. “And of course, Rosneft could play an enormous role here.”

Dudley also said BP and Rosneft are discussing other potential joint projects in and out of Russia, including in the Arctic.

“The list is quite big, but we first need to wait for Rosneft to take over TNK-BP,” he said.

Rosneft signed long-term crude supply contracts with commodity traders Glencore International and Vitol for supply of up to 67 million tons of crude, Reuters reported.

The deal entails a \$10 billion prepayment to Rosneft before supplies start. The agreement, which was signed March 4, envisages supply volumes of up to 46.9 million tons of crude for Glencore, and up to 20.1 million tons for Vitol, Rosneft said.

Glencore and Vitol asked banks for a \$10 billion syndicated loan to finance the purchase of up to 67 million tons of crude oil from Russian group Rosneft, media reports said in January.

Rosneft agreed long-term crude supply contracts with Glencore and Vitol in December, as it sought funds to finance its \$55 billion takeover of TNK-BP.

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