

Rosneft Buys \$18Bln Stake in Russian Gas Producer From Enel

By [The Moscow Times](#)

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Rosneft is acquiring Enel's indirect stake in Russian gas producer SeverEnergiya, valued at \$1.8 billion, in its latest move to boost its presence in the gas market.

State-owned Rosneft, the world's top listed crude oil producer, has been aggressively expanding its gas business with a slew of purchases, including Russian gas company Itera, which it bought for \$2.9 billion.

The company aims to increase its share of the domestic gas market to 19-22 percent by 2020 from about 9 percent currently.

It expects to produce more than 60 billion cubic meters of gas by 2016, compared with 42 bcm forecast for 2013, and 100 bcm in 2020, of which more than half will be produced at newly acquired projects.

"The gas business is one of the company's strategic development priorities," Sechin said in a statement. "Acquisition of a stake in SeverEnergiya will create a multiplying effect for further growth."

Rosneft said the deal to buy Enel's 40 percent stake in Arctic Russia B.V. would lead to Rosneft's indirect ownership of a 19.6 percent stake in SeverEnergiya, a joint gas production venture with assets in Yamal-Nenets Autonomous Region in Northern Russia.

The company owns licenses for nine gas fields in Russia with proven and probable reserves of 7.3 billion barrels of oil equivalent. Last year, Samburg oil field, one of the deposits, was launched with initial production pegged at 43,000 barrels of oil equivalent per day.

Enel, Europe's most indebted utility, has pledged to sell 6 billion euros of assets by the end of 2014 to help beef up its balance sheet and hang on to its investment grade rating.

A Milan-based utility analyst said the asset had been flagged as a possible sale but the price was above expectations.

"The disposal plan is vital for Enel, and there were some concerns it was taking too long. But finally they are moving, and this is a relatively big step forward to getting its balance sheet into better order."

In July, Standard&Poor's downgraded Enel because of weakening economic and industry prospects in core markets that it said were set to erode the group's profitability.

The Italian state-owned company, which owns Spanish utility Endesa, said in August that cost cutting and debt reduction programs had allowed it to confirm its full-year targets.

Yamal Development, a joint venture of Novatek and Gazprom Neft, owns 51 percent of SeverEnergiya.

The remaining 49 percent is held by Arctic Russia B.V. — a joint venture between Italian Eni and Enel, where the parties hold 60 percent and 40 percent, respectively.

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