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Sechin Confirms Interest in LUKoil Venezuela Stake

By The Moscow Times

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Rosneft may increase its exposure to oil in Venezuela, the world's top holder of crude oil reserves, by buying LUKoil's stake in a consortium, Rosneft's head Igor Sechin told reporters Thursday.

LUKoil, Russia's second biggest oil producer, has said it wants to sell its 20 percent stake in the Russian consortium helping to develop a large oil project in Venezuela because "it is not a high priority."

LUKoil has been increasing its upstream base by acquiring foreign projects because Russia's energy landscape is increasingly dominated by state-owned companies such as Rosneft and Gazprom.

"LUKoil has been actively engaged in upstream asset acquisitions, I cannot believe that such a resource base as that of Venezuela's is not of an interest," Sechin said.

"If we see an intention to sell, of course, we will hold talks and work on the possibility of increasing Rosneft's stake."

LUKoil is part of the Junin-6 consortium developing heavy oil in the Orinoco basin. The group is led by Rosneft and also includes Gazprom Neft.

The Junin-6 consortium owns a 40 percent stake in the project, which started production in September 2012, while Venezuela's state-run PDVSA has 60 percent.

Russian media have speculated that LUKoil's stake in the Russian consortium could be worth about $200 million.

Venezuela is the world's 11th largest crude exporter but foreign companies operating there have faced price controls and currency devaluations along with threats of nationalization, leading several to quit the country.

Other Russian companies, Surgutneftegaz and TNK-BP, which was bought by Rosneft for $55 billion earlier this year, have also decided to leave the consortium, citing a need to focus on domestic business.

Sechin said Thursday that LUKoil was yet to offer its stake in the consortium.

"When I see it, we will consider it," he said.

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