

Rosneft Consolidates Siberian Producer to Ensure China Supplies

By [The Moscow Times](#)

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Rosneft, the world's top listed oil company by output, has taken full control of an east Siberian crude producer in a deal to underpin ambitious plans to expand exports to China.

The state-controlled company has agreed to double oil flows to Beijing from the current 300,000 barrels per day in a deal valued at \$270 billion, and consolidating the Tass-Yuryakh operation will secure extra supplies.

Sources told Reuters last month that Rosneft had offered a stake in an east Siberian oil producer to China National Petroleum Corp, or CNPC, as part of their broader cooperation.

Rosneft said in a statement Tuesday that it had started talks to secure a strategic investor in Taas-Yuryakh but made no mention of CNPC.

Rosneft CEO Igor Sechin said Taas-Yuryakh is expected to produce 1 million tons of oil in 2014.

and 5 million tons annually starting from 2017.

Rosneft gave no details of how much it paid for the 65 percent of Tass-Yuryakh that it was adding to the 35 percent it bought last year from the Sberbank Capital unit of Sberbank for \$444 million.

Based on that deal, a 100 percent stake in Taas-Yuryakh is valued at about \$1.3 billion — or \$0.7 per barrel of hydrocarbon reserves — which is "not very expensive," said Vitaly Kryukov, an analyst with IFD Kapital brokerage.

Sechin's output forecast was less than the previous assessment of 6.15 million tons per year by 2016.

"Obviously, Taas-Yuryakh will help Rosneft to secure supplies under new agreement with China but announced volumes are yet to be extracted," said Kryukov.

Rosneft, which became the world's top oil company following the \$55-billion takeover of the TNK-BP joint venture, plans to produce 206 million tons of oil this year, or about three times Britain's annual consumption.

Russia started pipeline crude exports to Asia, which now make up about a fifth of the total, late in 2009. Oil is shipped via the East Siberia-Pacific Ocean pipeline, and its special spur to China, the world's top oil importer.

Rosneft and pipeline monopoly Transneft have long been at odds over who should finance the further expansion of routes to Asia but last week agreed to share costs.

The capacity of the ESPO spur, known as Skovorodino-Mohe, will be increased to 20 million tons of oil shipped annually from 2015 and to 30 million from 2018 compared with the current 15 million.

Before the deal, Transneft charged Rosneft with lacking reserves to honor its oil deals with Asian buyers by at least 3.9 million tons of oil a year by 2020.

"I urge you not to worry and tell Transneft not to worry too ... We will align our production projects with refining ones and our shipment commitments," Sechin told reporters days before the Taas-Yuryakh deal was finalized.

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