

Oil Firm Alliance Signs Merger Deal With Ex-Rosneft Chief

By [The Moscow Times](#)

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Alliance Group, which owns the Khabarovsk oil refinery in Russia's Far East, has agreed to merge its assets with a company controlled by Eduard Khudainatov, a former senior executive at Rosneft, an Alliance spokesman said.

Khudainatov left state-run Rosneft last year to focus on his own projects, Russian media reported, suggesting Alliance's oil and refining assets were a potential target for him.

Alliance Oil was valued at around \$1.2 billion before it delisted last year in Stockholm. Vedomosti business daily said the Independent Oil and Gas Company "should be valued" at \$800 million.

Some analysts have said that the deal would eventually lead to greater control over Russia's

vast oil and gas sector by Rosneft, headed by Igor Sechin, a long-standing ally of President Vladimir Putin.

Officially, Rosneft and Khudainatov's Independent Oil and Gas Company, which is merging its assets with Alliance, are not related parties, but Khudainatov is still seen as a close business ally of Rosneft's Sechin.

The Alliance spokesman declined to comment on the possible value of the deal.

"This would be a joint model of the management," the spokesman said, adding that Khudainatov would gain a day-to-day operational control with the title of director general, while Musa Bazhaev, whose family has controlled Alliance, will be the president of the joint company.

Alliance would own 60 percent in the joint company, while the Independent Oil and Gas Company would control 40 percent. The deal is subject to cartel office approval in Russia and other countries where Alliance is operating.

Alliance's joint venture with Royal Dutch Shell operates filling stations in Ukraine's mainland as well as in the Crimean peninsula, which was annexed by Russia last month. The spokesman said Shell would remain in operating control over this venture.

Alliance has also a joint company with Repsol.

Alliance produces more than 50,000 barrels of oil per day on average, mainly from the Timan-Pechora and Volga-Urals regions. It controls the Khabarovsk refinery which had a daily capacity of 80,000 barrels last year.

Alliance said in a statement on Monday that the joint company's resource base is valued at more than 500 million metric tons (1 metric ton = 1.1023 tons) of oil equivalent and oil and gas production stands at 3.5 million metric tons of oil equivalent per year. The company aims to double that in the next three to five years.

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