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TNK-BP Q4 Profit Jumps 51%

By The Moscow Times

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TNK-BP, BP's Russian oil venture with a group of billionaires, said profit surged 51 percent in the fourth quarter on higher crude prices, production and trading.

Net income rose to $1.93 billion in the quarter from $1.28 billion a year earlier, the Moscow-based company said Tuesday in a statement. Sales rose 25 percent to $12.5 billion, boosted by larger trading volumes and a higher share of refined products, it said.

TNK-BP, the country's third-largest crude producer, increased oil and gas output 1.9 percent in the fourth quarter to 1.77 million barrels per day, not including its half of the aging Slavneft venture. That extends gains made in 2009 after BP and its billionaire partners resolved a battle over strategy and management, which had threatened to derail investments. Refining throughput reached a record 732,000 bpd, TNK-BP said.

The venture expects to close a deal to buy Vietnamese and Venezuelan assets from BP in the first half, after clearing the Asian acquisition with India's Oil & Natural Gas Corp. and Vietnam Oil & Gas Group, which had the right of first refusal to BP's stake, according to the statement.

TNK-BP is seeking to take BP's place in a planned Arctic offshore venture and share swap with Rosneft, Russia's biggest oil producer, to expand its experience and production base, and maintain its advantage as the British company's focus in Russia. The billionaire partners, including shareholder and interim chief executive Mikhail Fridman, won a temporary injunction last month to block the deal, which was sent to arbitration.

TNK-BP can raise the financing it would need to replace BP in the British company's accord with Russia's state-run Rosneft, chief financial officer Jonathan Muir said Tuesday.

The average price for Russia's Urals crude blend for export to northwestern Europe rose 15 percent to $85.23 a barrel in the fourth quarter, according to Bloomberg data.

TNK-BP said it cut net debt to $4.68 billion at the end of the year, from $5.97 billion at the end of the previous year.

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