The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

# Russian Oligarchs Hire Former BP Boss to Run Multibillion-Dollar Oil Venture

By The Moscow Times

March 01, 2015




LONDON — John Browne, the former chief executive of BP, will take charge of a $10 billion oil and gas venture backed by Russian billionaire Mikhail Fridman to help it expand internationally through partnerships and acquisitions, the Financial Times reported.

Browne told the newspaper he will be appointed executive chairman of L1 Energy on Monday, giving up his jobs at private equity firm Riverstone and UK gas explorer Cuadrilla.

The appointment comes as L1 Energy, backed by investment funds owned by Fridman and his partner German Khan, prepares to complete as early as next week a 5 billion euro ($5.60 billion) deal to buy RWE Dea, the oil and gas arm of German utility RWE.

The acquisition is a rare development since Russian firms have struggled to expand abroad over the past year due to U.S. and European Union sanctions imposed on the country for its actions in Ukraine.

Fridman and Khan plan to turn L1 Energy into a global oil and gas player, using $14 billion in proceeds from the 2013 sale of their stake in Russian oil producer TNK-BP to state-owned Rosneft.

Browne led BP from 1995 to 2007 and was one of the architects of TNK-BP, Russia's third largest oil producer at the time, in which BP owned 50 percent.

Before agreeing to form TNK-BP, Browne and the oligarchs endured a rocky relationship for several years because BP had effectively accused the Russians of stealing its assets.

L1 Energy will be capitalized with $10 billion of equity from LetterOne and also be funded by debt. The intention, said Browne, was "to build great partnerships" and "create something with lasting value" using Dea, which owns British North Sea assets, as a platform.

"The first thing we will do is look in Dea's areas of expertise to see where we can expand in those areas," Browne told the FT.

"Secondly, we will look at the whole of North America to see what can be done and with whom we can partner there. Then we will look around the rest of world."

The FT did not say how much Browne would be paid. His role at L1 could help overcome certain complications in the UK. L1 has been seeking a letter of comfort from the government to make sure its newly acquired assets in the North Sea are not seized if additional sanctions are imposed on Russia.

Original url:
https://www.themoscowtimes.com/2015/03/01/russian-oligarchs-hire-former-bp-boss-to-run-multibillion-dollar-oil-venture-a44324