

Costs Sink TNK-BP Q3 Profits

By [The Moscow Times](#)

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Russian oil company TNK-BP, a joint venture that makes up more than a quarter of BP's reserves, said Tuesday that its third-quarter net profit fell as transportation and other costs rose.

The company generated net profit of \$1.45 billion on revenues of \$11.4 billion. A year earlier TNK-BP earned \$1.68 billion on revenues of \$10.26 billion.

Paul Maguire, TNK-BP's financial controller, said that in the third quarter of 2009 the company had a one-off gain from a sale of its oil services division.

In dollar terms, costs at TNK-BP, Russia's No. 3 oil company and half-owned by the British-based major, rose 18 percent. Transportation tariffs — mainly the cost of shipping oil through the Transneft state pipeline system — rose 19 percent, it said.

Forex effects amounted to \$200 million, TNK-BP said.

The Russian company, which agreed to buy BP's Venezuelan and Vietnamese assets for \$1.8 billion as the British major raises funds to pay for a catastrophic oil spill in the Gulf of Mexico, is also at an "initial point" in talks for its Algerian assets, chief financial officer Jonathan Muir said in a briefing.

Muir also said Vietnamese state oil group PetroVietnam and Indian oil company ONGC had right of first refusal on BP's Vietnam assets and may exercise them before the year's end.

"We just have to wait and see what happens," he said.

Aside from acquisitions, Muir said TNK-BP cut its plans for capital expenditure to \$4 billion from a planned \$4.4 billion, which the CFO said was because of the slower than expected development of Yamal, an Arctic peninsula.

TNK-BP plans to keep capex steady at above \$4 billion in coming years.

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