

Sechin Seat at Rosneft Stays With Nekipelov

By [The Moscow Times](#)

June 13, 2011

The  **Moscow Times**

KRASNODAR — Rosneft lost its powerful patron on Friday when Deputy Prime Minister Igor Sechin gave up his seat on the board and another big foreign deal looked set to slip away.

Sechin did not attend the state company's annual meeting in southern Russia, as his board seat was taken over by another government appointee.

A month earlier, a landmark Arctic drilling and share swap deal with British major BP, brokered by Sechin, fell apart after a successful court challenge from BP's existing partners in Russia, the tycoons who co-own TNK-BP.

Economist Alexander Nekipelov, vice president of the Russian Academy of Sciences who took over the chairmanship when Sechin gave it up in April, will stay on, the new board decided.

"I would prefer that [Sechin's departure] had no effect on the company," Nekipelov told

a news conference after the meeting. "But Igor Ivanovich [Sechin] played an enormous role in the company's development. He has enormous authority with investors. His departure creates certain risks for the company and it coincided with a fall in the company's share price."

President Dmitry Medvedev had ordered the government of Prime Minister Vladimir Putin to clear state company boards of senior government officials who are in charge of regulating the same sectors.

Sechin's seat was taken by Sergei Shishin, a mid-ranking executive at state bank VTB whose early career was in the security services, like Putin's, Russian media have reported.

Despite its weakened state, some investment banks say Rosneft shares are a good deal, especially compared with some other Russian energy companies, whose production is stagnant or whose fiscal position is likely to weaken in an upcoming tax reform.

Rosneft shares dipped after Sechin's departure was announced at the end of March, but have since risen nearly 5 percent, and have outperformed their nearest Russian peer, LUKoil, by nearly 20 percent.

Rosneft chief executive Eduard Khudainatov reiterated his target of doubling the company's capitalization in five years.

He said Rosneft was still looking at buying petrol station networks in German cities of 1 million people or more to complement its purchase of a stake in the Ruhr Oel refineries.

Sechin has been criticized by Medvedev, who suggested that the BP deal fell apart because BP's commitments to its TNK-BP partners were not fully investigated beforehand.

At the annual meeting on Friday, Khudainatov also said his company was about to lose another foreign deal heralded as the start of a new era in energy investment in Russia, a \$1 billion Black Sea project with Chevron. The deal was closed nearly one year ago, in June 2010.

"It's obvious that they will exit," Khudainatov told the news conference. "But Chevron will remain our partner and wants to continue working on offshore projects with us," he said.

The San Ramon, California-based oil company offered no further details.

"Chevron continues to work closely with Rosneft on opportunities to collaborate in business ventures," the company said in a statement on Friday. "As per our long-standing policy, we do not discuss ongoing business negotiations."

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