

TNK-BP to Invest \$45Bln in Output

By [The Moscow Times](#)

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TNK-BP plans to invest \$45 billion in exploration and production over the next decade to increase output.

The company will increase output by 1 percent to 2 percent a year, said Stan Miroshnik, TNK-BP executive vice president for strategy and business development. It also plans to expand projects outside of Russia to add 110,000 barrels to 247,000 barrels of oil and gas output a day in the period.

"These projects will require the introduction of new technology, development of new regions and significant investment," Miroshnik said Thursday. "We are striving to increase the company's profitability and market value and become a major international player."

TNK-BP is looking for opportunities in Africa, the Middle East and Latin America to diversify operations from Russia, Brazil, Vietnam and Venezuela. BP and its billionaire partners in the venture have been debating expansion strategy after two corporate conflicts in four years.

The company also plans to invest \$2.5 billion in refining projects and \$1.5 billion in marketing operations, Miroshnik said.

TNK-BP plans to increase gas extraction to 35 billion cubic meters in 2020, accounting for about 22 percent of total production, up 10 percentage points from its share now. The share of oil extracted in western Siberia will drop to about 20 percent from 50 percent now, while new projects in the Yamal region in the Arctic will account for 27 percent of total output in 10 years.

TNK-BP will not cut refining volumes as the country moves to the so-called 60-66 system of export duties, said German Khan, an executive director and shareholder in the producer.

Prime Minister Vladimir Putin signed an order last month that will raise export taxes on heavy products such as fuel oil and cut them on light products such as diesel starting Oct. 1.

The measure unifies refined-product export taxes at 66 percent of the crude levy, part of the 60-66 measure to spur investment in Russia's world-leading oil production. A special tax on gasoline is set at 90 percent of the crude duty.

Putin may also lower the crude export duty using a 60 percent rate, down from 65 percent previously.

Maxim Barsky, deputy chief executive of TNK-BP, may be promoted to chief executive "some day," Khan said.

Barsky was hired by TNK-BP in November 2009 to succeed interim chief executive Mikhail Fridman as of Jan. 1, 2011. Fridman, also one of BP's billionaire partners, has remained in the position this year during a battle over BP's planned share swap and Arctic alliance with state-run Rosneft. That deal collapsed in May after a legal challenge from AAR, which represents businesses controlled by Fridman, Khan, Viktor Vekselberg and Len Blavatnik.

TNK-BP's board will discuss the chief executive position at a meeting on Sept. 22, Vekselberg, one of the shareholders, said earlier this week.

TNK-BP will audit contracts with all major contractors in the next month and is terminating agreements with one of its largest contractors, BelSibServisGarant, because of corruption, TNK-BP chief executive German Khan said, RIA-Novosti reported Thursday.

According to Khan, Orenburg-based BelSibServisGarant was engaged in drilling, information technology and transportation services, and its turnover with TNK-BP was \$600 million annually.

Khan said the owners of the contractor were once employees of TNK-BP and that they received contracts through personal contacts. He said the company's agreements with all major contractors are currently being audited and "within a month, this work will be finished."

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