Russian Court Orders BP to Pay $3.1B

the Associated Press

MOSCOW (AP) — An arbitration court in Siberia ruled Friday that British oil giant BP should pay $3.1 billion in compensation to its Russian joint venture TNK-BP over a failed attempt to form an alliance with Russian state-controlled oil company Rosneft.

BP's spokesman in Russia, Vladimir Buyanov told The Associated Press that it considers the ruling by the Tyumen Region Arbitration Court unfair and will appeal it.

The verdict came in response to a lawsuit launched last year by Andrei Prokhorov, a minority shareholder of TNK-BP.

The multibillion-dollar Arctic deal between BP and Rosneft collapsed last year after Russian TNK-BP shareholders contested it. They claimed that BP was breaking TNK-BP's shareholder agreement by entering into a deal without the venture's knowledge or consent.

Buyanov argued that TNK-BP couldn't suffer any damage because Rosneft never saw it as a potential partner. "Rosneft has always said that TNK-BP isn't being viewed as a potential part of the deal," he said.

"We consider this ruling unfair," Buyanov said. "We expect a court of appeals to make a well-founded and fair verdict."

After its prospective deal with BP fell through, Rosneft teamed up with U.S. oil giant ExxonMobil to explore for and produce oil in the Arctic and the Black Sea.

Earlier this month, Rosneft signaled its interest in acquiring BP's share in TNK-BP. In their turn, TNK-BP's Russian shareholders also have confirmed their eagerness to buy the British firm out.

TNK-BP, Russia's third-largest oil producer, is owned on a 50-50 basis by BP and AAR, a consortium of Russian billionaire shareholders. A 50 percent stake in TNK-BP could be worth about $18 billion, according to the company's market valuation.

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