Lord of the Rigs
Rosneft as a Mirror of Russia’s Evolution

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**Portrait of Rosneft**

### E&P
- Yuganskneftegas
- Purneftegas
- Sakhalinmornneftegas
- Severnaya Neft
- Polar Lights
- Sakhalin-1
- Vankor
- Krasnodarneftegas
- Stavropolneftegas
- Grozneft
- Verkhnechonskneftegas
- Udmurtneftegas

### Refining
- Komsomolsk
- Tuapse

### Marketing
- Altainefteproduct
- Kurgannefteproduct
- Yamalnefteproduct
- Nakhodkanefteproduct
- Vostoknefteproduct
- Arkhangelsknefteproduct
- Murmansksnefteproduct
- Smolensksnefteproduct
- Artag
- Kabardino-Balkar Fuel Co
- Karachayevo-Cherkessknefteproduct
- Kubannefteproduct
- Tuapsenefteproduct
- Stavropoliye

### Projects
- Sakhalin-3, 4, 5
- Vankor block of fields
- West Kamchatka shelf
- Black and Azov Seas
- Kazakhstan
- Algiers
- CPC
- Vostochno-Sugdinsk block

### Ex-Yuganskneftegas:
- 2004 oil production (21 mt) – 4.7% of Russia’s total
- Proved oil reserves – 4.8% of Russia’s total

### With Yuganskneftegas:
- 2006 oil production (75 mt) – 15% of Russia’s total
- Proved oil reserves – 20% of Russia’s total

**CEO – S. Bogdanchikov**
**BoD Chairman – I. Sechin**

- >75% owned by the state Rosneftegas
- 9.44% - YUKOS
- >14% - sold during IPO
Rosneft’s Saga

Milestones:
- 1992 – start of privatization
- 1998 – appointment of S. Bogdanchikov
- 2000 – election of V. Putin
- 2004 – appointment of I. Sechin and acquisition of Yuganskneftegaz
- 2006 - IPO

Plans: by 2010 = BP and ExxonMobil

The next target ???
A Very Special Company

• On his Majesty’s Social Service:
  – Supplier of petroleum products for the state needs
  – Fuel supplier to Kamchatka
  – Program of the Far East gasification

• Moscow’s Southern Envoy:
  – Restoration of Chechnya’s oil industry
  – Consolidation of assets in the south of Russia

• Petroleum Ambassador of Russia:
  – Kazakhstan
  – Algiers

• Kremlin’s Watchdog:
  – Vankor
    • victory over TOTAL and YUKOS
  – Sakhalin-3
    • ExxonMobil and ChevronTexaco denied rights to Kirinskiy block
  – New draft Law on the Subsurface
    • Foreign majors – junior partners to Russian companies in strategic projects
A Very Special Company

• Chinese Connection:
  – Adaisk block in Kazakhstan with Sinopec
  – Sakhalin-3 (Veninskiy block with Sinopec)
  – The Chinese direction of the East Siberia – Pacific Ocean pipeline
  – JVs with CNPC (upstream in Russia, downstream in China)
  – Acquisition of Yuganskneftegas (with financial assistance of the Chinese)
  – Acquisition of Udmurtneft with Sinopec
  – CNPC – shareholder of Rosneft

• Kremlin’s Troubleshooter:
  – Bankruptcy of YUKOS

• Rival of Gazprom
  – Checks and balances

• The Future Supermajor
  – Fits with Russia’s plans to become energy superpower
Ugly Duckling Turned Falcon

- Patronage of Vladimir Putin
- Bogdanchikov-Miller-Pugachev
- Victory in the fight for Vankor
- Sakhalin-3
- Rosneft-Gazprom-Surgutneftegas consortium
- Acquisition of Severnaya Neft
- Appointment of Igor Sechin as BoD
- Resistance to Gazpromneft
- Acquisition of Yuganskneftegaz
  - Long-term implications
- New strategy: from 75 mln tons of oil in 2005 to 135 mln tons by 2015.
  - what will be the next acquisition target?
- Plans for IPO