

Lukoil to Buy Into Cameroon Offshore Permit in \$250 Million Deal

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OAO Lukoil (LKOD), Russia's second-largest oil producer, and New Age (African Global Energy) Ltd. have agreed to spend \$250 million acquiring a 50 percent share of BowLeven Plc (BLVN)'s Etinde Permit off the coast of Cameroon.

Lukoil will buy a 37.5 percent interest, while New Age will increase its existing shareholding by 12.5 percent to 37.5 percent, according to a regulatory filing from BowLeven, which will retain the remaining 25 percent.

The Moscow-based oil producer has focused exploration overseas on Africa's coastline, as Russia limits rights to explore offshore deposits domestically. Lukoil has yet to find commercial quantities of oil or gas after drilling wells in Sierra Leone, Ghana and the Ivory Coast, leading to \$277 million in write-offs last year and \$162 million this year.

"I am not sure the market will welcome the move after the recent write-offs of offshore dry wells," said Alexei Kokin, an oil and gas analyst at UralSib Financial Corp in Moscow. Lukoil is taking risks in West Africa again because it believes in the region's oil and gas potential, he said.

Lukoil and New Age will pay BowLeven \$170 million on completion of the deal, a \$40 million deferred cash payment due at the project's final investment decision and cover \$40 in costs for two appraisal wells, according to the statement.

A subsidiary of New Age, will become the operator of the permit, the statement said.