

# Big names behind Karoon Brazil deal to search for oil, gas

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- MATT CHAMBERS

Karoon Gas Australia has struck a deal to look for Brazilian offshore oil and gas assets with a German oil company owned by billionaire Russian oligarch Mikhail Fridman and advised by former BP chiefs John Browne and Tony Hayward and former BHP Billiton chief Chip Goodyear.

The Melbourne explorer announced yesterday that it had entered into agreements with Mr Fridman's DEA Deutsche Erdoel to review, evaluate and potentially jointly bid for oil and gas assets off Brazil.

DEA has also been given an exclusive option to buy a non-operated interest of up to 50 per cent of Karoon's Santos Basin exploration blocks in Brazil, including the Echidna and Kangaroos discoveries, subject to due diligence and agreement of terms. "The framework co-operation agreement with DEA is significant in the context of realising Karoon's strategic ambitions to acquire meaningful oil production in Brazil," Karoon managing director Bob Hosking said.

"Having such a high-quality, well capitalised partner in our corner will significantly assist the company to achieve this goal."

The move comes as Mr Hosking waits for the state-owned Brazilian oil giant Petrobras to put the offshore Tataruga and Buana fields back on the market after a court challenge sunk a right Karoon had to exclusively negotiate a deal on the two fields.

It is understood Woodside Petroleum had been in talks to jointly acquire the fields but that Woodside pulled out of the deal.

Neither Woodside nor Karoon has confirmed this.

DEA, which produces about 138,000 barrels of oil per day, was acquired from the German government in 2014 by Mr Fridman's LetterOne Holdings.

LetterOne's energy unit is run by Lord Browne, who also sits on LetterOne's advisory board along with Mr Hayward, Mr Goodyear, former BG and Schlumberger chairman Andrew Gould and Pioneer Natural Resources and former Santos director Scott Sheffield. Mr Fridman is a former chairman of Russian oil company TNK.

The DEA deal comes as Brazil gets ready to release the first acreage in the "pre-salt" of the Lower Santos Basin, the offshore area where Shell now produces 500,000 to 600,000 barrels of oil a day after its \$US90 billion takeover of BG Group.