

O A O TATNEFT
Form 6-K
February 01, 2006

FORM 6-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer
January 31, 2006

Pursuant to Rule 13a-16 or 15d-16 of
The Securities and Exchange Act of 1934

OA O TATNEFT
(also known as TATNEFT)

(name of Registrant)

75 Lenin Street
Almetyevsk, Tatarstan 423450
Russian Federation

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40F.

Form 20-F...X.... Form 40-F.....

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes..... No... X....

January 31,2006

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On January 25, 2006, OAO Tatneft issued the following press release:

Conference of OAO Tatneft employees

A regular conference of OAO Tatneft employees summarizing the results of financial and business activity of the company during the year 2005 was held on Tuesday, January 24, 2006.

OAO Tatneft increased the production by almost 1% in 2005

OAO Tatneft managed to increase the crude oil production in the conditions of depleted oil fields. Tatneft produced 25 million 332 thousands tons of crude oil, which was almost 1% higher than the previous year. OAO Tatneft increased the crude oil production by 7.3% during the period of crude oil production stabilization (starting from 1994).

Crude oil delivery by the first category increased from 75% to 98% over the year 2004, which allowed to solve the quality problem of the crude oil exported through the Transneft pipeline system.

The volume of associated gas produced by OAO Tatneft during 2005 amounted to 737 million cubic meters. Tatneft had managed to maintain the highest level (95%) of the associated gas utilization during the period of 2004-2005 years among the crude oil producing companies while the average value for the industry is 73%. Propane production and broad fraction of light hydrocarbons increased by 4.2% compared with 2004.

Sales for 2005 are expected to be approximately 170 billion rubles. It increased by 13% compared with 2004. It is expected that a balance sheet profit for the year 2005 will amount to 50 billion rubles. The added value increased from 88.6 billion rubles in 2004 to 125.1 billion rubles in the year 2005 and it accounts for 100% of Tatneft production during the year. The market capitalization of the Company increased by 2.5 times to 125 billion US dollars. OAO Tatneft shares proved to be an absolute leader of growth among the largest oil producing Russian companies.

OAO Tatneft provided 3.3 billion rubles of capital investments for industrial construction in 2005, performing planned activities for construction and rehabilitation of the oilfield pipelines, power lines, construction and commissioning of 632 wells, construction of tanks for crude oil storage. Tatneft constructed and commissioned large industrial facilities such as crude oil transfer stations in the Transneft pipelines, three substations, five booster pumping stations, four cluster injection stations and other facilities.

The problem of timely registration of property rights to the facilities was solved. The percentage of construction reduced by 33% during the reporting year. In 2005 OAO Tatneft expenditures for production and exploratory drilling was 3.8 billion rubles.

508 thousand meters of rock were penetrated. 383 new production wells were put into operation yielding 1.5 million tons of crude oil. The total penetration meterage including drilling operations for the joint venture and independent oil companies performed by the Management Company "Tatneft-Burenie" amounted to 780 thousand meters.

OAO Tatneft tax payments amounted to 132 billion rubles in 2005

OAO Tatneft is duly paying all required taxes. The amount of taxes and payments to the budgets of the Republic of Tatarstan in 2005 increased by 1.8 times over the year 2004 and constituted the amount of 132 billion rubles including export duties. 17.2 billion rubles were charged into the consolidated budget of the Republic of Tatarstan.

For the purpose of efficient usage of cash OAO Tatneft continued to optimize its credit resources. Tatneft repaid all outstanding ruble-denominated loans in the amount of 6.8 billion rubles, as well as foreign currency denominated loans in the amount of 168 million US dollars.

As a result of measures taken to reduce diversion of working capital, accounts receivables (excluding duty payments) reduced by more than 1.1 billion rubles in comparison with the beginning of the year. The indebtedness reduced by 2.5 times.

Reduction of the warehouse inventory stock and finished products allowed decreasing the level of circulating assets by 24% versus the previous year. It was promoted by the expansion of consignee network to 56. Material and supply inventory items for the amount of 1.3 billion rubles accounted for 10% of the total assets.

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total turnover were delivered through the consignment warehouses. The share of consignments in the total turnover shall reach at least 15% in 2006.

OA O Tatneft invested approximately 1.2 billion rubles into development of petrochemicals in 2005. The output of marketable products manufactured by enterprises of the petrochemical complex was increased by almost 10% and amounted to 16.4 billion rubles. IAI Nizhnekamskshina, a Tatneft's subsidiary, produced 11.4 million tons in 2005. The output of carbon black increased by 3.2% and reached 100 thousand tons.

A number of filling stations controlled by OA O Tatneft reached 553 by the beginning of 2006 with 408 stations located in the Russian Federation and 145 stations located in the Ukraine. The total volume of the petroleum products sold through the filling stations network exceeded one million tons in 2005.

The average salary of OA O Tatneft employees was increased by 25% in 2005.

OA O Tatneft is adhering to the policy of maintaining the number of jobs at OA O Tatneft Group of companies. The number of employees is approximately 110,000. OA O Tatneft pays special attention to the social security of its employees.

OA O Tatneft continues the programs of the voluntary medical insurance and non-governmental pensioning for its retired employees.

During 2005 OA O Tatneft allocated approximately 280 million rubles for granting social benefits to its employees within the framework of the collective labor agreement. The average salary of OA O Tatneft employees increased by 25% in 2005 over the previous year.

OA O Tatneft launched a welfare assistance program covering all participants in the Second World War living in the south-eastern part of the Republic of Tatarstan for the total amount exceeding 60 million rubles.

OA O Tatneft started implementation of the mortgage credit lending system for housing construction. The construction of apartment houses for OA O Tatneft employees started last year. Four apartment houses with total living area of 31.7 thousand square meters were commissioned in 2005. OA O Tatneft approved an internal document on the introduction of one-time lump sum loans to the employees of OA O Tatneft to compensate the initial contribution to the housing within the social mortgage system, which came into effect on January 1, 2006.

Press-Service of OA O Tatneft

Forward-looking statements: This press release contains certain forward-looking statements of OA O Tatneft. OA O Tatneft can give no assurance that any of the events mentioned in such statements will occur, or the timing of their occurrence.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OA O TATNEFT

By: _____

Name: (Vladimir P. Lavushchenko)

Title: (Deputy General Director for Economics, Chairman of Disclosure Committee)

Date: January 31, 2006