

From Canadian Bankruptcy to the Riches of Kazakhstan

By IAN AUSTEN AUG. 23, 2005

Six years ago, when **Bernard F. Isautier** took the helm of a company then known as Hurricane Hydrocarbons, things looked bleak.

The company, based in Calgary, Alberta, was under bankruptcy protection. It controlled vast, recently privatized oil reserves in the Central Asian republic of Kazakhstan, but had been drained by a dispute with a local refinery, a currency collapse and prices depressed by a flood of Russian oil into the country, a former Soviet republic.

Arriving at an opportune moment, Mr. Isautier bought the refinery involved in the dispute, paying in stock. Unfavorable deals with the Kazakh government were resolved. He recapitalized the company with money from European investors. And the price of oil went up.

Hurricane Hydrocarbons emerged from bankruptcy in 2000, and in 2003 Mr. Isautier changed its name to PetroKazakhstan.

Yesterday, he announced a plan to sell the company to China National Petroleum for \$4.18 billion, or \$55 a share, a far cry from the 27 cents that Hurricane traded at when it was in bankruptcy.

Mr. Isautier, 62, who owns 3.1 percent of PetroKazakhstan, has had a career that does not fit the mold of an oil company chief in Alberta. Indeed, though the company is officially based in Calgary, Mr. Isautier runs it from London and has moved its top executives there. With all its assets in Kazakhstan, the oil producer today has few ties to its ostensible base.

Born in France, Mr. Isautier studied physics, mathematics and engineering at two schools that produce many of the country's top public servants and executives.

After eight years with the Ministry of Industry in France, Mr. Isautier moved to Elf Aquitaine, an oil and gas producer owned at the time by the French government. His connection to Canada began then. In the mid-1970's, Mr. Isautier was sent overseas to run Elf's Canadian subsidiary.

Mr. Isautier, who declined to be interviewed about his professional history yesterday, quickly took to the Canadian energy industry, which was rapidly expanding. From 1981 to 1988, he worked for the Polysar Energy and Chemicals Corporation, rising to chief executive of its Canterra Energy unit.

From 1990 to 1992, he was president and chief executive of Thomson Consumer Electronics in Paris. The company, then owned by the French government, markets products under the RCA and G.E. brands in the United States.

Mr. Isautier first encountered Kazakhstan after he became president and chief executive of Canadian Occidental Petroleum, now known as Nexen, 12 years ago. That company had considered becoming a partner on a Kazakh project. After rejecting the idea as too risky, it did operate a field there for Hurricane Hydrocarbons.

Mr. Isautier joined Hurricane in 1999 as chief executive. While its operations were widely viewed by Canadian investors as something of a black hole, PetroKazakhstan's treasurer, Jeffrey D. Auld, said Mr. Isautier saw the company's potential.

"It was a spectacular set of oil fields that was the attraction for him," Mr. Auld said from London yesterday. Mr. Isautier also thought that political changes in Kazakhstan would bring order to the business climate there, Mr. Auld recalled.

But the company still finds itself embroiled in disputes with the Kazakh government. To help ease those problems, PetroKazakhstan hired the former Canadian prime minister, Jean Chrétien, as a special adviser last year, with limited effect.

Mr. Isautier's next move is unclear. Under the purchase agreement, the Chinese company agreed to consider paying cash and stock in a new, as yet unnamed oil and gas exploration company that Mr. Isautier would run in Central Asia -- just not in Kazakhstan.