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[\[World news\]](#) [\[Mail comment\]](#)

Hookers, spies, cases full of dollars...how BP spent £45m to win 'Wild East' oil rights

By GLEN OWEN

BP executives working for Lord Browne spent millions of pounds on champagne-fuelled sex parties to help secure lucrative international oil contracts.

The company also worked with **MI6** to help bring about changes in foreign governments, according to an astonishing account of life inside the oil giant.

Les Abrahams, who led BP's successful bid for a multi-million-pound deal with one of the former Soviet republics, today claims that Browne - who was forced to resign as chief executive last month after the collapse of legal proceedings against The Mail on Sunday - presided over an "anything goes" regime of sexual licence, spying and financial sweeteners.

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He also claims that Home Secretary John Reid was arrested at gunpoint on a BP-funded foreign trip for being out on the streets after a military curfew had been imposed.

Mr Abrahams tells how he spent £45 million in expenses over just four months of negotiations with Azerbaijan's state oil company.

Armed with a no-limit company credit card, he ordered supplies of champagne and caviar to be flown on company jets into the boomtown capital, Baku, to be consumed at the "sex parties".

The hospitality continued in London, where prostitutes were hired on the BP credit card to entertain visiting Azerbaijanis.

Mr Abrahams, an engineer by training, joined BP in 1991, just as the disintegration of the Soviet Union had triggered a "new gold rush" by oil multi-nationals seeking a share of the 200 billion barrels of oil reserves beneath the Caspian Sea.

While employed by BP, Mr Abrahams says he was persuaded to work for **MI6** by John Scarlett, now head of the service but then its head of station in Moscow.

He says he was passing information to Scarlett in faxes and at one-to-one meetings in the Russian capital.

He also claims that BP was working closely with **MI6** at the highest levels to help it to win business in the region and influence the political complexion of governments.

Mr Abrahams worked for BP's XFI unit - Exploring Frontiers International - which specialises in opening new markets in often unstable parts of the world.

He said Lord Browne, then BP's head of exploration, allocated a budget of £45 million to cover the first year's costs of the Baku operation.

"The order came from Browne's aides to 'get them anything they want'.

"By 'them', they meant local officials in Azerbaijan," Mr Abrahams said.

"There were 20 or 30 people working on it at BP head office, and we soon had a steady stream of executives coming over as negotiators. We got through the money in just four months - after which it was simply increased without question."

the Mail online

He described a Wild West world in which oil executives with briefcases full of dollars rubbed shoulders with mafia members, prostitutes and fixers and cut their deals in smoke-filled back rooms.

"The BP officials would come out to Baku in groups of five or six, every week," he said.

"Sometimes I would charter an entire Boeing 757 to carry as few as seven staff. Their main base was the hard currency bar of the old Intourist hotel - so named because it accepted only dollars and was only open to foreigners.

"It was full of prostitutes and many of us, including me, used them on a regular basis, although we quickly established they all worked for the KGB.

"If we went back to the rooms, not only were they bugged, but the girls would quiz us closely about what we were doing and where we were going, and reported straight back to their handlers.

"Everywhere was bugged, and all the phones were tapped. One of our executives was recorded saying unflattering things about the president, and his comments were played back to us in a meeting with local state oil company officials.

"We were then told clearly that he was no longer welcome in the country."

Mr Abrahams helped to forge links with the local officials by throwing lavish parties. He said the Azerbaijani girls who worked in the BP office, which occupied a floor of the Sovietskaya hotel, would attend the parties and routinely provide "sexual favours".

They were also presumed to work for the local intelligence services.

"There was one girl, called Natasha, assigned to teach us Russian, but it usually ended up as more than that. She would use the intimate opportunity to ask us questions about what we were up to.

"Caviar and champagne were consumed at the parties, which would start in the bars but inevitably end with the girls in the rooms.

"We had a company American Express card with no name on it which we could use to draw out \$10,000 a time to pay for entertaining without ever having to account for it.

"Our local fixer was called 'Zulfie', who would help find girls, drink and occasionally hashish. We always suspected he worked for the KGB, because he was so well connected.

"A lot of the BP men's marriages went wrong. Either they ended up with the local girls, or the wives would find out - often because the girls would ring their home numbers "by accident".

"I don't believe that Browne didn't know everything that was going on. He came out to Baku on five or six occasions."

Mr Abrahams, who left BP in 1994, said his first marriage buckled because of his work in Baku. He has since remarried and lives in West London with his new wife Lana and six-year-old daughter Anastasia. He now works as an adviser to the EU.

He said BP applied the same laissez-faire attitude to hospitality when Azerbaijani officials came to the UK during the negotiations.

"I was given a hotline number which connected to a desk in the Foreign Office. It meant visas could be granted instantly for the Azerbaijanis and collected on arrival at the airport, rather than taking the usual several weeks.

"We had bundles of cash to spend on them when they got here, and could again use the corporate card without restraint.

"We would typically have a dinner at which Lord Browne would be present, then he would go home and we would head off to somewhere like the Gaslight Club in Piccadilly - where girls would dance topless and you would get charged £250 for your drink.

"Our guests would usually want girls to go back with afterwards. Sometimes we could persuade the girls in the clubs, but more often we would just phone up an escort agency.

"We could charge them straight to the BP Amex card. But it sometimes became problematic. One group of Khazak Oil officials stripped their hotel rooms in Aberdeen bare, including the sheets and pillowcases, and they would usually clear out the minibars wherever they were staying."

All the entertaining paid off in September 1992 when BP signed a £300 million deal to exploit the Shah Deniz oilfields.

Mr Abrahams says that a key factor in securing the deal was an £8 million payment BP made that year to SOCAR, the state-owned oil company in Azerbaijan, for the right to use a construction yard on the edge of the Caspian Sea.

"It was effectively a sweetener to help to secure the deal - and it worked," he said.

Among the guests at a dinner and ceremony at Baku's Gulistan Palace to celebrate the Shah Deniz deal were Lord Browne and Baroness Thatcher.

Mr Abrahams says he was told to ensure that everything ran smoothly for the event, including meeting Browne's fastidious

requirements.

"I had his favourite brand of water, Hildon, and his preferred foods flown out in advance, and I made sure money was paid for police escorts and to circumvent immigration procedures at the airport for Browne and his entourage.

"That evening, he personally handed me a briefcase containing a cheque for \$30 million (£15million), to close the deal.

"He was so keen to wear a particular shirt, which he had left at the airport, that I persuaded the chief of police to close off the roads so his cavalcade could go via the airport to collect it."

In 1993, Mr Abrahams played host to a group of MPs who visited Baku as guests of BP, including Harold Elletson - then a Tory MP but now an adviser to the Liberal Democrats - and Home Secretary John Reid, a Shadow Defence Minister at the time.

"John flew out in the BP Gulfstream jet," he recalls.

"After dinner, we went drinking in the hard currency bar. He was drinking a lot - this was a year before he gave up for good - and I grew worried as it got closer to the time of the curfew imposed because of the tense political situation at the time.

"I said, 'Come on John, we have to get back to the hotel.' But as we left, he was swaying around and being very noisy.

"I urged him not to draw attention to us because we weren't meant to be still on the streets. But then a van load of police armed with Kalashnikovs pulled up and asked us what we were doing.

"He said, 'I am a British politician...' I urged him to be quiet, but then he said to one of the policemen, 'If you don't take that f***ing Kalashnikov out of my face I'm going to stick it up your f***ing a***.'

"With that, we were arrested and shoved at gunpoint into the back of the van.

"It was only after I persuaded the driver to go to the hotel to speak to the intelligence officer there that they released us. John had only about two hours' sleep, then was up at 5.30am to fly to the nearby war zone of Nagorno Karabakh. He was completely hung over."

Some of Mr Abrahams' most intriguing claims surround the alleged co-operation between BP and the British intelligence services to secure a more pro-Western, pro-business regime in the country.

He says the operation, masterminded by Scarlett in Moscow, contributed to the coup in May 1992 which saw President Ayaz Mutalibov toppled by Abulfaz Elchibey, and then to a second change a year later which saw Haydar Aliyev take power.

Just months after Aliyev was installed, BP signed the so-called 'contract of the century', a £5 billion deal which placed BP at the head of an oil exporting consortium.

John Scarlett, says Mr Abrahams, "approached me very subtly and asked me to help to gather information for him.

"Because my daily route to the construction yard passed the supply routes for Nagorno Karabakh, he asked me to report on troop and weapons movements. And BP's deputy representative in Russia seemed very close to the embassy, too.

"BP supported both coups, both through discreet moves and open political support. Our progress on the oil contracts improved considerably after the coups."

Subsequently released Turkish secret service documents claimed BP had discussed an 'arms for oil' deal with the assistance of **MI6**, under which the company would use intermediaries to supply weapons to Aliyev's supporters in return for the contract.

When the documents emerged in 2000, BP denied supplying arms - although sources admitted its representatives had "discussed the possibility".

A BP spokesman said last night of Mr Abrahams' claims: "There are some facts in his account that are accurate, but we don't recognise most of it. We regard it as fantasy."

A spokeswoman for John Reid said she had no comment and the Foreign Office said of Mr Abrahams' claims: "We neither confirm nor deny anyone's allegations in relation to intelligence matters."

[Top](#)