

Oil Output Tiptoes to New Record

By [The Moscow Times](#)

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Crude oil output in July was up slightly from June's post-Soviet record at 10.14 million barrels a day, while seasonal demand pushed down natural gas production, the Energy Ministry's CDU-TEK unit said Monday.

July oil output rose to 10.14 million barrels per day, up from the previous record of 10.13 million bpd in June, allowing Moscow to retain the world's top position ahead of Saudi Arabia, which edged its production up to 8.3 million bpd last month.

"The main driver of the growth was Rosneft's unit Yuganskneftegaz, while its new Vankor division — which has shown a steady rise in the past — has peaked out," said Denis Borisov, an analyst at Bank of Moscow.

He added that overall production at state-controlled Rosneft, responsible for one-fifth of oil output in Russia, grew by 0.8 percent from June.

"In August-September, we will see a slower growth year on year as the Vankor field was

launched in July last year," said Pavel Sorokin, an analyst at Alfa Bank.

Domestic output at LUKoil fell 0.5 percent in the month and dropped an annual 2.8 percent to 1.82 million bpd.

Gazprom Neft, excluding its half of Tomskeft, raised output 0.6 percent to 610,000 bpd.

Bashneft increased production 0.5 percent to 290,000 bpd. It was up 19.2 percent on the year.

Production increased despite the reintroduction of export duties for far-flung East Siberian oil fields, although they remain smaller than those for the rest of the country. The Finance Ministry also proposed hiking mineral extraction taxes for gas firms by 61 percent from Jan. 1.

Oil exports via Russian pipeline monopoly Transneft rose to 4.53 million bpd from 4.22 million bpd in June.

Natural gas output in July fell to 1.42 billion cubic meters a day from 1.47 billion cubic meters a day in June. Gazprom said in June that demand in southern Europe dropped.

Production rose 5.2 percent from July last year, when demand was damped by the global economic crisis.

Borisov said gas production might have declined because of weak demand in southern Europe, where Greece is reeling from financial woes.

"And the production decline came as electricity consumption rises," he said adding that Gazprom's July output was higher by 6 percent from the year-ago level, but was lower by 10 percent than in pre-crisis 2007.

(Reuters, Bloomberg)

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